



Il clima cambia. Riduciamo i rischi.

Insurance and climate resilience - new risk assessment and management solutions tested in Italian cities

Covenant of Mayors Investment Forum - Energy Efficiency Finance Market Place

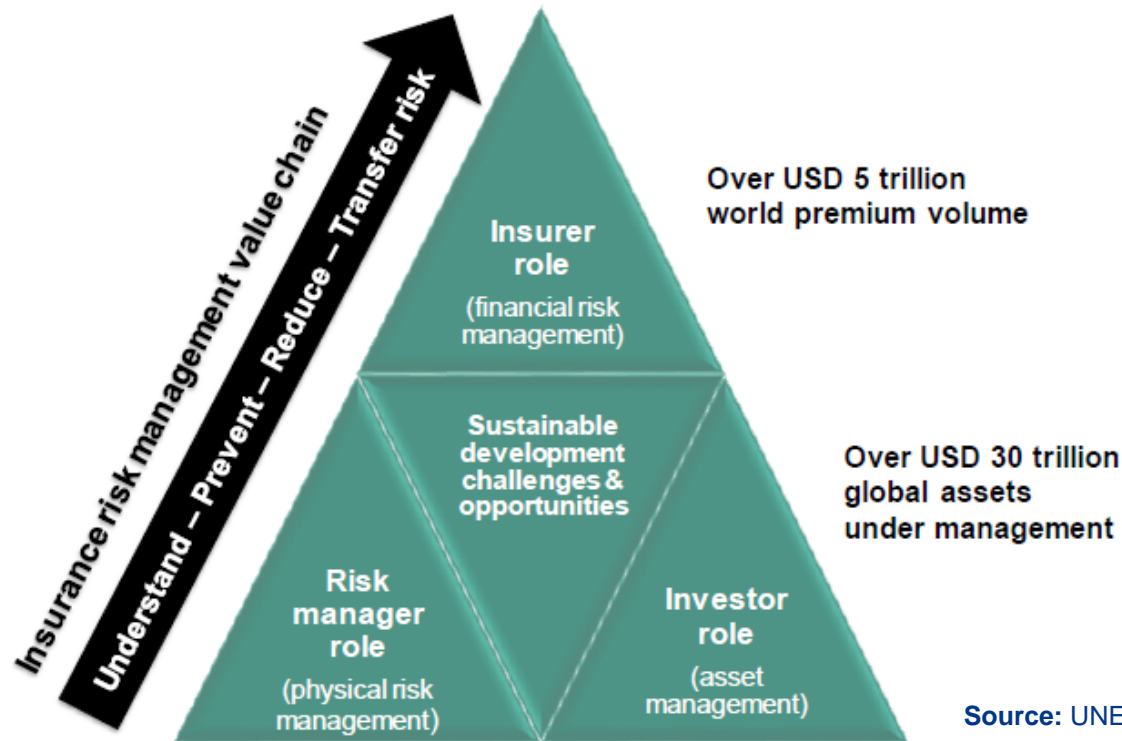


With the contribution of the LIFE financial instrument of the European Community

LIFE **DERRIS** - DisastEr Risk Reduction InSurance
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Insurance companies as key players in dealing with climate change

The triple role of the insurance industry in sustainable development



Source: UNEP-FI, Principles for Sustainable Insurance

Insurers and climate change: ongoing debate at global and European level

The role of insurers is not limited to just the more traditional risk transfer processes, particularly through the offer of insurance products (risk carrier role) but it is also essential in supporting the other players (both public and private) in implementing actions that can reduce climate risks and at the same time foster a greater resilience to climate change (risk manager role).



Why **DERRIS** ?

The problem	The response
<p>Italy is one of the European countries most vulnerable to climate change.</p> <p>The greater number of weather events we are witnessing with increasing frequency have particularly significant effects on small and medium-sized enterprises (SMEs).</p> <p>2 MAJOR GAPS TO FILL:</p> <ul style="list-style-type: none"> → In Italy, SMEs do not have adequate tools for assessing and managing these phenomena. → Italy is one of the countries where the impact of extreme weather events on their businesses is most underestimated by companies. 	<p>DERRIS is the first European project that combines public administration (PA), businesses, and insurers to reduce risks caused by exceptional climatic events.</p> <p>The project objectives were to:</p> <ul style="list-style-type: none"> ▪ Test and implement innovative forms of public-private partnerships between insurers, PA and businesses to augment the resilience of local communities ▪ Promote greater risk culture, by transferring knowledge from the insurance sector to the PA and SMEs ▪ Make adequate climate risk prevention and management tools available to the SMEs ▪ Study innovative financial instruments that can mobilize capital dedicated to reducing risks

LIFE DERRIS: Partnership



The **LIFE DERRIS** (Disaster Risk Reduction Insurance) project, led by Unipol Group together with the partners ANCI, CINEAS, City of Turin, Coordinamento Agende 21 Locali Italiane and Unipolsai, developed between September 2015 and September 2018.

