

# Conclusions from the Swedish Report on Climate and Vulnerability

## Agenda

Effects of a changing climate

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A vulnerable society

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Our conclusions

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Our will to take action

# Effects of a changing climate

Increasing and more frequent extremes...

**...and we have made Society more vulnerable**



## ...with many forms of Economic Risk

- Natural catastrophes
- Environmental damage
- Health risks
- Liability risks
- Animal diseases
- Damage to forests and crops
- Operational risks
- Investment risks



# Effects of a changing climate

## Past and Current Natural Risk Exposure in Sweden

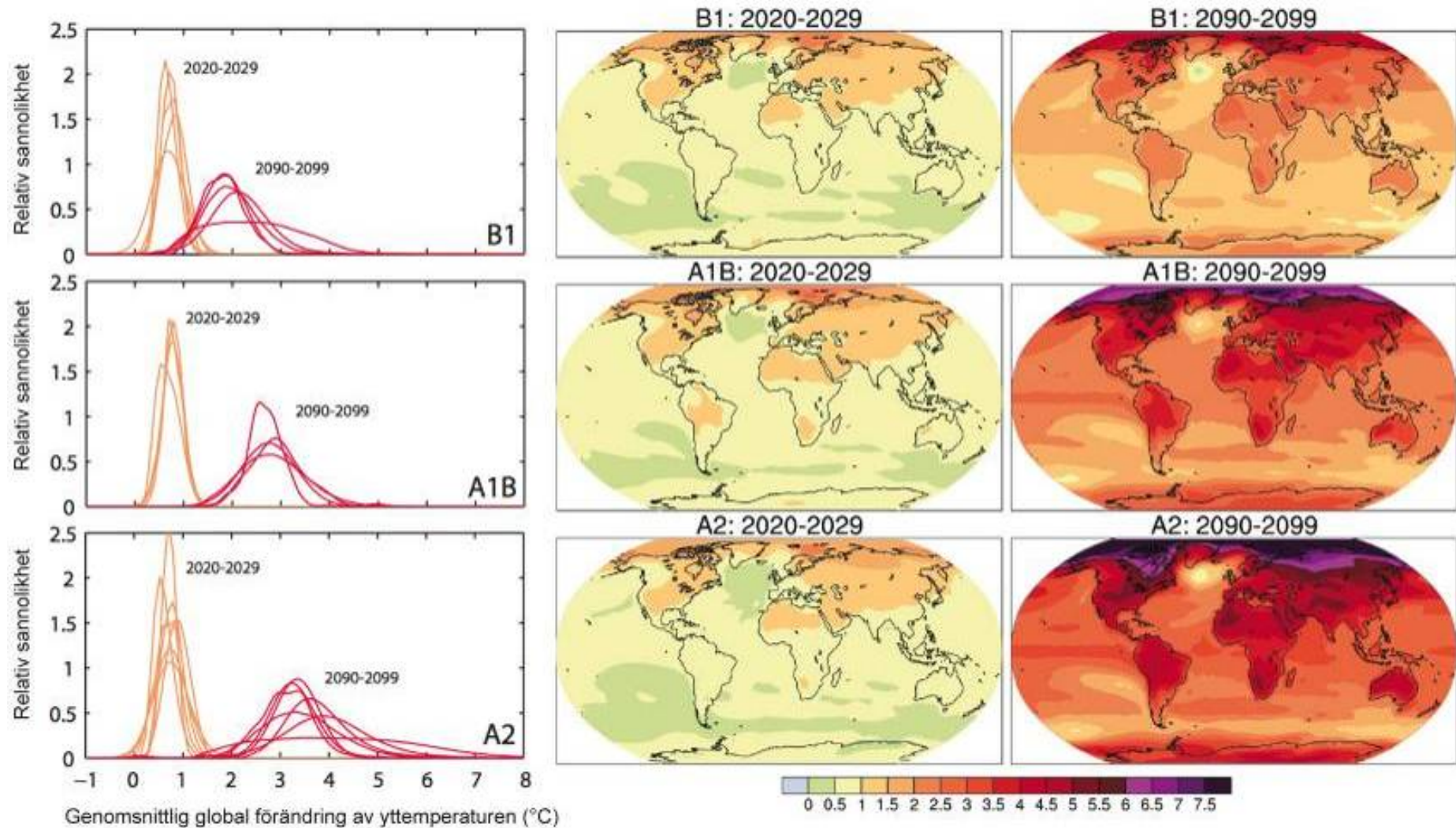
- Mainly windstorm exposure
- Flood losses (so far) limited, both gradual and extreme rains, but substantial exposure
- Not a main exposure for individual pricing or risk selection

