**Statement of The Geneva Association**

2017 Global Platform for Disaster Risk Reduction

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The Geneva Association is the leading international think tank whose members are currently 74 Chief Executive Officers (CEOs) of the global insurance and reinsurance companies, which collectively underwrite approximately nearly half of the global insurance premiums and have over 18 Trillion USD assets under management. The Geneva Association conducts policy- and practice-based research on highly strategic issues in insurance, economics and risk management. It alsofacilitates high-leveldialogues engaging chief-level executives of the insurance industry and authorities from international policy making, standard setting and regulatory bodies, governments, the United Nations and international development organizations.

The global economic risks associated with catastrophic and slow-onset weather- and climate-related hazards are on the rise and climate change, in particular, further exacerbates this situation. The adoption of the Sendai Framework for Disaster Risk Reduction (2015-2030), the 2030 Sustainable Development Summit and the COP21 Climate Change Paris Agreement have promoted the need for a comprehensive approach to managing risks of extreme events and climate change, spanning different economic sectors and levels of government. Components of such an approach include:

1. Assessment and quantification of risks;
2. Measures to reduce or prevent (new) risks (such as land zoning, enforcement of robust building codes, planning and design considerations for the infrastructure life cycle, retrofitting and investment in natural infrastructure);
3. Emergency preparedness and early warnings, to expedite response to and recovery from disasters;
4. Innovative risk financing and risk transfer measures for governments, businesses and individuals to distribute the residual financial risks;
5. Effective reconstruction planning after any event, to prevent recurrent risks and build resilience to future events.

These considerations must be supported with sound policies, regulatory and institutional frameworks as an integral part of development planning – at national to local levels of the government. Furthermore, significant benefits could be realized through strategic public-private partnerships.

On 19 November 2015, The Geneva Association issued its Climate Risk Statement signed by 66 CEOs of the global insurance industry. The statement stresses the vital role of (re)insurers through, (i) signalling the price of risks and thus raising awareness of risk levels and characteristics, (ii) underwriting risks and redistributing the cost both geographically and financially around the world and (iii) contributing knowledge and experience in risk management and disaster risk reduction. In fact, there is growing evidence that countries with widespread market-based disaster insurance coverage do recover faster from the financial impacts of extreme events. It is the uninsured part of losses that drives macroeconomic costs. While the benefits of risk transfer tools such as insurance are increasingly being recognized globally, there is still a large, and in some places growing protection gap, indicating that the opportunities and benefits of risk transfer mechanisms are not harnessed to their full potential.

To address these issues, since 2015, The Geneva Association has been actively:

1. Facilitating a number of high-level dialogues, engaging the CEOs and leading experts of the insurance industry, the former UN Secretary General Ban Ki-Moon, and senior executives from the United Nations and international development organizations, to explore opportunities for building resilience to extreme events and climate risk; and,
2. Leading and implementing a number of multi-stakeholder research initiatives to underpin the public-private dialogues. Within the Geneva Association’s Extreme Events and Climate risk Programme’s 2016-2018 work plan, the research is focused on three areas, including:

***i) How Can Innovation in Risk Modelling Shape the Future of Extreme Events and Climate Risk Management, focused on two key issues****:*

* 1. Identifying practical approaches to transferring insurance industry’s risk knowledge and expertise in catastrophe risk modelling to the public sector.
  2. Leveraging latest scientific and technological developments to enhance catastrophe risk modelling with a forward-looking approach

***ii) Development of case studies to raise awareness and facilitate public-private strategic dialogue about the interplay of preventive measures, risk transfer solutions and for building effective public-private partnerships.***

The first of such case studies involves a comparative analysis of flood risk management practices in Australia, Canada, Germany, Japan and Canada.

***iii) The role of the insurance industry in supporting resiliency of critical infrastructure to extreme-event and climate risks in the 21st century.***

Finally, in response to a request from the United Nations’ Office for Disaster Risk Reduction (UNISDR), The Geneva Association, together with the Insurance Development Forum (IDF) has developed the guidelines on “Risk Assessment for Development of Sovereign Risk Financing and Insurance Programmes,” which will be integrated in the "Words into Action Guideline on National Disaster Risk Assessment: Governance System, Methodologies, and Use of Result." This will be shared with the governments by the UNISDR.

The Geneva Association offers a unique platform to pool knowledge and expertise of the insurance sector. It acts as a hub for senior executives and expert networking within the global insurance industry as well as with other communities. The Geneva Association strives to create opportunities for the insurance industry to join its forces to deal with extreme events and climate risks where relevant and appropriate.

Thank you for your consideration.

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