

The Role of the Private Sector in Building Resilience to Disasters

MARSH - UNISDR PARTNERSHIP

20th March 2012, Doge's Palace, Venice

Joanna Matthys
Managing Director

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2011, the most expensive year in history for natural disasters

- **Global economic losses** from disasters (estimate for 2011): \$350 billion to \$380 billion
- **Insured losses** from disasters (estimate for 2011): \$105 billion



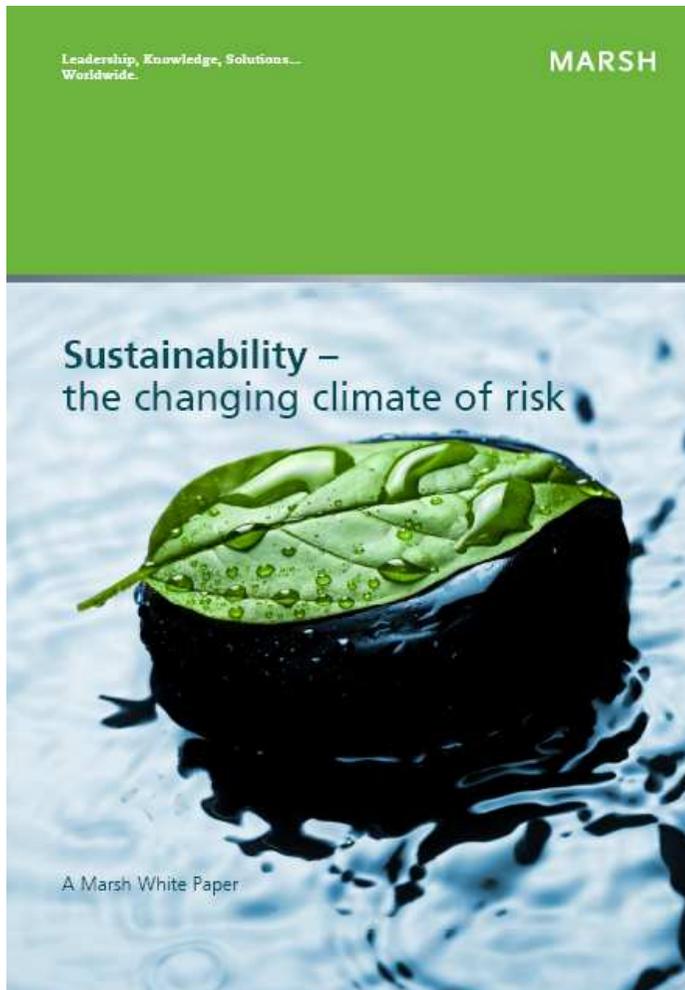
2011 catastrophes serve as a reminder of the importance of pre-loss planning.

Significant Catastrophic Losses—2010 to 2011



Source: Guy Carpenter & Company, LLC, Property Claims Service, Insurance Council of Australia

