



What is the role of insurers when adapting to climate change?

Climate change in the Northern territories conference

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August 23rd, 2013





Overview

1. Role of insurers in the economy
2. IPCC reports on insurance and role of insurers
3. Climate action development
4. The Nordic insurance case
5. Barriers for actions
6. Challenges for insurers





The fundamental role of insurers

- Risk sharing and management mechanisms
 - Policy terms and pricing of risks
- Risk management expertises
 - Motivation of actions
- Investments
- Levels of interactions
 - Locally, nationally, regionally, and globally
 - Individuals, businesses, suppliers, partners, governments and communities



The IPCC reports on insurance

- The IPCC TAR report published in 2001
 - Separate chapter on insurance, and other financial services, because of its importance based on its potential to serve as an indicator for socio-economic impacts of climate change.
- The fourth Assessment Report (AR4) published in 2007
 - Examples of adaptation actions by sectors including agriculture crop insurance and insurance related to infrastructure and settlement in coastal zones areas.
- The fifth Assessment Report (AR5) due in 2014
 - will contain a discussion about key economic sectors and services, including supply chains, systemic risk, and insurance.



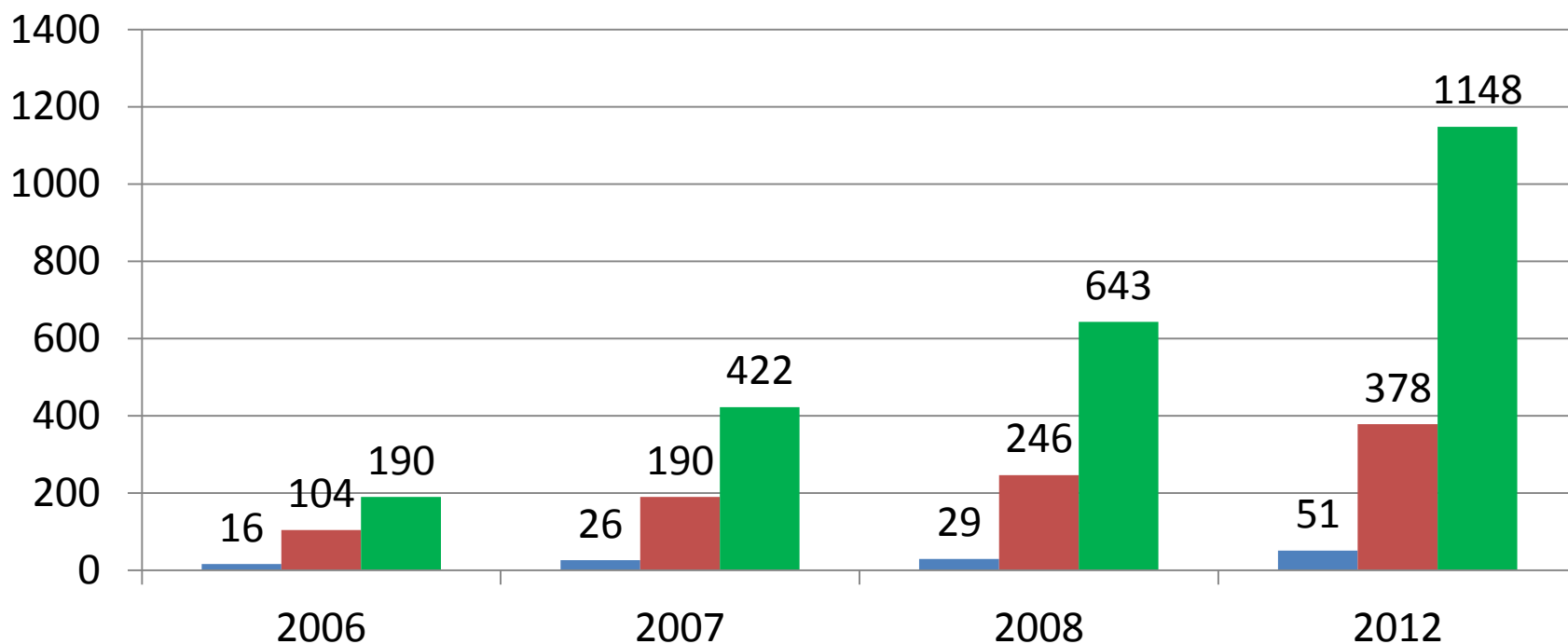


Insurers adaptation role

- Articles in the Kyoto Protocol, the UN Framework Convention on Climate Change, and the Bali Action Plan adopted at COP 13 in 2007 call for insurance solutions, risk management, and risk reduction strategies as a way to enhance climate adaptation.



Climate related actions of insurers



■ Number of countries ■ Number of entities ■ Number of climate schemes





The Nordic insurance case

Companies location and size	Number of insurance sites visited	Number of interviews within the field	Number of interviewees	Participants observations	Interviewees with outside specialists
Employees <250					
Åland	2	7	9	1	0
Faroe Islands	2	6	6	0	0
Iceland	4	14	16	2	5
Employees <7,000					
Denmark	2	4	4	1	0
Finland	2	9	10	1	0
Norway	2	8	9	2	1
Sweden	3	14	20	0	0
	17	62	74	7	6



Heavy cloudbursts in Denmark 2011





Storm Beril in Faroe Islands 2011



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Hailstorm in Finland summer 2010



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Nordic insurers climate focus

- Internal actions
- Insurers core activities
 - Risk pooling / transfer of risk through insurances
 - New and existing products
 - Incentivize actions
 - Loss prevention and claims settlement
- Investments
- Communication and external engagement
- Benchmarking



Difference between case groups

- The findings show a significant difference between actions taking place in the Islands group (Åland, Faroe Islands), and the Mainland group (Denmark, Finland, Norway, and Sweden). While climate awareness is still limited within the Islands group, many good examples of climate adaptation efforts exist within the Mainland group.



Barriers for actions

- Barriers identified include
 - Companies size
 - Leadership
 - Attitude
 - Awareness
 - Business horizon
 - Isolation





The road forward

- Role of a 'low-polluting sector' in dealing with environmental issues, and utilizing opportunities arising from these issues.
- Leading and lagging companies
- Different systems
- Fragmentation of the system in Iceland
- Insurance and the Arctic region
 - Arctic Opening : Opportunities and Risk in the High North



Thank you for your attention

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