



Standardized City Indicators for Insurability & Resilience: Insurance Industry Consultation

Overview

The [World Council on City Data \(WCCD\)](#), in partnership with the [United Nations Office for Disaster Risk Reduction \(UNISDR\)](#), is leading a consultation with the international (re)insurance industry to inform the development of globally-standardized indicators for city governments to assess risk, insurability and resilience.

Urban resilience is the capability of cities to prepare for, respond to, and recover from significant multi-hazard threats (including climate change and extreme weather, natural disasters, cyber security threats, etc.) with minimum damage to public safety and health, the economy, and security. As society's traditional risk manager, the (re)insurance industry has significant expertise in the quantification and evaluation of complex risks and can play a highly-constructive role in assisting cities identify and respond to risks and build their resilience. Furthermore, the widespread availability of insurance within cities represents a crucial component of resilience due to insurance's critical role in helping economies and communities 'bounce back' quickly from disasters and extreme events¹.

Promoting urban resiliency is a strategic imperative of the (re)insurance industry as it can help catalyze market growth, address under-insurance, reduce losses, enhance 'license to operate', and present opportunities for innovative risk transfer and insurance solutions.

This creates significant potential for win-win collaboration between city governments and (re)insurers that can play a major role in making cities more resilient. However, operationalizing this collaboration will require high-quality comparable metrics that directly informs risk identification, assessment and mitigation, and can provide a mechanism for prioritizing action.

Standardized indicators for resilience & insurability

The immediate aim of this consultation is to establish a consolidated set of key indicators that allow assessment of the most important city-level factors related risk, insurability and resilience. These indicators should ideally be quantifiable, comparable, easy to understand, and within the means of all cities to collect (in line with the existing [ISO 37120 standard - Sustainable development of communities – indicators for city services and quality of life](#)).

These indicators will directly inform two major global initiatives: the development of the UN's local-urban indicators for the [Sendai Framework for Disaster Risk Reduction](#) (embodied in the '[Ten Essentials for Making Cities Resilient](#)') and the establishment of a new ISO standard for indicators for resilient cities. They will also support progress towards the [Sustainable Development Goals](#), especially Goal 11 for inclusive, safe, resilient and sustainable cities.

In the longer term, the project is aiming – through the widespread uptake and use of the indicators by cities – to help to:

- **Enhance insurability and address under-insurance:** Provide a basis for data-driven dialogue between insurers, cities and other key stakeholders to reduce risks and to expand and improve insurance coverage within cities.
- **Catalyze action and investment for resilience:** incentivize and reward cost-effective action and investment by cities and key stakeholders (e.g. regional and national governments, utilities, development banks and international institutions, private sector) in improved infrastructure and systems that reduce risks and improve resilience.
- **Build investor confidence:** Provide objective measures that can build confidence for domestic and foreign investors considering local operations in cities.
- **Identify and support high-risk cities:** Identify priority cities – particularly in emerging economies – that face major uninsured risks and need urgent additional support and assistance.

Consultation Process: How to get involved

This is an exciting opportunity for industry leaders and practitioners to shape the development of two global initiatives for disaster risk reduction. There are two ways to get involved:

- **Thought leader consultations.** The WCCD and UNISDR is conducting a series of focused one-on-one consultation meetings in early 2016 with key thought leaders in the global (re)insurance industry. These initial consultations will help further shape and refine the project scope and establish a working set of indicators.
- **Regional Workshops.** A series of workshops will be convened with senior representatives from industry, cities, and other key stakeholders to critically evaluate, refine and build consensus on the proposed indicators. These workshops will be held in major regions to help ensure global input and applicability. The first workshop will be held in North America in April 2016, with other regions to follow through the year.

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¹ A major global historical study by the International Bank of Settlements of more than 2000 disasters over a fifty year period found that a high relative proportion of losses being insured was a critical factor in limiting the long-term impact of disasters on economic growth.