The changing climate of risk

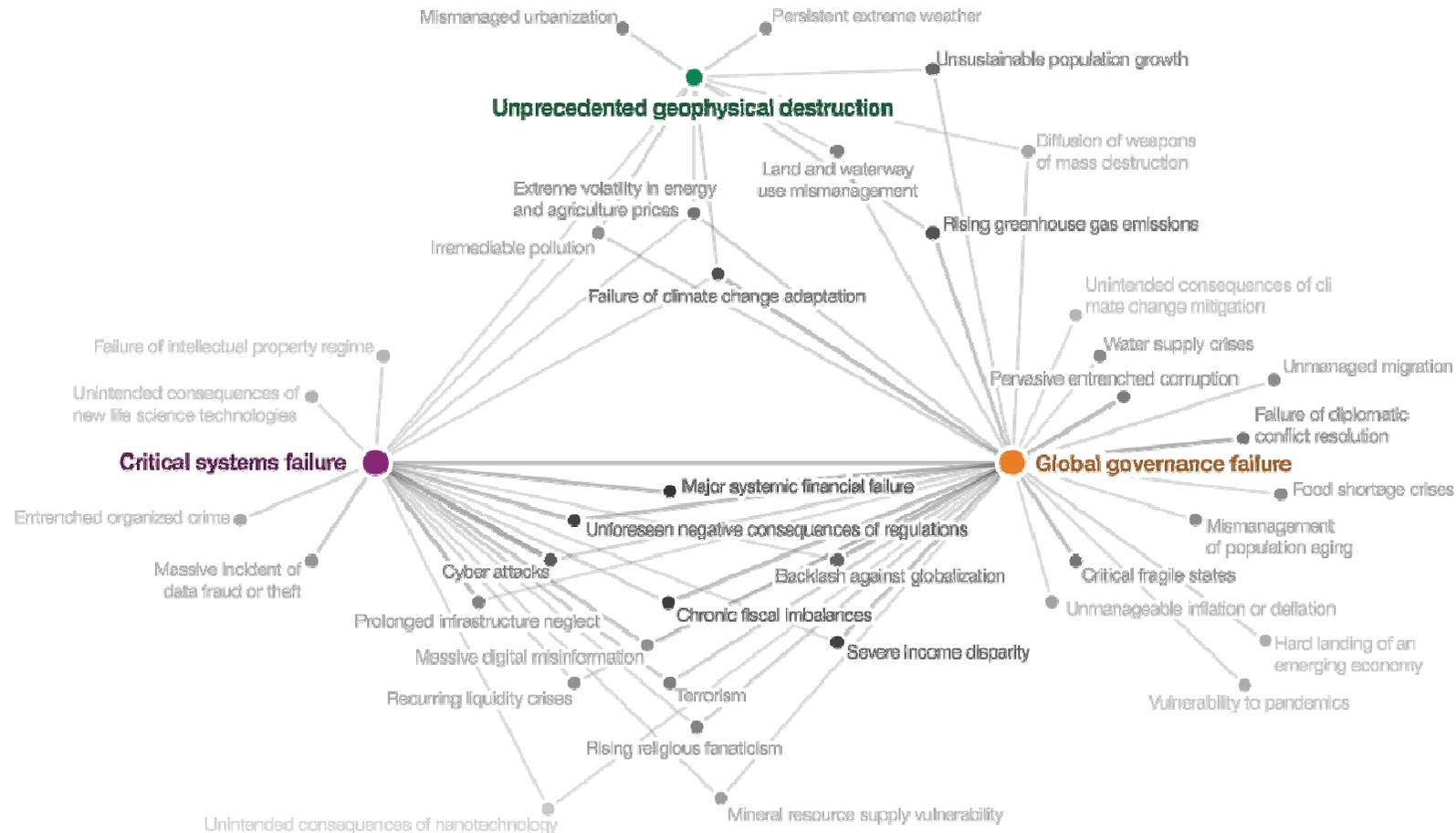


*“ There are several threats created by changes in the climate which may occur within the decade, and/or which have the potential to cause global economic impacts of greater than US\$10bn. These risks include **more frequent and more severe storms, more prolonged droughts and a creep in the growth of deserts, increasing water scarcity and a greater prevalence of inland and coastal flooding.** These categories of risk in turn may lead to additional disruptive impacts with **more people being made homeless and social infrastructure assets including critical IT, power and transport routes, being either damaged or rendered non functional.**”*

World Economic Forum’s Global Risks report 2011

Impact of natural disasters in a complex system

Example : Risk Characteristics of the March 2011 Disaster in Japan



While the scale and scope of the impacts of climatic change on society may be uncertain, direct impacts are more obvious. These include physical damage to property, failure of infrastructure and an increased likelihood of interruption in the supply of essential resources and services.”

David Batchelor, Sustainability – The Changing Climate of Risk, Marsh, 2011.

