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# Supporting Resilience to Climate Risk and other Weather Risks

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# The full story



<https://www.cisl.cam.ac.uk/publications/sustainable-finance-publications/investing-for-resilience>

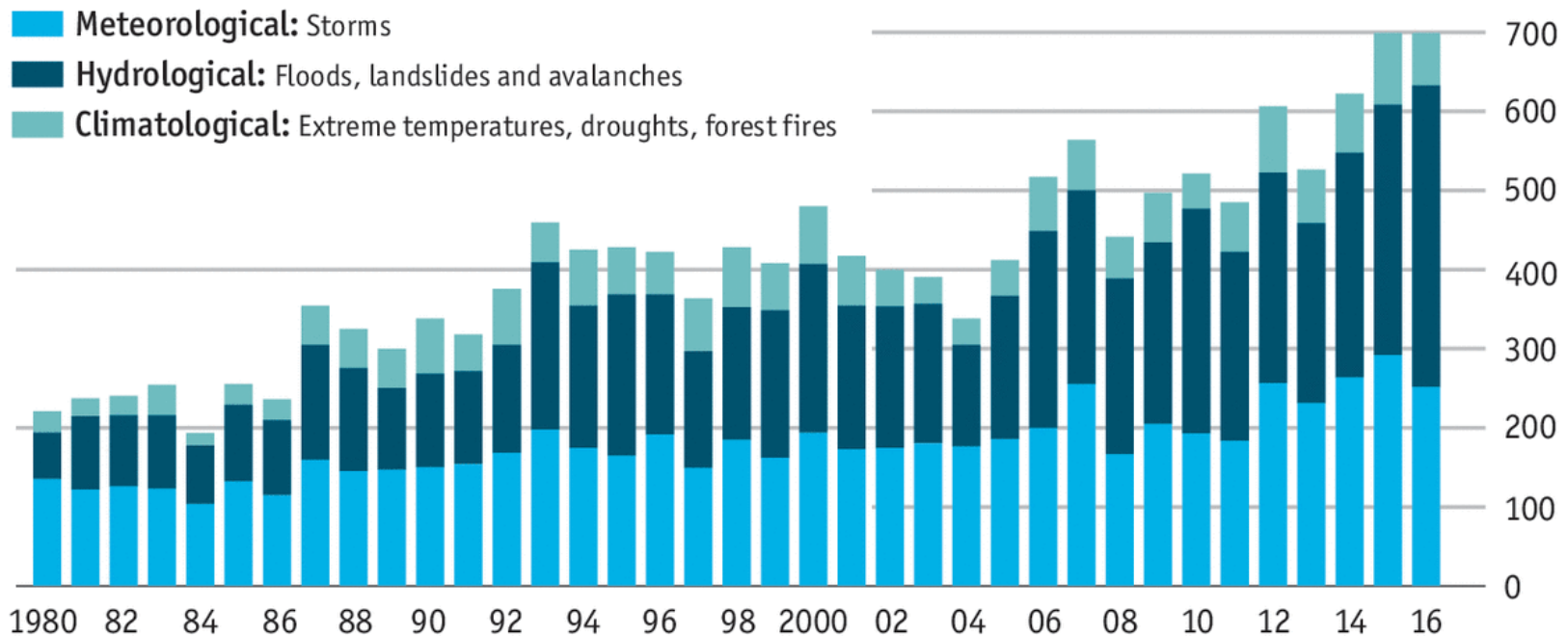


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# There's more weather than there was

## A rising tide

Natural disasters by cause



Source: Munich Re

Economist.com

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# Resilience

Suffer less overall damage from an adverse event

- Avoid
- Reduce impact
- Enhance recovery



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# Resilience is a Good Thing

- For society as a whole
- For investors – how?
- For insurers – how?



# Insurers have levers

- Investment portfolios
- Financial markets
- Underwriting
- Marketing
- Expertise
- CSR / ESG

How can they use these levers to support resilience?



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# Investment portfolios

- Investments that directly enhance resilience
  - There's often a problem with financial returns
- Invest in resilient assets
  - Help to kick off virtuous circle via increased demand
- Invest in corporates whose business is to enhance resilience
- Improve your own resilience
  - Avoid risk accumulations





# Financial markets

- Investment in resilience produces significant economic returns
  - ... spread over a wide range of beneficiaries
  - ... emerging over the medium to long term
- Green bonds
- Impact bonds
  - Forest Resilience Impact Bonds
- Innovative funding mechanisms



# Underwriting

- Is resilience reflected in the premium?
- Do lower premiums provide incentive for investment?
- Are insurance incentives aligned with resilience?
  - Resilient reinstatement
  - Multi-year policies
  - Comprehensive resilience services



# Marketing

- Education
- Investment mandate
  - Premiums4Good (QBE)



# Expertise

- Green Cities platforms
  - Urban infrastructure investments for the private sector
- Stakeholder partnerships with cities
- Staff secondment



# CSR / ESG

- Land management projects
  - Living Lands project (Santam)
  - Mangrove planting (Tokio Marine)
- Education
  - Protecting the North (Suncorp)
- Pressure from investors and others?
  - Aiming for A
  - ClientEarth, Urgenda



# A resilience rating system

- For investments, property, cities, corporates...
- Potential uses
  - Investment mandates
  - Underwriting
  - ...



# Questions

- What are insurers' most powerful levers?
- How would a resilience rating system work?
- What are the most significant barriers? How can they be overcome?



# Summary



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