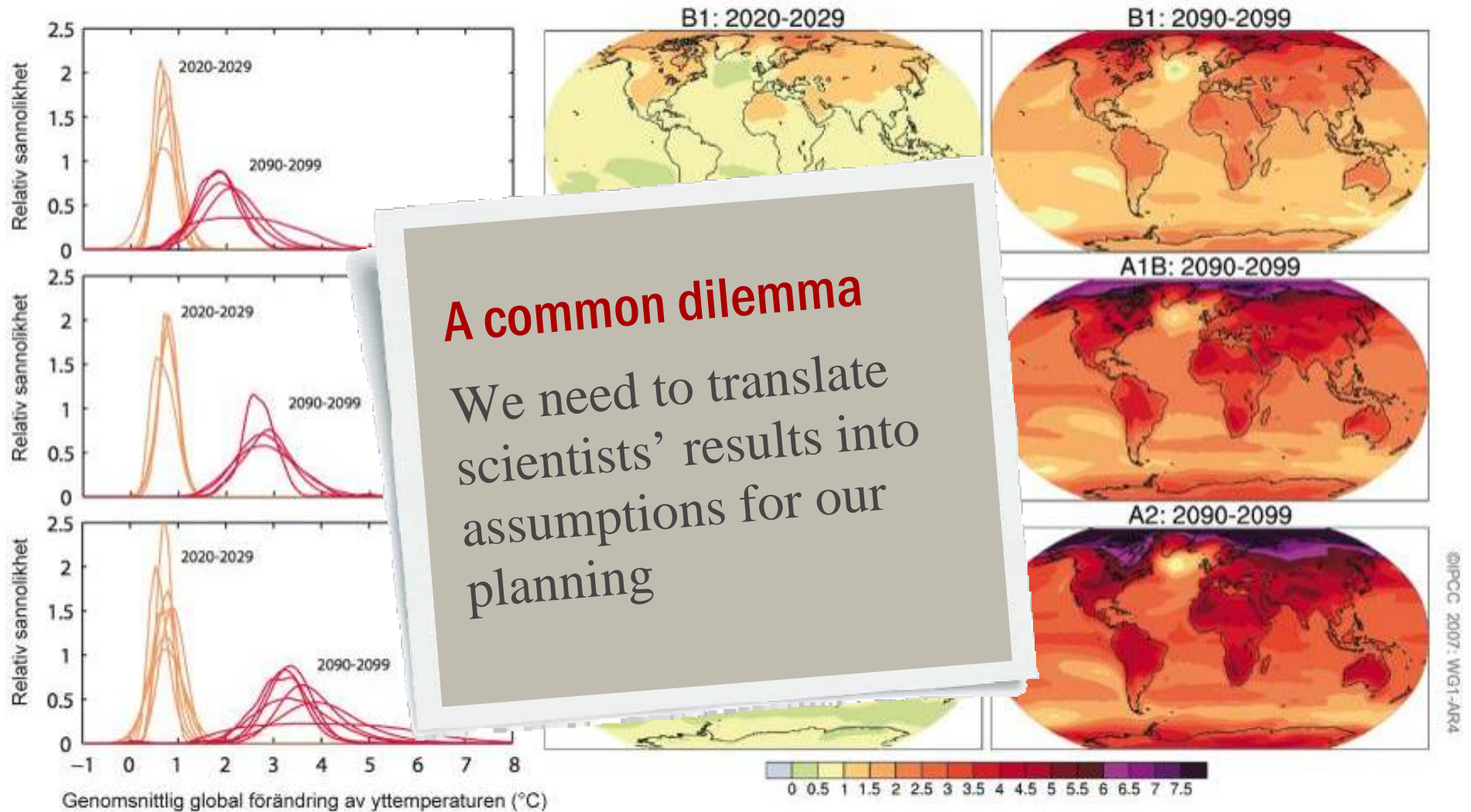
## Large losses (insured loss)