A few lessons from recent disasters can help decision-makers Evaluate complex risk events and respond proactively in times of crisis

1. Unforeseen consequences ripple through complex global systems

i.e. Inadequately defined safeguards at one outdated nuclear facility in Japan led to higher energy prices in Germany

2. Resiliency in complex systems may come from redundancy

Relying on one supplier leaves companies more susceptible to disruptions in the supply chain

3. The value of adaptive leadership

Organizations that distribute leadership and promote autonomy fare better in sustained crisis

4. The importance of advancing into the information space

With social media tools such as Twitter and the ubiquity of smart phones, authorities have only a few minutes to enter and dominate the information space

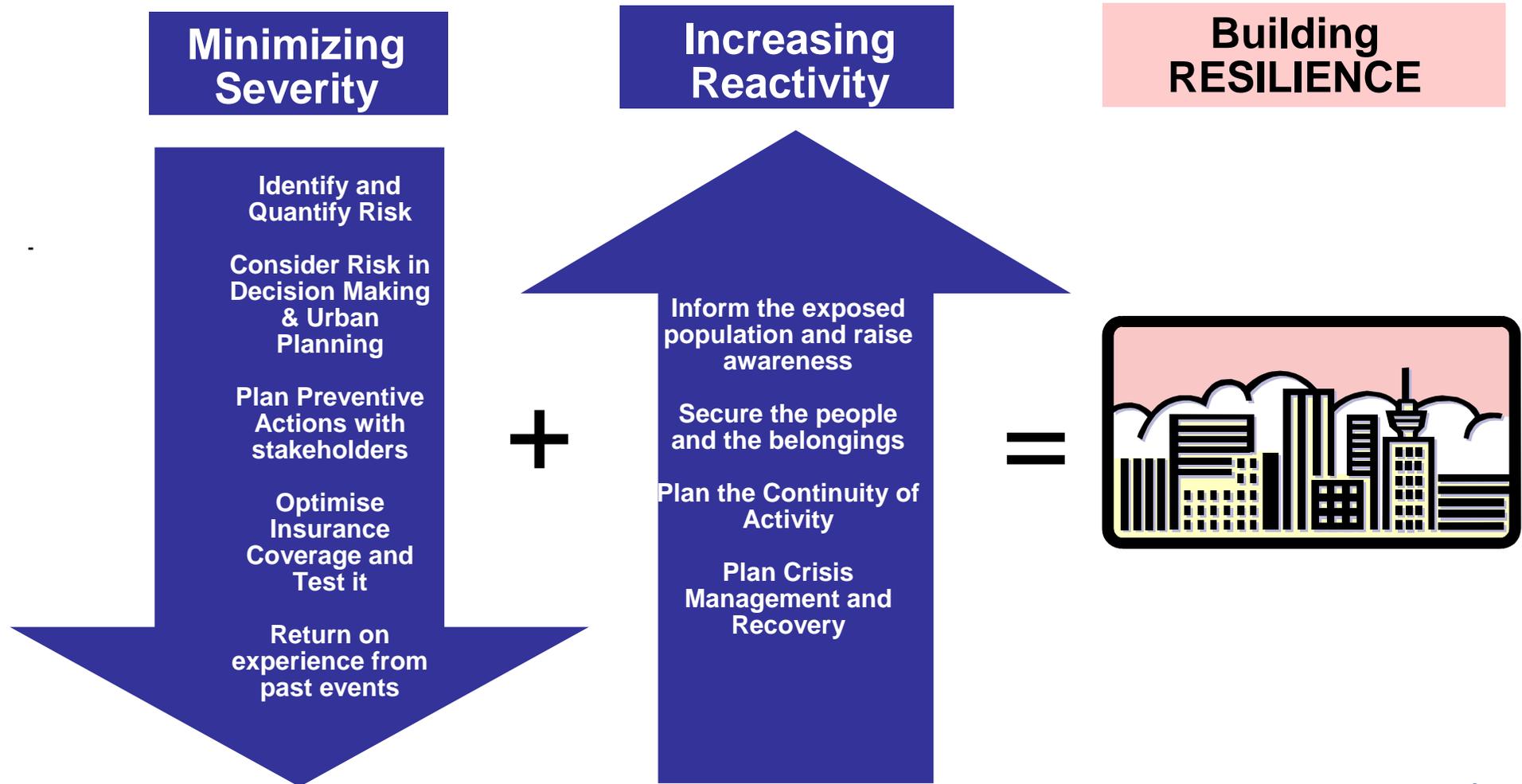
5. The skills of leadership and followership

