

# NEWS RELEASE

27 November 2008

## **CLIMATEWISE CALLS ON UN TO GIVE MORE FOCUS TO CLIMATE ADAPTATION SO INSURERS CAN FULLY MANAGE CLIMATE RISK**

ClimateWise, representing 42 leading members of the global insurance industry and launched in 2007 by HRH The Prince of Wales, is today publishing a statement on the United Nations Framework Convention on Climate Change (UNFCCC) process in advance of the Conference of Party's meeting in Poznań, Poland next week. The statement calls for measures to strengthen climate change adaptation frameworks so that insurers can play as full a role as possible in reducing the climate risks faced by people around the world.

Andrew Torrance, Chairman of ClimateWise, has been invited to deliver the statement in person to the Executive Secretary of the UNFCCC in Poznań at a briefing on December 8 and will emphasise the need for an effective and robust global climate change framework that takes both mitigation and adaptation into account.

In addition to binding medium and long-term emissions-reduction targets in line with the latest IPCC recommendations, there are three key areas that ClimateWise members want to see addressed in a new global framework:

- All countries committing to implement national adaptation plans.
- A long-term international arrangement for collecting and sharing climate risk data.
- A review of synergies between adaptation and mitigation measures.

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The role of insurance is fundamental in coping with climate risks, because insurance enables business and individuals to manage risk. Climate-related threats are increasing both in scale and unpredictability. Annual insurance losses from wind storms could increase by two thirds later in this century and the chances of very hot summers in Europe, such as in 2003 when at least 22,000 people died prematurely, have recently doubled. ClimateWise members are committed to exploring how best to offer insurance to those affected by climate risk, both in developed and developing countries.

In order for insurers to play their fullest role in helping customers around the world to manage these growing risks, governments must make adequate investments in adaptation measures to ensure those risks remain manageable.

Andrew Torrance, Chairman of ClimateWise, said:

“The insurance sector is one that most directly experiences the impacts of climate change. ClimateWise members are ready to explore how best to extend the benefits of insurance cover to those affected by climate risk, and governments must create the framework in which this can take place. A robust approach to adaptation is a necessary condition for, not an alternative to, insurers playing a full role.”

**- ENDS -**

### **Notes for Editors**

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2. In September 2007 representatives from all parts of the insurance sector, including general insurance, life insurance, insurance brokers, investment managers and re-insurers, launched the ClimateWise Principles. On 24 November 2008 ClimateWise published the first annual independent review of the initiative. The six principles cover risk analysis, public policy, customer awareness, investment strategies, operations and reporting. Since the initiative was conceived the number of members has grown from 16 to 42, representing various parts of the industry around the world. Full details are available on [www.climatewise.org.uk](http://www.climatewise.org.uk)

3. The ClimateWise members are ABI, Ace, AIG, Allianz, Amlin, Ark, Aviva, AXA, Beazley, Benfield, Biba, Catlin, the Chartered Insurance Institute, Chaucer, The Co-operative Insurance, Diagonal Underwriting, Ecclesiastical, Equity Group, F&C Investments, Friends Provident, Hardy, HBOS, Heritage, Hiscox, Legal & General, Lloyd's, Lloyds TSB, Munich Re, Navigators, NFU Mutual, Prudential, QBE European Operations, RBS Insurance, Risk Management Solutions, RJ Kiln, RSA, Spectrum, Standard Life, Swiss Re, UNUM, XL and Zurich

4. The one year review of member activities against the ClimateWise Principles is available on: <http://www.climatewise.org.uk/review-2008/>

**Copies of all ClimateWise news releases, together with other information, can be seen on [www.climatewise.org.uk](http://www.climatewise.org.uk)**



## ClimateWise public statement on the UNFCCC negotiations November 2008

The insurance sector enables businesses and individuals to manage risk, including risks presented by climate change. We are one of the sectors that most directly experiences the impacts of climate change and at the same time we are unique in our long-term view of future risk. The unprecedented challenge of climate change led key players in the insurance industry to develop **ClimateWise** – a collaborative industry initiative through which insurers aim to work together to respond to the myriad risks and opportunities presented by climate change.

