

GLOBAL INSURANCE FORUM

Discussion Group Report: Resilience

Discussion Group Meetings: July 9 & 10, 2018
InterContinental Hotel Berlin, Germany

Moderators:

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Resiliency is a term with a broad scope of complex concepts and stakeholders. As discussed among a room-capacity group in Berlin, resilience extends to personal, community, organizational ability to prevent and recover from shocks. Such shocks can be environmental, financial, social. Our discussion focused on vulnerable populations, yet extends to all individuals and organizations.

The assembled group offered numerous examples of resiliency work from their own experiences. We agreed that creation of a repository of examples could assist in moving the work in resiliency forward because it would allow us all to learn from one another, both about successful initiatives as well as those that did not achieve their goals. The intention is to share our experiences so that each organization need not recreate resilience efforts from scratch. Rather, by sharing our successes and failures, we all can move forward faster in supporting a resilient community. The goals are found here: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Many of the shared examples included some element of one or more of the following: (1) innovative partnerships, (2) focus on risk mitigation, and/or (3) focus on the local community rather than federal/national efforts. Among those examples are:

- A number of examples of crop coverage, mostly through indexed products offered to small farmholders. Sometimes the initiative involves partnerships with fertilizer companies who offer the coverage along with the fertilizer, other times the initiative involves partnerships with local public officials, telecommunication companies, and similar arrangements. A key element is to pay attention to local needs and resources to make the effort more successful.
- Opportunities for innovative financing such as from Blue Marble and Leapfrog, drawing together organizations to share expertise as well as capital. Capital alone is insufficient. Additional efforts at pricing products to account for risk mitigation available to the insureds adds an element of personal investment in the process.
- Recommendations to partner with local officials and others in the executive branch who can make decisions without too much political baggage. These could be mayors of local communities or similar roles. Getting close to the people who will receive the benefits can have tremendous value and success. For example, by working with a mayor, the community may be able to implement risk mitigation efforts identified as valuable by insurers through their expertise in risk analytics and modeling. The community observes the value of insurance beyond the loss financing element and engenders greater trust in the industry. The community further advances its resiliency by taking steps as a community to limit the effect of various potential events.

Throughout the two days, in fact, numerous examples were offered of working towards **mitigation** rather than focus on loss financing. Several positives arise out of a focus on mitigation. First, it is more resilient/sustainable to prevent loss than to pay for it afterward. Second, insurance is not a product/industry with positive reputation. By focusing on mitigation, people who are skeptical of the industry can observe more directly the benefits that derive from insurance. These same people will become more open to cooperative activities after observing the positive influence of risk mitigation encouraged by the insurance industry. Furthermore, efforts at mitigation will enhance the successfulness of any loss financing techniques that ultimately are made available to the public. The cost will be reduced and data will have been collected to generate more accurate pricing. Risk modeling is available throughout the world already; we need to take advantage of those opportunities.

An important outcome of the discussion was to turn the notion of financial literacy on its head. Before working towards teaching individuals in the community how to think about financial issues, including insurance, we will benefit from **listening to the community member's needs**. By listening better, we understand better the source of vulnerability and can work towards identification of mechanisms to address those vulnerabilities. Raising income levels and reducing general vulnerabilities represents a key first step. Insurers will be more resilient as they listen more and focus more on mitigation expertise.

These ideas of resiliency, shared with openness and thoughtfulness on the first two days of the Global Insurance Forum were supported through the activities, discussions, and presentations of the third day, sponsored by the Insurance Development Forum (IDF). We hope to create a repository of resilience examples, to share ideas about how to listen to the community and enhance financial literacy, and ultimately how to expand resiliency to a much broader population for the benefit of all.