Unipol GRUPPO **UnipolSai** ASSICURAZIONI



CITTA' DI TORINO

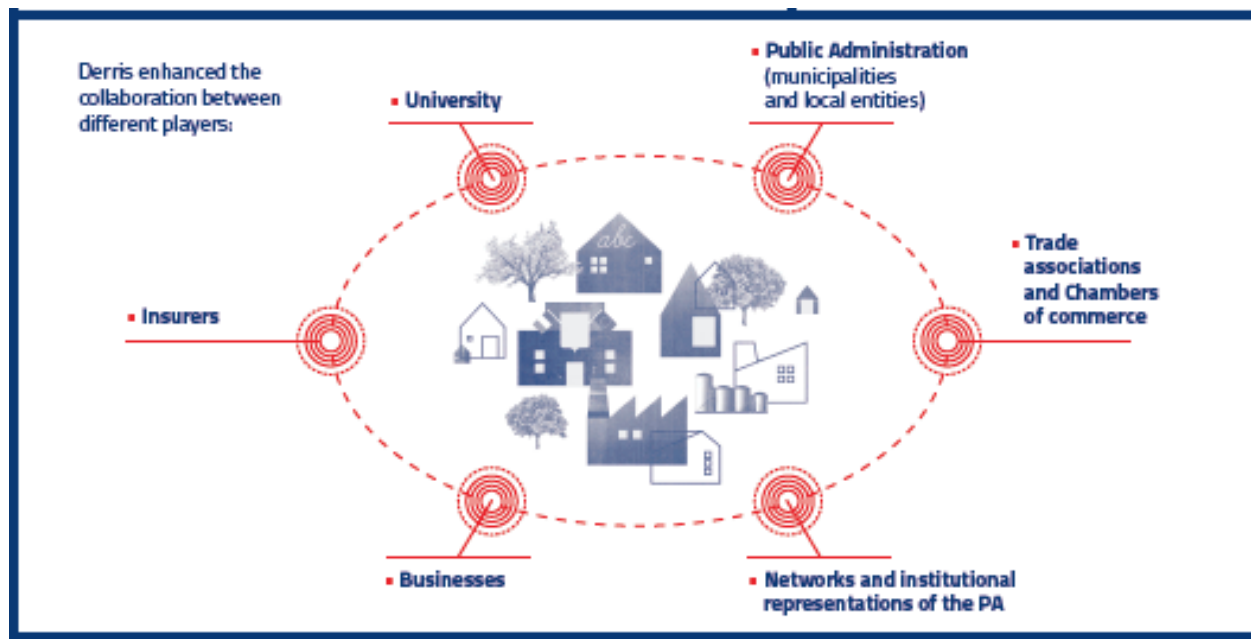
CINEAS
PER UNA CULTURA DEL RISCHIO



COORDINAMENTO
AGENDE 21
LOCALI ITALIANE

Public-private partnership

The DERRIS project tested and implemented innovative forms of local partnerships between the public administration, insurers and enterprises with the aim of increasing the resilience of local communities.



DERRIS model

Support SMEs to:

- Know and assess risks
- Manage risks and emergencies
- Manage residual risk

DERRIS TOOLS



- CRAM TOOL DERRIS
- TRAINING AND WEBTRAINING



INCREASE BUSINESS RESILIENCE

Being ready to react quickly

The market doesn't wait!

If a company lacks the tools required to react to harmful events and quickly restore full operations, it will lose orders and customers, and will have a hard time recovering its lost market share.

In crisis situations, reaction time is a decisive success factor!

To be able to effectively react to a harmful event and return to prior conditions as rapidly as possible, every company should first define and then implement a **Business Continuity Management** plan.

The CRAM tool - Objectives

The CRAM tool

Do you want to understand which perils your company is exposed to and what you can do to make it more resilient, safe and prepared?

The **Derris CRAM tool** was designed precisely for this purpose: it is an online tool that allows you to immediately analyse the risks your company is exposed to and select the measures you can take for your business.

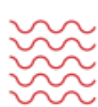
On the basis of your company's positioning and the risks to which it is exposed, the tool will suggest some actions to be taken to make it less vulnerable to climatic events. At the end, you can check your resilience index and build your own **Adaptation Plan**: this is a document that summarises everything there is to do, who is responsible for it and when to intervene.

We can respond to climate change by taking mitigation measures to reduce greenhouse gas emissions (renewable energy, energy efficiency, transport, better scrap and waste management) **as well as with adaptation policies to increase community resilience.**

These interventions require significant effort and large investments, and are possible only if all sectors of society cooperate: governments, local authorities, citizens and businesses.

7 Climate perils

Derris analysed **7 of the main climate perils** that strike or could strike a significant number of businesses in various areas of Italy.



Flood



Lightning



Rain



Hail



Landslides



Wind



Temperatures



These climate events are those that DERRIS invites businesses to consider, regardless of whether they have been impacted by one of them. Indeed, the project's objective is to help SMEs become more aware of the risks to which they are exposed, so they can decide which initiatives to take. For each of these perils, Derris has developed a map, to provide each business with an indication of the hazard level of its specific geographical area in terms of the likelihood as well as the intensity of any events.

DERRIS in Italy

TURIN (PILOT)

30 SMEs involved in the pilot experiment



ITALY

14 cities replicated the experiment

By the end of 2019, over **6.000 users** of the CRAM tool



DERRIS PROJECT – *Lessons learnt*

- **Difficulty in systematising existing data and knowledge** to make them usable by other actors (PA, businesses) and need to encourage greater exchanges between the various actors (research, PA and insurance);
- Necessity to **activate a widespread model of engagement on local territories of a wide range of actors** (public administration, trade organisations, Chambers of Commerce, agencies...) **to face the very low level of awareness on the impacts of climate change;**
- **Difficulty in reconciling public and private planning for resilience:** conflicting planned interventions and unaligned timing (short-medium vs long-term);
- **Difficulty measuring the costs and benefits of resilience interventions** (in terms, for example, of impacts on business competitiveness);
- The DERRIS project analysed the **possible financial instruments available to local entities** to adapt to climate change while assessing their expediency and critical nature in the Italian context, and conducted an in-depth study of possible incentive schemes (including tax incentives) that can create incentives for SMEs to implement interventions to reduce climate risks and increase their resilience.

