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How risk insurance spells resilience for disaster-prone people

by [Stephen O'Brien, Stephen Catlin \(/profile/?id=003D0000021WvmUIAS\)](#) |  <https://twitter.com/unreliefchief> (<http://www.twitter.com/https://twitter.com/unreliefchief>) | United Nations

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In an uncertain world, insurance can form part of a swifter, more predictable and cost-effective response package

Last year, the lives of 102 million people were devastated by droughts, storms, earthquakes or floods, but the vast majority of those people had no risk insurance to help them cope. The result was lost homes and livelihoods, displacement and hunger, and deepening impoverishment and debt. Globally, 70 per cent of economic losses resulting from natural hazards are uninsured – this often rises to above 90 per cent in low - and middle-income countries.

To close this protection gap, leaders in the insurance industry and humanitarian and development sectors have formed the Insurance Development Forum (IDF), which commits to support the G7's InsuResilience call to action to extend risk insurance to an additional 400 million people in developing countries by 2020. The way we see it, our children and grandchildren expect us to make responsible decisions that affect their future, and this principle must apply globally.

The launch of the IDF is evidence of how far we have come in our public-private collaboration when tackling some of the world's most pressing problems. This collaboration has been on full display at this year's World Economic Forum.

Through the IDF, more than 200 experts and practitioners from industry, governments, international institutions, NGOs and academia have come together recognizing that we can only develop more resilient communities, societies and countries if we manage risks rather than waiting for full-blown crises before we respond. In an increasingly uncertain world, insurance and risk transfer can form part of a swifter, more predictable and more cost-effective response package. We are confident that the strong public-private partnership can make a significant impact in increasing global resilience.

BREAKING DOWN BARRIERS

This initiative helps break down traditional funding barriers that limit the scope and use of available capital simply because it falls outside of the traditional definition of development or emergency response. In setting up the IDF, we recognize that mechanisms to deal with shocks and stressors need to be built into the development process, not isolated from it. And this is why we focus on resilience.

Resilience was the hallmark of the many landmark agreements and initiatives made in 2015, all of which contributed to the UN's 2030 Agenda. It also informed the thousands of commitments made by leaders at the Istanbul World Humanitarian Summit to deliver better resilience solutions for the most vulnerable crisis-affected people.

Risk insurance will bring multiple benefits not only to vulnerable people and affected Governments, but also to emergency response agencies and donors.

For a farmer in Zimbabwe, adopting this model will entail accessing strong climate data so she knows when best to plant and harvest. By purchasing parametric insurance – that is, insurance that pays out not on proof of loss but when a defined event is above a pre-determined and measurable trigger – she will receive a pay out if rainfall is under a certain level by a certain date. In this way, she can use the money to plant for next year's harvest.

When individuals' assets and livelihoods are better protected, it puts less pressure on affected Governments to lead large-scale reconstruction and recovery, saving funds and protecting their hard-earned development gains. Research has shown that a 1 per cent increase in insurance penetration can reduce the disaster recovery burden on taxpayers by 22 per cent. Designing resilience into their projects from the start will reduce future losses.

Insurance will also enable response agencies to plan ahead more effectively and predictably. And for donors, insurance will bring significant cost-savings and give greater value for money. Data from the African Risk Capacity (ARC), a climate-risk insurance mechanism, reveals that each dollar spent on the mechanism is equivalent to US\$4 in traditional emergency assistance costs.

But insurance is not just a contract to pay out in the event of a disaster. The model's success rests on introducing principles and disciplines of risk management into all aspects of our work, including evaluating potential risks and pre-planning how to reduce them. Only those risks that cannot be mitigated will be transferred to the market.

COMPLEX TASK

Implementing the right climate-related insurance solutions for vulnerable people will be complex. We will need to help build functioning regulatory environments where they do not exist; we must support risk-literacy across the humanitarian and development sectors; and we need to build trust in communities that have low trust in institutions.

There is ample experience to draw on: schemes by the World Bank, G20 and others; the experience of national hazard-insurance schemes from the Pacific Islands to Turkey; and the success of regional schemes, including ARC, the Pacific Catastrophe Risk Assessment and Financing Initiative, and the Caribbean and Central American Catastrophe Risk Insurance Facility.

Experience from ARC has shown that when risk is pooled among nations and managed as a group, it can halve the funds needed, and that the impact is most effective when payouts are received within 14 days of a trigger. ARC has ambitious goals to extend its reach to 30 African countries and 150 million people by 2020.

