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**Follow-up to the World Summit for Social Development and
the twenty-fourth special session of the General Assembly:
priority theme: strategies for the eradication of poverty to
achieve sustainable development for all**

Statement submitted by BJD Reinsurance Consulting, LLC, a non-governmental organization in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.



Statement

In accordance with the fifty-sixth session of the Commission for Social Development (CSocD56), the ongoing priority theme “strategies for eradication of poverty to achieve sustainable development for all” carries significant meaning for the insurance industry all over the world.

In the context of social development, BJD Reinsurance Consulting would like to emphasize the importance of the closing the insurance protection gaps globally.

The world has never been as generous in providing resources to support people around the world affected by disasters. Yet, never before has the need been so great. More people and more assets are at risk from disasters and natural hazards than ever before, and the risk is accumulating at an unprecedented rate. Addressing the growing risks from disasters is a global issue.

While the impacts of disasters are most severe in the developing world, where the majority of mortality from disasters occurs, economic losses, disruptions to markets and supply chains, and migration have global consequences for both the public and private sectors. The frequency and impacts of climate and natural hazard risks are growing every day. Massive rates of urbanization mean that more and more people are living in higher density areas, many of which are situated in hazard prone locations such as coastal areas and fault lines.

In the developing world where urbanization is often unplanned and building standards and disaster protections are minimal, more people, assets and infrastructure are at risk. We will never be able to avoid climate and natural hazard risks altogether, but we believe that we can — indeed, we must — do a much better job at reducing their impact and managing their risks in order to protect opportunities for growth and sustainable development. We must redouble our efforts to enhance resilience and improve protection. We must become much more proactive about risk mitigation and risk financing. And we must work together — industry, government, civil society and development organizations, scientific and academic communities — to drive meaningful change and action.

At the UN Conference of the Parties (COP21) in Paris in 2015, leaders from the United Nations, the World Bank and the insurance industry announced the launch of the Insurance Development Forum (IDF). The group’s stated intention is to optimize and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks. We must work together — industry, government, civil society and development organizations — to drive meaningful change and action.

We face a global resilience challenge. Economic and humanitarian risks associated with catastrophic weather and climate-related hazards are increasing, representing a major challenge to global resilience, particularly in middle/low-income countries. This challenge was highlighted by the recent adoption of global agreements (Sendai Framework for Disaster Risk Reduction 2015-2030; Sustainable Development Goals 2030; and the COP21 Paris Agreement) which form the UN Agenda 2030.

The insurance protection gap is widening. Presently, 70% of economic losses from natural hazards remain uninsured and in middle/low-income countries the uninsured proportion of economic losses often exceeds 90%. The initial focus of the

IF partnership is to help close this protection gap — thus building global resilience and protecting economies.

The role of insurance is paramount. Growing evidence indicates that countries with greater penetration of insurance coverage have faster economic recoveries from disasters and rebuild with greater resilience to future disasters. Research has shown that a 1% increase in insurance penetration can reduce the disaster recovery burden on taxpayers by 22%. A key goal of the UN Agenda 2030 is to take a risk-based approach to manage the risks of extreme events and climate. Within the frameworks that form the UN Agenda 2030, insurance is explicitly recognized as a key vehicle to enable the risk sharing and transfer solutions required for greater global resilience.

There is a need for greater coordination and collaboration. Efforts to improve global resilience and address the protection gap have been primarily driven by a handful of private/public stakeholders. Given the scale, scope and complexity of the resilience and protection gap challenge, a coordinated and collaborative approach bringing together the insurance industry and relevant stakeholders is recognized as critical to meeting the goals of the UN Agenda 2030.

A common work outlines a number of potential solutions and enablers that could form part of the global response to climate and natural hazard risks. It advocates for improved risk modelling and mapping. It assesses the value of risk financing. It explores the link between improved institutional capability, risk management and disaster recovery, highlighting the need for an enabling regulatory environment with appropriate regulations depending on context, capacity and development. And it looks at the growing role that insurance does and can play in reducing risk and mitigating disruption.

Understanding risk to create resilient platforms for sustainable growth and human dignity risk management capabilities to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.

BJD Reinsurance Consulting supports the IDF as the common voice of the insurance industry that offers new perspectives and ideas on disaster resilience, mitigation, recovery and protection. It does not focus on a single solution, region or challenge. Rather it aims to provide a clear rationale for change, a framework for action and a set of solutions that could be applied the challenge.

We hope this initiative catalyses action and ideas around the world. All are most welcome to help shape and drive this agenda.