



ClimateWise public statement on the UNFCCC Copenhagen 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 their expertise 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.