Our work is clearly cut out for us – now we have no time to lose, given the scale of humanitarian need across the world. Amid unprecedented vulnerability in 2016, we faced a record funding gap of \$9.5 billion to meet humanitarian needs. World leaders set ambitious sustainable development goals in 2016, which we will meet only if we drastically transform our approach to relief, resilience and development. By leveraging the expertise and experience of the insurance sector to adopt risk modelling, insurance and transfer, we are taking a step in the right direction to making resilience a reality.

Stephen O'Brien is the UN Under-Secretary-General for Humanitarian Affairs and Stephen Catlin is the Executive Deputy Chairman XL Group and Chair of Insurance Development Forum

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Warm welcome for Syrian refugees in new Icelandic home

by [Natasha Bowler \(/profile/?id=003D0000024VLdoIAG\)](/profile/?id=003D0000024VLdoIAG) | [@NatashaBowler](https://twitter.com/NatashaBowler) (<http://www.twitter.com/@NatashaBowler>) | Thomson Reuters Foundation

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"I like it here, especially for my children. It's safe, everyone is friendly, and we're determined to stay"

By Natasha Bowler

REYKJAVIK, Jan 25 (Thomson Reuters Foundation) - Valgerour Halla came into the world under unusual circumstances. The four-month-old was born in Reykjavik to Syrian asylum seekers who were so thankful they gave her an Icelandic name.

"One of our closest friends here, an Icelandic friend, is called Valgerour Halla," said her 36-year-old father Wael, who comes from western Syria. "She's helped us a lot, like all Icelandic people, so this was our way of saying 'thank you'."

In an interview with the Thomson Reuters Foundation, the family described an arduous flight from war in Syria, the long journey across Europe and how they chose a cold fishing island deep in the Arctic circle to start anew.

"I like it here, especially for my children. It's safe, everyone is friendly, and we're determined to stay," said Wael.

Wael and his wife, Ferayl, arrived in summer 2015 with two older daughters, Jana, 5, and Julie, 4. Their youngest daughter, Valgerour Halla Aliyadah, was born last September. It took several weeks for Wael to be able even to pronounce her name.

"My kids are always teaching my husband how to say Icelandic words or they translate for him with neighbours," said 19-year-old Ferayl. "Now when they play together, they speak in Icelandic, but we still speak to them in Arabic."

Ferayl misses Syria but she laughs readily and credits the Icelandic people with making the transition so much easier.

"The last two Christmases the Icelandic people have sent the girls hundreds of presents," she said. "We definitely have two homes now: one in Syria and one in Iceland."

LONG TREK TO SAFETY

The family left their Syrian hometown of Tartus in 2013. As Sunni Muslims from a predominantly Alawite city, they feared for their safety. So Wael decided to act.

"If I'd stayed in Syria, I would've been forced to join the army," said Wael. "I don't like fighting, I don't like war, so we left. I don't think I'll live in Syria again. I might stay here all my life. The future looks very bright now."

Travelling with other young families, the family crossed the Turkish border on foot, eventually reaching Istanbul. Next they paid a smuggler to take them to Greece, where they lived for 14 months.

"We had no home, no money. We slept on the streets," Wael said. "We didn't get a single euro of aid from the Greek government. But as soon as the border opened, we flew to Iceland."

Like Luxembourg and Norway, Iceland is in Europe's Schengen passport-free travel zone - not the European Union - a fact that enabled the family to fly in unchecked.

Since 1956, Iceland has accepted fewer than 600 refugees. In 2016, just 16 Syrians were granted asylum in the country.

Home is now a two-bedroom apartment in Reykjavik's most expensive quarter, a short walk from the picturesque harbour. It is modest but comfortable.

Daily life is a world away from Syria.

Reykjavik can get just three hours of sunlight a day in winter, with temperatures frequently reaching sub-zero.

"When I told my family in Syria I was moving to Iceland, they couldn't understand why," said Wael. "They said 'it's cold and very far away' but actually it's good here. The air is clean, it's safe and you can choose the work that you do."

POLICE STIR ALARM

Things didn't look so bright on day one of their new life.

When the Aliyadahs first landed at Reykjavik airport, it was three in the morning, and they didn't know what to do or where to go. Then the local police found them.

"I thought they were going to arrest us. But instead they opened up an office in the police station so we could sleep there overnight. The next day, they took us to a hotel. The Red Cross helped us a lot as well," said