ClimateWise was launched in September 2007 by HRH The Prince of Wales, and currently includes over 40 companies and organisations representing all aspects of the insurance industry. The members include many global insurance and reinsurance companies. In the UK, ClimateWise members account for 60% of the general insurance sector and approaching 50% of the life insurance sector.

Each ClimateWise member is committed to taking action on climate change and to reporting publicly on its own performance. We believe that the long-term stability of our economy depends on an appropriate response to climate change and it is to everyone's benefit that we incorporate climate change into all of our business strategies.

While we continue these individual activities, the insurance industry requires strong leadership to tackle climate change from governments. Market-based solutions can only thrive if governments provide the necessary regulatory architecture to address both the impacts of climate change (adaptation) and the causes of climate change (mitigation) in equal measure.

Noting the upcoming UNFCCC negotiations on a post-Kyoto framework, we are moved to emphasise the need for an effective and robust global climate change framework. In addition to binding medium and long-term emissions-reduction targets in line with the latest IPCC recommendations, there are **three key areas** that **ClimateWise members want to see addressed** in a new global framework:

**1. A commitment by all countries to develop and implement national adaptation plans to effectively manage climate risks.**

Adaptation may simply become a condition for insurance in some areas. In markets with an existing natural hazard insurance market, adaptation is the key to the sector's ability to offer insurance products that are both affordable and widely available. In emerging markets adaptation is one of the conditions for establishing a functioning market. The offer of insurance products to the previously un-insured or uninsurable will heavily depend on clear adaptation signals, alongside the need for open, fair, risk-based global insurance markets. The UNFCCC process should take a stronger role in promoting adaptation in all countries such that the implementation of national adaptation plans is a condition of participation in any future climate change agreement.

**2. A clear, long-term international arrangement for collecting and sharing climate data.**

We support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate, including better quantification of the inherent uncertainties in these projections. Governments, at domestic and all relevant international levels, need to assess their climate-related risk exposure and pool their analysis, as well as making it publicly available. A lack of data and restrictions on the use of information, models and analyses are preventing urgently needed innovation in both mitigation and adaptation and must be addressed by the UNFCCC process.

**3. A review of synergies between adaptation and mitigation.**

A future global framework should ensure that adaptation and mitigation measures go hand-in-hand and do not produce conflicting outcomes. For example, relying on air conditioning as the only response to hotter summers increases greenhouse gas emissions, creating a negative feedback loop. Instead, a mix of adaptation measures should be considered, emphasising lower-carbon alternatives.

**How will the ClimateWise members contribute?**

Working individually and collectively, ClimateWise members can help to reduce the long-term risk from climate change within the framework of a competitive risk-based global economy. We are leading the way in analysing and reducing risks; supporting climate awareness amongst our customers; incorporating climate

change into our investment strategies; informing and engaging in public policy debate; and reducing the environmental impact of our businesses.

In particular, we aim to:

- Support government action, including regulation, that will enhance the resilience and reduce the environmental impact of infrastructure and communities.
- Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.
- Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.
- Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.
- Evaluate the risks and potential liabilities associated with new technologies for tackling climate change so that new insurance products can be developed in parallel with technological developments.
- Support work to set and achieve national and global emissions reduction targets.
- Measure and reduce the environmental impact of our internal operations and physical assets under our control.
- Consider how we can use our expertise to assist the developing world to respond to climate change.

ClimateWise members support a new global public policy agreement, building on the Kyoto Protocol, to minimise climate-related impacts and reduce global greenhouse gas emissions. The insurance sector is part of the foundation for building a low-carbon economy while facilitating sustainable global economic growth. ClimateWise members will continue to explore how best to extend the benefits of insurance cover to those affected by climate risk, both in developed and developing countries. Meeting these challenges will require a partnership-approach between all stakeholders – we will continue to play our role and urge the UNFCCC negotiators to create the required framework and regulatory certainty to make this happen.