

Letter from the Chairman of ClimateWise to UNFCCC Negotiators in Cancun

December 2010

Priorities for a low climate risk world

There is no industry better placed to take an objective, global view of risk than the insurance industry. Ahead of COP 15 in Copenhagen, the leading international insurers of ClimateWise from across Africa, Asia, Europe, and North America highlighted three priorities to Parties for global climate risk to be brought under adequate control:

- i. A global emissions reduction pathway to **minimise the risk of exceeding a 2 degree Celsius rise in temperature**
- ii. Agreement on the scale and structure of **financial flows** from the developed to the developing world to support both mitigation and adaptation
- iii. Mandatory **risk reduction** plans for all countries

One of the clearest political messages that came out of the Copenhagen Accord and the surrounding negotiations was agreement that the increase in global average temperature must be kept below 2 degrees Celsius. Above that level, the risk to societies and economies around the world is considered unacceptably dangerous.

Renewed call for greater emissions reductions at national and global levels

To minimise the risk of dangerous climate change, ClimateWise, guided by science, renews its call for a 40% emissions reduction by 2020 over 1990 levels for developed countries, with a substantial reduction relative to business as usual for major developing countries, and an 85% global emissions reduction by 2050 over 2000 levels. A year ago we also detailed clear means by which the insurance industry can support governments to develop economies resilient to climate risk.

The sum of the national emissions reduction pledges that have been submitted under the Copenhagen Accord do not come close to what must happen on a global scale. The scientific and business case for raised ambition at national and global levels grows stronger as time passes.

The scale and rate of progress we need from our political leaders was not delivered in Copenhagen and for all those with an interest in reducing global climate risk, it was difficult not to share a sense of an opportunity missed. Now is the time for an increase in both national and global ambition, through enhanced pledges for emissions reductions.

Insurer action to help the developing world adapt

Even with a scaling up of political action to tackle climate change, it is clear that a massive scheme of adaptation measures will be needed, especially in the most vulnerable countries, to protect people and economies from the inevitable impacts of climate change already built into the system. ClimateWise has helped to bring together the global insurance industry to understand how the industry can best work with governments to increase the protection of individuals and economies from the impacts of extreme weather and thus support sustainable growth.

In October, in the attached [*Global insurance industry statement on Adapting to climate change in developing countries*](#), ClimateWise highlighted that the insurance industry can support adaptation efforts through:

- **Expertise in risk management**, particularly in areas such as risk and vulnerability assessment, risk pricing, and the design of risk reduction and risk transfer activities
- **Prioritising adaptation measures** by enhancing adaptive capacity and advising on the cost effectiveness of resilience measures
- **Incentivising loss reduction** by informing economic actors about the risks they face, advising on risk mitigation options and providing them with existing insurance options for loss reduction
- **Developing new insurance products** which cover risks affected by climate and weather events, such as human health, crop yields and animal diseases
- **Raising awareness among the many stakeholders of the insurance industry**, including governments and regulators, clients and business partners, business and industry, civil society and academia – about the impacts of climate change, the adaptation needs of those most at risk, and the role that the insurance industry can play in advancing adaptation.

Opportunities within reach

Just like the hundreds of forward-looking business leaders from across the G20 that have signed *The Cancun Communiqué*, we see a global deal that delivers robust, equitable and transformational change in the world's response to climate change as an opportunity for economic growth, not a barrier. We stand ready to work with governments to implement such a deal – a deal that is in all of our long-term interests and we welcome the inclusion of the insurance sector in the report from the United Nations Advisory Group on Climate Change Finance published in November as a first step to laying the platform for real engagement on this issue.

Copenhagen delivered some important steps on the journey, but these fell far short of what is needed. It is vital that both the intergovernmental negotiations in Cancun (COP 16) and South Africa (COP 17) and the national actions that must run in parallel to the United Nations talks, deliver on the priorities we have outlined if the systemic risks of climate change are to be responsibly managed.

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