

Special Session on Climate Change and the Insurance Sector

Agenda

3 December 2015, 9.00am-4.30pm
OECD Conference Centre, Paris, France
2, rue André Pascal
75775 Paris Cedex 16, France

08:00–09:00 *Registration of participants*

09:00–09:30 **Opening Session: The role of the insurance sector in a climate change agreement**

- Chair** **Adrian Blundell-Wignall**, Director, Directorate for Financial and Enterprise Affairs and Special Advisor to the Secretary General for Financial Markets, OECD
- Opening address** **Gabriela Ramos**, OECD Chief of Staff, G20 Sherpa and Special Counsellor to the Secretary-General
- Special address** **Henri de Castries**, Chairman and CEO, AXA

09:30–11:15 **Session 1: Managing the financial risks of extreme events in a changing climate**

- Topics** (Re)insurance and capital markets play a critical role in the financial management of disaster risks by absorbing the costs of damage and losses and supporting post-disaster economic recovery by providing a source of funds for recovery and reconstruction. Countries with mature insurance markets recover much faster and more efficiently when struck by a disaster. When properly designed, insurance can also contribute to adaptation by reducing the overall losses from climate change-related extreme events through the use of risk-based premiums, deductibles and premium discounts that encourage risk reduction. The insurance sector can also play a strong advocacy role in encouraging preventive measures such as land-use policies and building codes that improve resilience against the impacts of disaster events. This session will explore the impacts of climate change on the insurability of extreme events and the potential for insurance companies to support enhanced financial protection against climate change-related disaster events:
- What are major challenges in terms of assessing risks in a changing climate? What are the merits of risk-based premiums? Are climate risks insurable at rates that are affordable? What are the driving factors? Will uncertainty have an impact on the availability of insurance coverage for disaster risks? Will it be possible to insure “certain” risks (such as coastal inundation resulting from sea-level rise)?

- How can the knowledge, experience and expertise of the insurance sector be leveraged to support the financial management of extreme events and climate risks?
- Are there innovative approaches to expanding financial protection that could prove promising in reducing the protection gap for disaster risks? How does insurance fit in? Is there a need for new and innovative insurance products and services to address climate risk issues? What about scalability and sustainability of insurance as an integral part of a comprehensive risk management strategy?
- What critical partnerships need to be forged to pave the way? What challenges and opportunities lay ahead in ensuring such partnerships?

Moderator

Maryam Golnaraghi, Director, Extreme Events and Climate Risks, The Geneva Association

Panellists

Peter Höppe, Head of Geo Risk Research/Corporate Climate Centre, Munich Re and Chair of the Munich Climate Insurance Initiative

Robert Muir-Wood, Chief Research Officer, RMS and a lead author of the IPCC Special Report on *Managing the risks of extreme events and disasters to advance climate change adaptation (SREX)*

R. Dale Hall, Managing Director of Research, Society of Actuaries

Ivo Menzinger, Managing Director, Global Partnerships, Swiss Re

Masaaki Nagamura, General Manager (Corporate Social Responsibility), Tokio-Marine

11:15–11:30

Coffee break

11:30–13:00

Session 2: Investing in the transition to a low-carbon economy

Topics

As institutional investors, the (re)insurance sector could support the transition to a low-carbon economy by allocating investments into assets that reduce greenhouse gas emissions (e.g., renewable energy power generation, energy efficiency). This session will explore the ways in which innovation in policy, regulatory, product development and market-based approaches could provide incentives for emissions-reducing behaviour. Furthermore, as an integral part of a comprehensive strategy for climate risk management, this session will also look at the potential contribution of insurers to supporting the transition to a low-carbon economy through their investment allocations and product design and related hurdles and opportunities:

- What are the barriers and challenges to investing in low-carbon assets? Do we need a clear definition for a low-carbon asset class to bring clarity to this issue?
- What are the business case drivers for green investment, particularly low-carbon assets? What are the risks of continued investment in greenhouse-gas emitting sectors? Are climate change-related factors material for investment decisions, in terms of risks and opportunities?
- How can governments support the advancement of policy options to improve the financial system's effectiveness in mobilizing capital towards a green and inclusive economy? How can cooperation and

collaboration between governments, policy makers and regulators be enhanced to scale up policy progress?

- What is the role of insurance in supporting the financial viability of green projects and infrastructure? What impact can product design have in promoting emissions-reducing behaviour? Are low-emission activities a better insurance risk?

Moderator

Steve Waygood, Chief Responsible Investment Officer, Aviva Investors

Panellists

Michael Liebreich, Chairman of the Advisory Board, Bloomberg New Energy Finance

Tom Hutton, Managing Partner, XL Innovate

Matt Christensen, Global Head of Responsible Investment, AXA Investment Managers

Karsten Löffler, Managing Director, Allianz Climate Solutions

13:00–14:15

Lunch break

14:15–16:00

Session 3: Is there a role for regulators in addressing climate risks?

Topics

Climate change has implications for insurance companies on both sides of the balance sheet. Potential changes to the nature of disaster risks or the regulatory environment for greenhouse gas-producing sectors could have significant impacts on the financial soundness of insurance companies. This session will look at the issues that arise for insurance regulators as a result of a changing climate and the efforts that regulators have made to address these issues:

- How should regulators manage the inherent uncertainty in understanding climate change implications without impeding the availability of financial protection?
- What is the role of regulators in facilitating the sector's contribution to climate change adaptation and mitigation?
- What would need to change in the international and national regulatory and policy framework to orient the financial system more towards long-term issues including climate change?

Moderator

Cynthia McHale, Director (Insurance Program), Ceres

Panellists

Nick Robins, Co-Director, UNEP Inquiry into the Design of a Sustainable Financial System

Monica Lindeen, Montana Commissioner of Securities & Insurance and President, National Association of Insurance Commissioners

Matthew Scott, Team Leader, Environmental Risks, Insurance Division, Prudential Regulation Authority

Stéphane Cossé, Director, Public Affairs, COVEA

Special address

Nicolas Schimel, Chief Executive Officer, Aviva France

16:00–16:30

Concluding remarks

Special address

Denis Kessler, Chairman and CEO, SCOR and Co-Chair of The Geneva Association Committee on Climate Change and Extreme Events

Closing remarks

Anna Maria D'Hulster, Secretary General, The Geneva Association

Adrian Blundell-Wignall, Director, Directorate for Financial and Enterprise Affairs and Special Advisor to the Secretary General for Financial Markets, OECD

Requests for further information should be addressed to
Lucie Amour, +(33-1) 85 55 60 48, lucie.amour@oecd.org

www.oecd.org/daf/fin/insurance/special-session-climate-change-insurance-2015.htm