

UNEP Finance Initiatives:

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NEP Finance Initiatives

- A public-private partnership based on a voluntary approach - initiated in 1992
- •300 institutions worldwide covering banking, insurance and asset management sectors
- •Member institutions sign statements of commitment to environment and sustainability
- •UNEP FI identifies and disseminates best practice
- •Facilitate finance sector's involvement in policy arena



UNEP FI Activities:

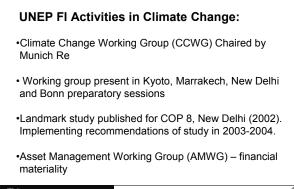
 Asset Management •Climate Change •SEMRI •Financial Systems / Global Compact

Regional Task Forces:

 Africa Asia-Pacific •North America •Latin America

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UNEP Finance Initiatives

"Climate change poses a major risk to the global economy.

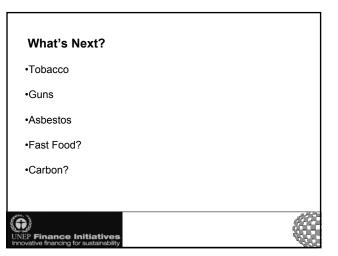
The increasing frequency of severe climatic events, coupled with social trends, has the potential to stress insurers, reinsurers and banks to the point of impaired viability or even insolvency.

Worldwide economic losses due to natural disasters appear to be doubling every ten years and, on current trends, annual losses will reach almost USD 150 billion in the next decade"

UNEP FI study on financial services and climate change, published October 2002









Re-insurance responding first to shifts in underlying weather patterns - WHY?

•Greater uncertainty

•Higher loss potentials

•Clients need adequate cover but insurers cannot face ruin.

•Insurers less open to pre-emptive underwriting as they base contracts on historical data.

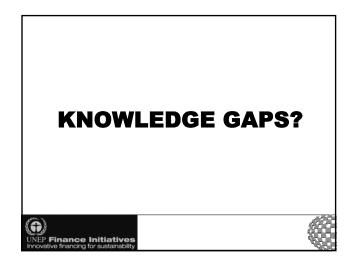


The insurance industry will....

"Need to develop a new approach that will deal with the greater uncertainty and higher loss potentials....

Almost certainly, this will require close cooperation between insurers and governments or international funding agencies"

Finance and Insurance sector report to WSSD, August 2002



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