There needs to be a shift from the attitude of “see no evil, speak no evil, hear no evil” to “see well, speak frequently and listen attentively”

Building our cities' and communities' resilience

Moving from recovery planning to risk reduction

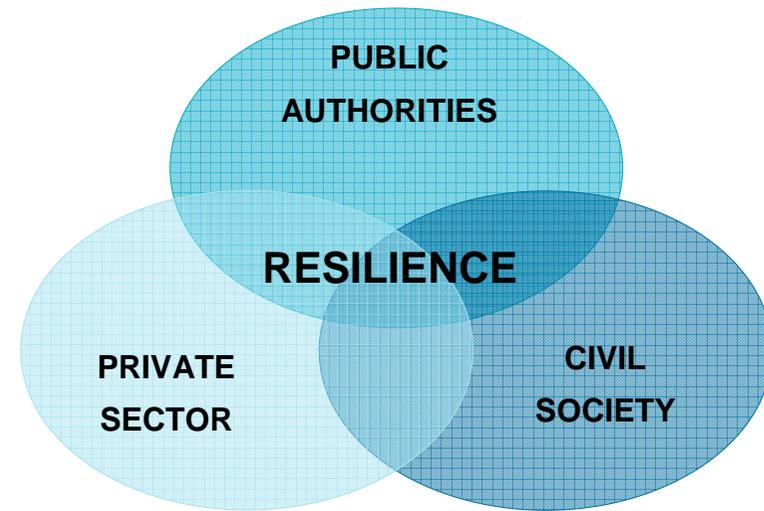
$$\text{Hazard} \times \text{Exposure} = \text{Risk}$$



