



PRESS RELEASE

African insurance and UN leaders meet in Lagos to drive collaborative action for sustainable development

Lagos, 29th April 2019: Leading African insurers and reinsurers and the UN are meeting in Lagos this week to drive economic, social and environmental sustainability—in other words, sustainable development.

Under the auspices of the [United Nations Environment's Principles for Sustainable Insurance \(PSI\)](#)—the largest collaborative initiative between the UN and the insurance industry—international experts are meeting leading Nigerian insurance practitioners to focus on three key themes:

- Closing the Risk Protection Gap
- Resilient Cities
- Sustainable Food Systems and Agriculture

The purpose of what has now become an annual PSI African Market Event is to bring together leading practitioners and thinkers within the African insurance 'ecosystem', the UN and key stakeholders to share experiences and ideas to support the growth, profitability, responsibility, resilience and sustainability of the African insurance industry, and to drive sustainable development on the continent.

Dr Femi Oyetunji, Group Managing Director & CEO of Continental Re plc, the first African reinsurer to sign the UN's PSI principles, said: "As risk managers, insurers and investors, the insurance industry has an important role to play in making communities and economies inclusive, resilient and sustainable. The recent devastation wrought by Cyclone Idai, and now Cyclone Kenneth, is yet another wake-up call for the urgent need for action and collaboration to better manage risk and support sustainable development."

The [inaugural PSI African Market Event](#) took place in Johannesburg in April 2018 and was hosted by Santam Insurance, the first African insurer to sign the UN's PSI principles.

Butch Bacani, who leads the PSI Initiative at UN Environment, said: "The world is facing an increasing number of sustainability challenges—from climate change, environmental degradation, and pollution; to social inequality, financial exclusion and major health risks. This is why world leaders have committed to delivering prosperity for all on a healthy planet through global goals such as the UN Sustainable Development Goals and the Paris Agreement on Climate Change. In this context, we are delighted that the African insurance industry is working together and demonstrating the leadership and ambition needed to drive sustainable development."

The [2nd PSI African Market Event](#), hosted by Continental Re plc at the Wheatbaker Hotel in Lagos, will consider key environmental, social and governance (ESG) issues—also known as sustainability issues—for the Nigerian insurance industry, as well as the wider African insurance industry.



It will look at how these key sustainability risks and opportunities are being addressed across the following insurance industry activities:

- Risk management (risk assessment, risk analytics and modelling, risk reduction)
- Insurance (across lines of non-life and life & health insurance)
- Investment (across asset classes)
- Insurance regulation and supervision

John Melville, Chief Underwriting Officer of Santam Insurance, said: “Sustainability issues such as climate change and environmental degradation are leading to diverse, interconnected and complex risks, but also present new opportunities for collaborative action to mitigate risk and improve physical and financial resilience. This is why it’s crucial that African insurance leaders, the UN, and key stakeholders are gathering in Lagos to find solutions to tackling the continent’s most pressing sustainability challenges.”

Dr Oyetunji added: “Whether it’s the cyclones in Mozambique, the droughts and wildfires in South Africa, Ebola and malaria across the continent, or the floods in Lagos, there is no question that we must urgently meet the sustainability challenge. We are proud to host the 2nd PSI African Market Event in Lagos and look forward to working with our peers in the African insurance industry and the UN to move from awareness to action, and deliver positive impact.”

ENDS

For more information, please contact:
embera@continental-re.com

Notes to editors:

About UN Environment’s Principles for Sustainable Insurance Initiative

Endorsed by the UN Secretary-General and insurance industry CEOs, the Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities—and a global initiative to strengthen the insurance industry’s contribution as risk managers, insurers and investors to building resilient, inclusive and sustainable communities and economies. Developed by UN Environment’s Finance Initiative, the PSI was launched at the 2012 UN Conference on Sustainable Development, and is the largest collaborative initiative between the United Nations and the insurance industry.

www.unepfi.org/psi/ Twitter: @PSI_Initiative



About the risk protection gap

In the context of the insurance industry, the risk protection gap is the difference between the insurance covers that are economically beneficial to have and the cover that is actually in place should a loss event occur.

A large proportion of developing-country populations, especially the lower-income groups, are currently uninsured, leaving them squarely in this risk protection gap and therefore financially vulnerable.

Furthermore, as uninsured loss events materialise, the resources available for buying appropriate insurance cover diminish. So, the risk protection gap widens. Compounding this challenge are the growing environmental changes, such as climate change, that exacerbate the potential loss exposure of the uninsured. We are seeing this already in the form of more frequent and intense storms, flooding and wildfires. Once a financial loss has been incurred, the uninsured have to rebuild financial resources from scratch, often calling on the help of an already resource constrained state, thus setting back investments in long-term sustainable development.

Standard insurance business models cannot close the risk protection gap, or even prevent it widening. What becomes possible, however, if the industry collaborates with other critically interested parties – in government, communities and elsewhere in the private sector?

About cities

Current demographic trends reflect rural populations steadily migrating to cities. City authorities are under pressure to keep up with infrastructure and meet demands for other resources and services triggered by rapid urban development. Furthermore, governments face the pressure of being the insurer of last resort for low-income groups, as explained above.

The volatile contexts of African cities (e.g. governance challenges, resource and capacity constraints, poor basic infrastructure) can result in high risks and uninsurability.

In South Africa, for example, a negative spiral is evident in smaller towns where the municipalities are becoming less financially sustainable, with gaps in service delivery. This increases their relative “riskiness”, making them less attractive to stakeholders and triggering a cycle where investment and critical skills are more difficult to attract. This results in poor service delivery and infrastructure, limiting economic growth and employment opportunities, limiting revenue collection ability, etc.

The traditional role of insurers servicing municipalities is not addressing this systemic decline. Since it is clearly in the industry’s interest that the continent’s cities remain insurable, how best can the industry innovate and engage to change course?

About food systems

Sustainable food systems and agriculture are considered to be the basis for any credible future economic development in Africa. Ecologically sensitive and socially inclusive food systems can support Africa’s shift to a sustainable development pathway.



On the African continent, the dominant farming model is small (including subsistence) to medium-scale, with some very large industrial-scale farms in some locations. Climate risk and other challenges present a risk to the food system on the continent. However, given the natural resources of the continent, food and farming also hold tremendous potential for the continent in view of the global demands of the urbanised world. Against this backdrop smallholder farmers face enormous obstacles to becoming sustainable and viable. These include accessing financial services, routes to market and professional advice in an affordable and timely way, and currently the integration between such providers is limited.

Consequently, emerging small-scale farmers across Africa do not reflect many impactful successes.

Might services provided by the insurance ecosystem become a significant catalyst to support the growth of a genuinely resilient African agriculture sector, for example through parametric insurance products or shared-value coalitions on data (ie as weather, hydrological or geographic)? And what collaborations might open up new possibilities?