

## The Role of the Insurance Industry in the UN Sustainable Development Goals

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This note is about the activities and aspirations of the insurance industry in working to achieve the UN Sustainable Development Goals. I believe the industry has made a noteworthy contribution to the SDGs, and in the process demonstrated that a public/private partnership can achieve objectives that neither sector could achieve on its own.



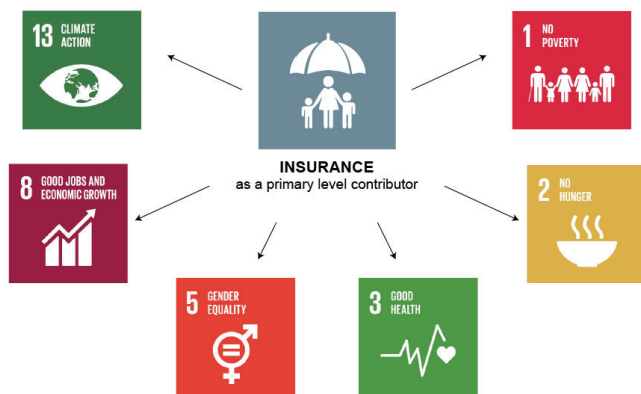
United Nations Secretary General Ban Ki Moon hosted the IIS at the UN at our 2015 Global Insurance Forum, and complimented the insurance industry for its resilience and sustainability efforts. He invited me to be in the UN General Assembly chamber on September 25, 2015 when the SDG resolution was adopted, to say a few words on behalf of the insurance industry. When the seventeen SDGs were formally promulgated a few months later, our industry felt that they represented a daunting set of challenges, but that it was vital to contribute in any way that we could. Upon close examination of these new objectives, it was clear that we could indeed make a meaningful impact on a number of the goals.

Insurance is what is called a primary level contributor to six SDGs, that is, essential to a goal's achievement. Few industries touch upon so many of the goals. With respect to **SDG 1**, End Poverty in all its forms everywhere, insurance provides a safety net for those using it, preventing families from falling into poverty after experiencing a shock loss, and enables other development efforts to alleviate deprivation. Microinsurance is a key tool in this effort.

**SDG 2** is End Hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Insurance fosters locally driven and sustainable food production, by providing

insurance to and through farm lenders, and by providing household food security through sovereign, sub-sovereign and community loss protection programs.

**SDG 3** is Ensure Healthy Lives and promote Well Being for all at all ages. Insurance offers social protection for a range of household healthcare costs, and promotes health seeking behavior. Insurance has been an important driver promoting reduction in smoking, better diet, stress reduction, regular checkups and early disease detection, and has been cited by numerous governments as having driven healthier and even happier lifestyles.



**SDG 5** is Achieve Gender Equality and Empower all girls and women. Insurance helps to achieve gender equality by, for instance, offering protection to women working in the informal sector who often fall outside public social protection schemes. Through micro insurance the industry also invests in and offers protection for small, women owned businesses, and also finances educational advancement and independence in areas where government alone has not succeeded in doing so.

**SDG 8** is Promote sustained and inclusive Economic Growth, full and productive employment, and decent work for all. Insurance protects assets, unlocking financing for development in emerging and vulnerable markets. Insurance supports the development of businesses by protecting them

against a range of losses, and reduces child labor and unsafe working conditions by enforcing health and safety standards.