Building our cities' and communities' resilience

A cross-border effort for a systemic resilience

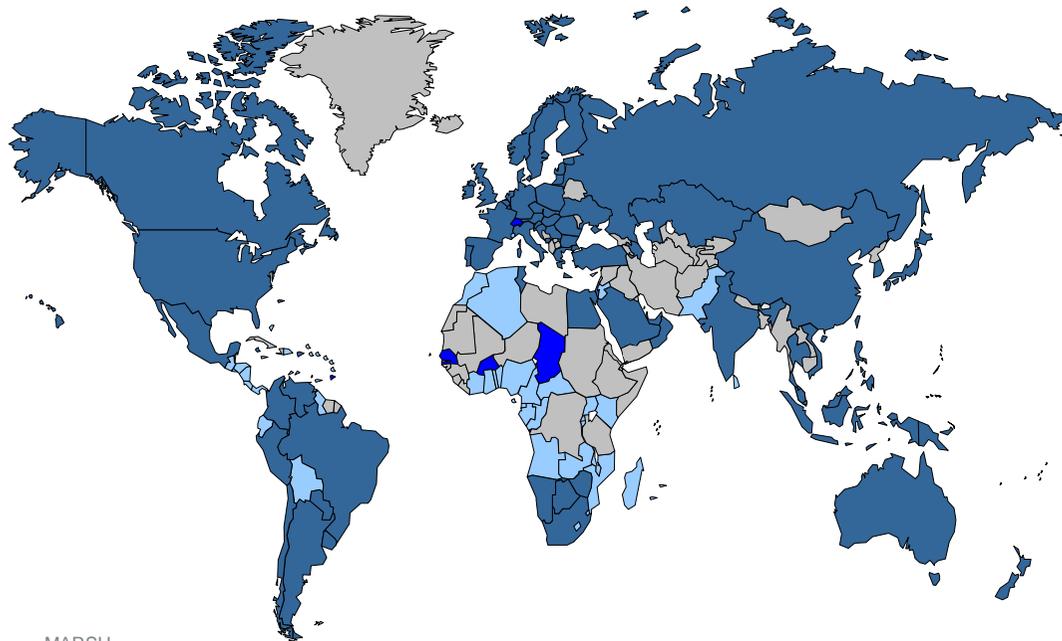
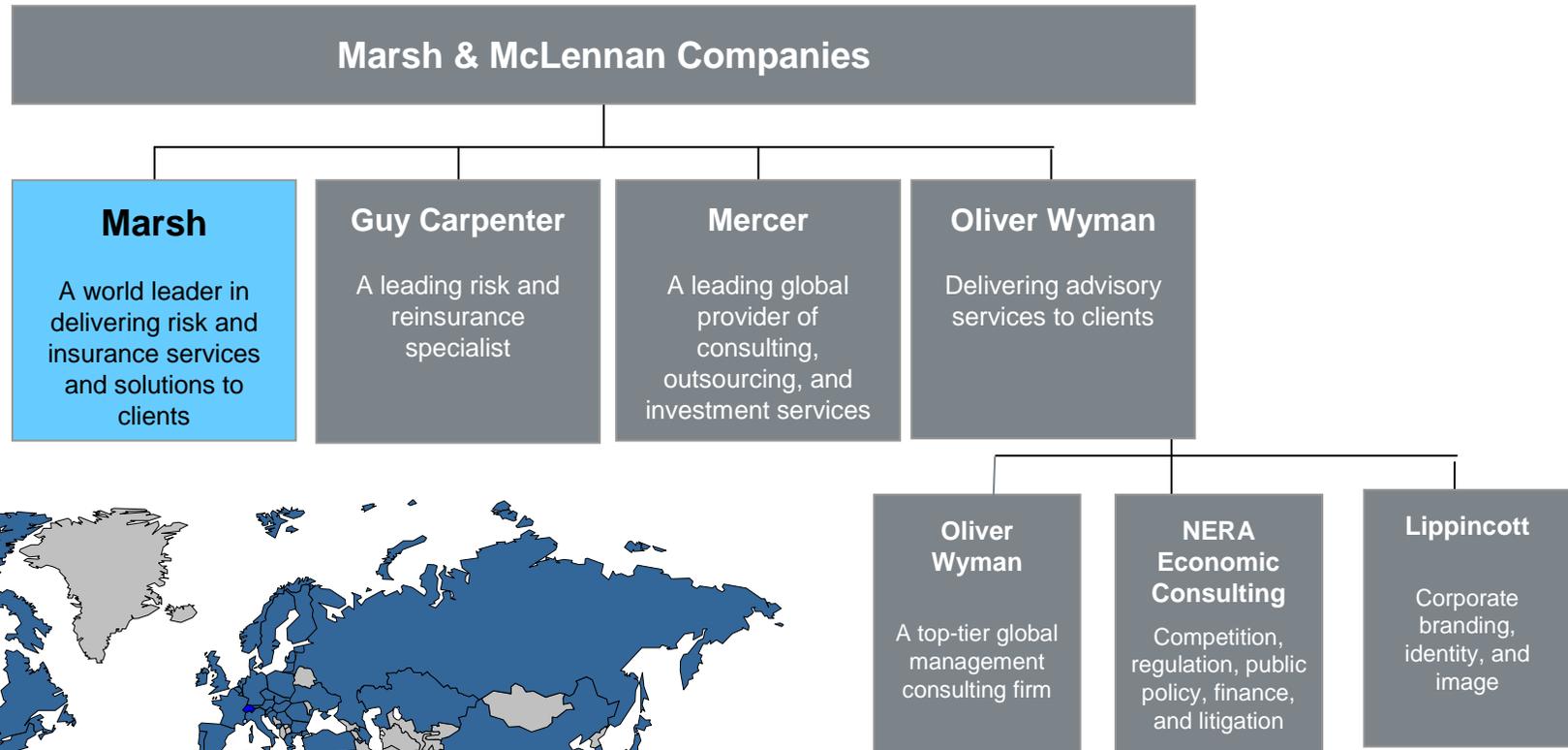
- Cross border efforts for cross-border challenges :
 - Adapting to climate change and working for sustainable development
 - Building resilience of communities



- Building risk mindfulness and changing behaviours to put risk at the heart of decision making is in our hands :
 - Legal framework / incentives
 - Optimizing partnerships / Public tenders requirements
 - Raising awareness / Communication and trainings
 - Etc.

