The Role of the Private Sector in Building Resilience to Disasters
MARSH - UNISDR PARTNERSHIP
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• Marsh commitment to UNISDR campaign “Making Cities Resilient: My City is getting Ready!”
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.
“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
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.”

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   *i.e. Inadequately defined safeguards at one outdated nuclear facility in Japan led to higher energy prices in Germany*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

Hazard x Exposure = Risk

Minimizing Severity
- Identify and Quantify Risk
- Consider Risk in Decision Making & Urban Planning
- Plan Preventive Actions with stakeholders
- Optimise Insurance Coverage and Test it
- Return on experience from past events

Increasing Reactivity
- Inform the exposed population and raise awareness
- Secure the people and the belongings
- Plan the Continuity of Activity
- Plan Crisis Management and Recovery

Building RESILIENCE

MARSH
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

Marsh & McLennan Companies

Marsh
A world leader in delivering risk and insurance services and solutions to clients

Guy Carpenter
A leading risk and reinsurance specialist

Mercer
A leading global provider of consulting, outsourcing, and investment services

Oliver Wyman
Delivering advisory services to clients

Oliver Wyman
A top-tier global management consulting firm

NERA Economic Consulting
Competition, regulation, public policy, finance, and litigation

Lippincott
Corporate branding, identity, and image

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.

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:

Managing your Risks as a City

- Governance
- Resilience
- De-risking public projects

Defining the optimum level of retention & the most adapted mitigation measures
Planning continuity
Periodically review your insurance policies and analyse your claims to optimize placement

Knowing your risks
Risk mapping and quantification

Optimize the total cost of your risk…
Close-up on Natural Disasters Risk Management
The NAT CAT PACK

- NAT CAT Modelling
- NAT CAT Exposure assessment
- Environmental Impairment Study
- Events based scenario workshops
- Business Continuity Management reviews
- Disaster Strikes
- Real time updates of NAT CAT events
- Claim support
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
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