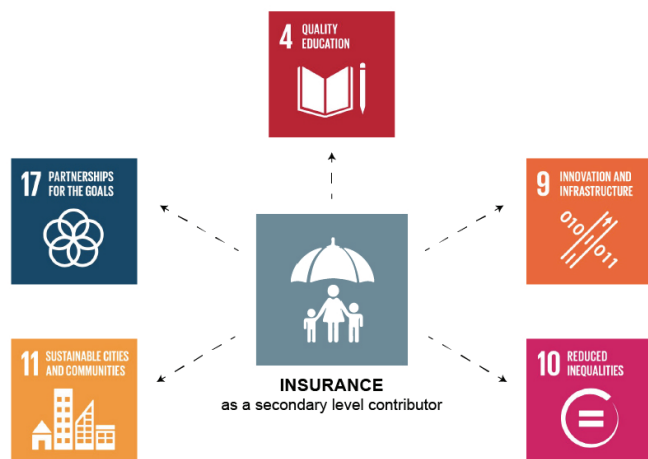
**SDG 13** is Take urgent action to combat Climate Change and its impacts. Insurers have taken urgent and comprehensive action to combat climate change and its impacts. It mitigates the effects of extreme weather events, and provides catastrophe insurance and reinsurance to protect everyone from governments, companies and the most vulnerable populations. The industry has done impressive original research in meteorology, geology, risk mapping and modeling, and a number of other scientific disciplines, all in an apolitical manner. This is perhaps the area in which the industry makes its most significant contribution.

**Insurance is also a secondary level contributor to five other SDGs, also an impressive standing among a wide range of industries.**

**SDG 4** seeks to Ensure Inclusive and Equitable Education, and to promote lifelong learning opportunities for all. Insurance helps families maintain access to education. When economic shocks occur, poor families can often no longer provide for the education of their children. Sadly, after floods, earthquakes, hurricanes and other disasters occur, families can be forced to prioritize basic food and shelter needs above education costs, to the long term detriment of the family and the community. Insurance provides cash flow stability that ensures the children's schooling is not interrupted.

**SDG 9** deals with building resilient infrastructures, promoting inclusive and sustainable industrialization and fostering innovation. That's quite a mouthful, but the main point here is that insurance protects investments in infrastructure in a basic sense of insurance coverage against property and liability losses, and provides funding for the projects themselves from investment portfolios. The insurance industry worldwide has over \$30 trillion of invested assets, and as true long term investors, along with pension funds, is a vital source of funds

for infrastructure development in emerging markets and modernization in developed markets.



**SDG 10** is Reduce Inequality within and among countries. Insurance complements government protection schemes through numerous insurance products, and helps mitigate development differences between countries through multinational risk pools like the African Risk Capacity, the Caribbean Catastrophe Risk Insurance Facility and other sovereign and sub sovereign programs that offer protections that small and less financially sophisticated countries could not accomplish on their own.

**SDG 11** is Make cities and all human settlements inclusive, safe, resilient and sustainable. Property insurance helps retain the value of buildings for governments, businesses and families by diversifying and reducing risk. There is ample evidence now that communities that were insured recover faster and more fully than those which were not, and had much lower levels of human deprivation.

**SDG 17** is Strengthen the means of implementation and revitalize the global partnership for sustainable development. Insurance has been recognized as a vital element of the global development agenda. Best example: the insurance industry, supported by the United Nations and the World Bank, has launched the Insurance Development Forum, a

public/private partnership, that leverages both the risk management and the long term investing capabilities of our industry to better understand and manage risk, specifically to help achieve the UN's SDGs. On February 13, a high level IDF forum was held in London for a group of business and government leaders, led by Mark Carney, Governor of the Bank of England and Chairman of the Financial Stability Board, and Denis Duverne, Chairman of AXA and also Chairman of the IDF. Insurance has undoubtedly earned a place at the top table of international development discussions, and is recognized as a vital thought and action leader by the UN. The number three leader of the United Nations, Achim Steiner, head of the UN Development Program, is a Steering Committee member of the IDF, underscoring the close and successful relationship between the insurance industry and the UN.

**In summary, the insurance industry is directly and deeply involved in promoting and implementing the UN's Sustainable Development Goals. The industry not only provides funds to cover a wide range of perils, but mitigates and often eliminates potential losses before they happen, and uses its \$30+ trillion investment portfolio to develop infrastructures and build economies around the world. As the industry continues to narrow the protection gap between total economic losses and those covered by insurance, and also better understand our world's many and increasing risks, it will help more people in need in more places with each passing year.**