Marsh commitment to UNISDR campaign

A world leader in delivering risk and insurance services and solutions



Presence: ■ Marsh* ■ Affiliate ■ Correspondent

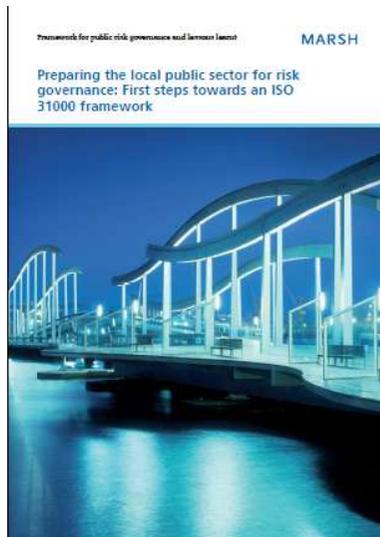


Campaign's objective 1 : Know more

Sharing knowledge from Marsh

Preparing the public sector for risk governance

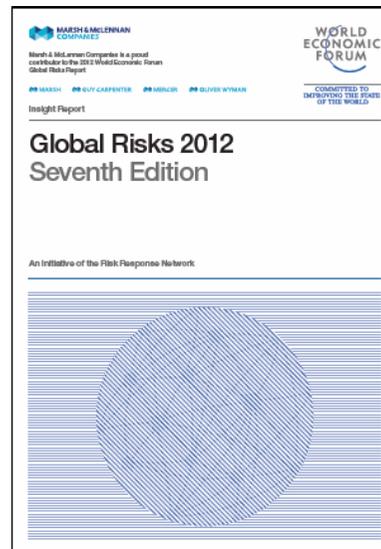
This report has been published in 3 languages following a European roundtable that brought together representatives of European cities, utility providers and associations. It puts forward good practices and 10 first steps to implement efficient risk management in public sector.



MARSH

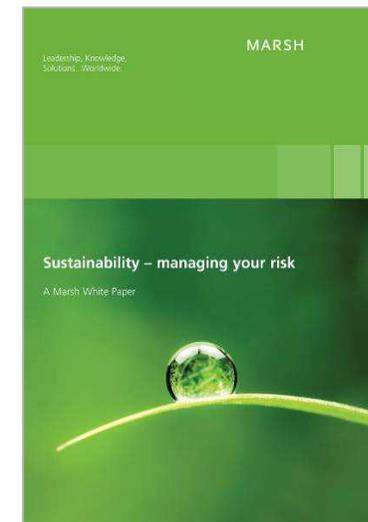
Global Risks 2012

This annual report from the World Economic Forum examines the most significant, underlying global risks facing the global economy this year and beyond.



Sustainability – managing your risk

This report from the EMEA region notes that as demand grows for businesses to become more sustainable, companies are beginning to change their strategy and planning.





