



Copenhagen: U.N. Climate Change Conference

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Summary

The Chartered Insurance Institute (CII) is the world's leading professional body for insurance and financial services providing exams, qualifications and training for those within the sector. We are also engaged in promoting insurance and financial services to attract the best new talent as well as supporting the development of those already working in the sector.

- In December 2009, delegations from 192 countries will hold two weeks of talks at the United Nations climate change conference in Copenhagen to conclude an agreement that would enter into force after the first phase of the Kyoto Protocol expires in 2012.
- The CII believes that climate change poses a systemic risk to the global economy, and an agreement at Copenhagen is essential to prevent the most catastrophic risks from occurring – and significant markets becoming uninsurable.
- As people who understand and manage risk, insurers are naturally well-placed to lead the way in mitigating these risks. The crucial test will be moving beyond simply managing the response to taking a more active role in the debate and the solutions.
- The CII calls on members to take an active role by encouraging all governments to play their part in Copenhagen. We need a robust and equitable global deal, so that insurers can take up the challenge of climate change armed with the right policy framework to support them.

Policy Background

The U.N. conference in Copenhagen will be the culmination of a process that began in 2007, when governments at the U.N. Climate Change Conference in Bali, Indonesia, launched the Bali Road Map, a two-year negotiating process to design an ambitious and effective international climate change deal to follow on the first phase of the Kyoto Protocol.¹

The key themes of the conference are:

- Mitigation: devising ways to reduce greenhouse gas emissions
- Adaptation: taking action to adapt to the negative consequences of climate change, such as droughts and floods
- Technology: finding ways to deploy climate-friendly technology
- Financing: financing adaptation and mitigation measures

Many have said that a deal in Copenhagen is the last chance for avoiding the most serious climate change events from occurring. Gordon Brown recently stated that there is “no ‘Plan B’” if we cannot reach a deal (19 October).

¹ For further information about the conference, please see the U.N.'s website: <http://www.un.org/wcm/content/site/climatechange/gateway>

However the chances for reaching a global deal remain uncertain. While certain developments have been encouraging, such as India and China agreeing to slow the growth of greenhouse gas emissions, the question of a breakdown still looms large.

The key commitments from each country – such as precise numbers on finance and mitigation – may only be made in the final hours of the two week conference.

CII Position

The CII has long recognised the importance of mitigating climate change, since our first major report on the subject was published in 1994. We believe that this is an issue which affects each and every one of us, and the general insurance and financial services industry has the unique potential to shape not only corporate response and action, but global policy decisions as well.

- **We are at a critical juncture:** At this point it is well worth remembering the notion set out in the Stern Report that ‘a risk postponed, is a risk multiplied’. If we don’t act now, climate related events may escalate to the point where substantial markets become uninsurable.
- **Insurers must take an active role:** As people who understand and manage risk, insurers are naturally well placed to lead the way in adapting the economy to our changing climate and mitigating its worst effects such as storms and heat waves. However the crucial test will be moving beyond simply managing the response to climate change in a technical sense. Insurers must take on a more active role, and call on all governments to play their part in Copenhagen to reach a robust, equitable, and enforceable agreement.

With the right policy framework, the insurance industry will be able to make a real difference to help reduce the negative effects of climate change. But we must act now; delay is not an option.

CII work on climate change

ClimateWise: In 2008 the CII became one of the first non-company members to join ClimateWise, a group of organisations in the insurance industry committed to taking action to reduce the risk of climate change. As a member of ClimateWise we are committed to demonstrating our action on climate change through six principles. Please read our first report to ClimateWise here:

http://www.cii.co.uk/ciiimages/emags/Environmental_Report_09/flash.html

CII Energy Policy: At the CII, we believe that everyone, and every organisation, no matter how small, has the potential to make a difference to the environment and help reduce climate risk. That is why we adopted a formal environmental policy in 2009, endorsed by the Board, committed to reducing our energy impact and cost in all areas of our organisation. To read the policy, click here:

http://www.cii.co.uk/downloaddata/Energy_Policy_2009.pdf

Carbon Smart research: The CII is co-sponsoring research into the credibility of sustainability reporting in the FTSE350 undertaken by the consultancy Carbon Smart. The research, to be published in 2010, will shed light on the lack of consistent assurance practices, and identify best practice amongst the current myriad of models. Given the considerable investments insurers control in the UK, we hope this research will help insurers discriminate and invest in funds that are truly socially responsible.

Coping with Climate Change: In February 2009 we published our third major study into the effects of climate change for the insurance sector and beyond. Edited by Dr Andrew Dlugolecki, former member of the Intergovernmental Panel on Climate Change, it comprises 18 chapters exploring the science of climate change, the types of risks that could emerge across different types of insurance clients, and how these risks implicate virtually all aspects of insurance and financial services. To read the report, click here:

<http://www.cii.co.uk/pages/research/climatechangereport.aspx>

Climate change thinkpieces: Read our climate change series of independently authored thinkpieces, including articles by Dr Maureen Agnew, Andrew Voysey, and Swenja Surminski here:

<http://www.cii.co.uk/pages/research/climatechangethinkpieces.aspx>

The CII is the world’s leading professional organisation for insurance and financial services, with over 93,000 members in 150 countries. We are committed to maintaining the highest standards of technical expertise and ethical conduct in the profession through research, education and accreditation. Our Charter remit is to protect the public by guiding the profession.

For more information on the CII and its policy and public affairs function, including examples of the range of issues in financial services and insurance that we cover, please see: www.cii.co.uk/policy.

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