



## Swiss Re recommends new forms of private-public partnerships to tackle climate adaptation

Contact:

**Media Relations, Zurich**  
**Telephone +41 43 285 7171**

Swiss Reinsurance Company Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

Telephone +41 43 285 2121  
Fax +41 43 285 2999  
[www.swissre.com](http://www.swissre.com)

**Zurich, 25 August 2008 – According to Swiss Re, new forms of private-public partnerships are required to anticipate and respond to the risks related to climate change. Today, at the International Disaster and Risk Conference (IDRC) in Davos, Peter Forstmoser, Swiss Re’s Chairman of the Board of Directors, presented the benefits of a risk management approach to climate adaptation.**

The impact of hazardous events is continuing to rise, driven by interacting forces, including global warming, population growth, density of assets and the increasing vulnerability of ageing infrastructure. Such developments and the exposure to climate change in general fall disproportionately on developing nations, partly due to their limited capacity to adapt financially.

Insurance penetration is still low in developing countries, resulting in a significant gap between insured and total economic losses if a natural disaster strikes. At the same time, developing countries will have to bear the highest share of the climate adaptation costs emanating from climate change. By 2030, it is estimated that these costs will amount to CHF 49 to 171 billion per year – of which CHF 28 to 67 billion will be required in developing countries.

Peter Forstmoser, Swiss Re’s Chairman of the Board of Directors, said at today’s International Disaster and Risk Conference (IDRC) in Davos, Switzerland: “To cope with the financial consequences of climate-related disaster risks, new forms of private-public risk transfer will allow governments, development banks or NGOs to leverage their funds through the use of insurance and capital market instruments.”

Swiss Re recently secured a lead role in the Caribbean Catastrophe Risk Insurance Facility (CCRIF). This facility is a good example of how new forms of public-private risk transfer can make societies more resilient by securing finances before an event occurs. Established in 2007, the CCRIF insures government risk. It is designed to limit the financial impact of catastrophic hurricanes and earthquakes to 16 Caribbean governments by quickly providing short-term liquidity when a policy is triggered by an event.

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Forstmoser added: "Concern about climate change and extreme weather are motivating governments to assess risks more efficiently to minimize social and economic effects. Insurance solutions are part of the equation, for example, to fill funding gaps in responding to catastrophes. While they complement risk reduction and risk prevention, they do not substitute the need for good policy and practice. Swiss Re strongly supports the concept of Country Risk Officers to help governments actively manage risks holistically, within the country and even across borders."

Swiss Re believes that a Country Risk Officer, comparable to the role of a Chief Risk Officer which is common today in global corporations, is a useful model to develop an integrated perspective across the social, economic and environmental risks of a country. The Country Risk Officer would take the lead in creating a national risk landscape, promoting the common understanding and forward-looking dialogue essential for risk prevention and adaptation measures.

In order to promote effective country risk management practices, Swiss Re earlier this year announced that it will finance a new Chair for Integrative Risk Management at the Swiss Federal Institute of Technology Zurich (ETH Zurich). The chair is part of the company's Global Risk Engagement initiative and will support practical solutions for humanitarian challenges such as catastrophe prevention and instant disaster relief; it will also develop new risk transfer solutions with governments and non-governmental organisations.

## **Notes to editors**

### **Swiss Reinsurance Company Ltd**

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.