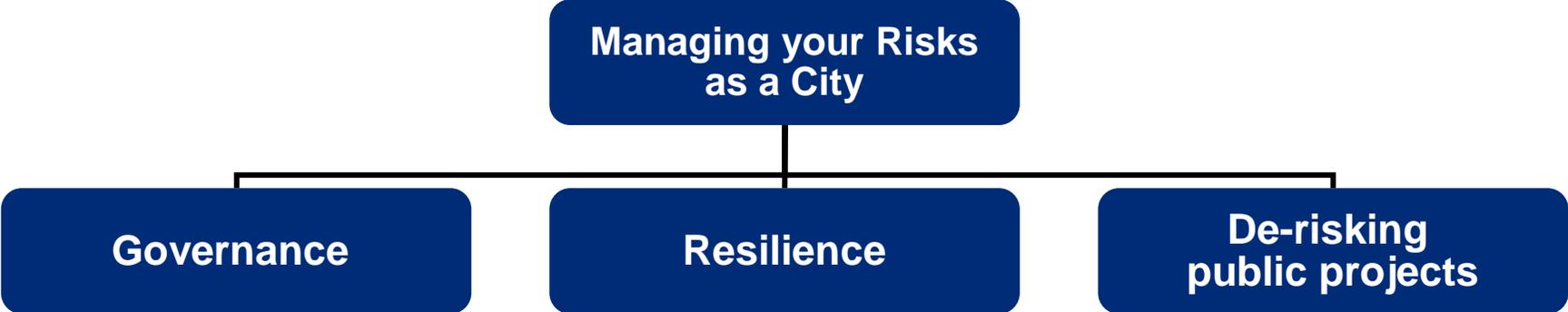
Campaign's objective 2 : Invest wisely

Knowing your risk and optimizing the total cost of it

Optimize the total cost of your risk...



... through 3 pillars :



Close-up on Natural Disasters Risk Management

The NAT CAT PACK





Campaign's objectives : Build more safely Solutions to retrofit or re-build better and safer after a loss

“ London’s buildings account for nearly 80% of carbon emissions, which is 35 million tonnes of carbon emissions each year. This needs to reduce to 13 million tonnes by 2025 to hit London’s target for 60% reduction in carbon emissions by 2025. 80% of London’s buildings will still be standing in 2050, which makes retrofitting them vital.”
Boris Johnson, Mayor of London, 2011

We consider a building’s resilience to loss and perils (including fires and natural catastrophes) as vital to the well-being of the population and businesses. **The focus is thus on loss prevention. If a catastrophe strikes, then we must look at the post-loss position and improvements in reconstruction.**

Retrofit
Redevelopment of existing buildings to make them more resilient.

Resilient repairs clause
Rebuild in a more robust way

Green building clause
It allows replacement cost to incorporate environmentally friendly improvements

Risk transfer is just one element of risk management, but **do not ignore solutions offered by insurance** and get the best value for your insurance expenses.

Marsh / UNISDR joint actions in 2012

Workshop

“Strengthening our Cities’ Resilience; Protecting our Cultural Heritage”,
20th March 2012, Venice

Publication

Marsh UNISDR guide
“Strengthening our Cities’ Resilience; Protecting our Cultural Heritage”
to be launched at the 6th World Urban Forum,
Sept. 2012, Naples

Advocacy

Promote the UNISDR campaign
“Making Cities Resilient: My City is getting Ready!”
among our network of cities and local authorities



The poster features the logos for MARSH and UNISDR (International Strategy for Disaster Reduction) at the top. Below the logos is the title of the workshop. A central image shows a night view of the St. Mark's Basilica in Venice. The text on the poster includes:

- ON BEHALF OF THE UNITED NATIONS INTERNATIONAL STRATEGY FOR DISASTER REDUCTION (UNISDR) AND MARSH, IN COLLABORATION WITH THE CITY OF VENICE, WE HAVE THE HONOR OF INVITING YOU TO THE WORKSHOP "STRENGTHENING OUR CITIES' RESILIENCE: PROTECTING OUR CULTURAL HERITAGE".**
- TUESDAY 20TH MARCH 2012, 3 PM - 7 PM, DOGE'S PALACE, ST MARK'S SQUARE, VENICE, ITALY**
- REGISTRATION: THE WORKSHOP IS FREE OF CHARGE AND IS OPEN TO ALL. THE NUMBER OF PLACES IS LIMITED. PLEASE CONTACT VICENZA@UNISDR.ORG FOR MORE INFORMATION.**
- AGENDA:**
 - Setting the vision: resilience and saving experiences, best practices
 - Case study on how to protect a cultural heritage property
- WHO SHOULD ATTEND:**
 - Mayors
 - Resilience and/or cultural heritage protection specialists within the city administration
 - Organisations engaged in resilience building and/or cultural heritage protection

At the bottom, it says "UNIVERSITY OF PISA, ITALY" and "MARSH & MILENAN COLBYVILLE".

CONTACT

Nicerine Bres

Development Coordinator for the Public Sector & Healthcare
Europe, Middle East and Africa

Marsh Barcelona

Phone: +34 933286909

Nicerine.bres@marsh.com