*(for the four largest insurers)*

	Year	M€
Landslide Vagnhärad	1997	5
Storm Anatol	1999	100
Flood Lake Vänern	2000	6
Flood Mid Sweden	2000	9
Torrential rain Orust	2002	13
Torrential rain Kalmar	2003	7
Flood Småland	2004	5
Storm Gudrun	2005	420
Flood Western Sweden	2006	10
Storm Per	2007	60
Torrential rain Southern Sweden	2007	10



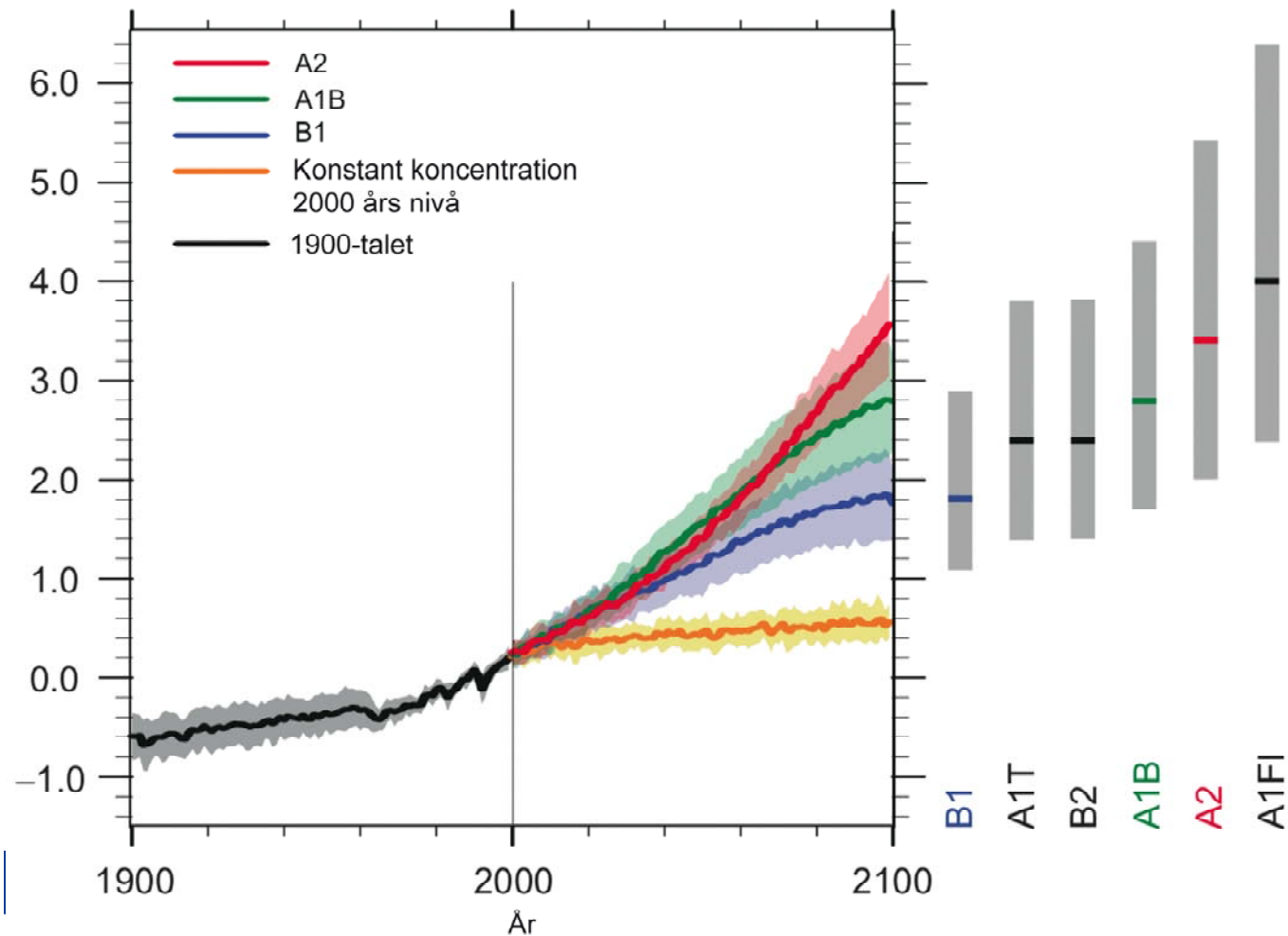






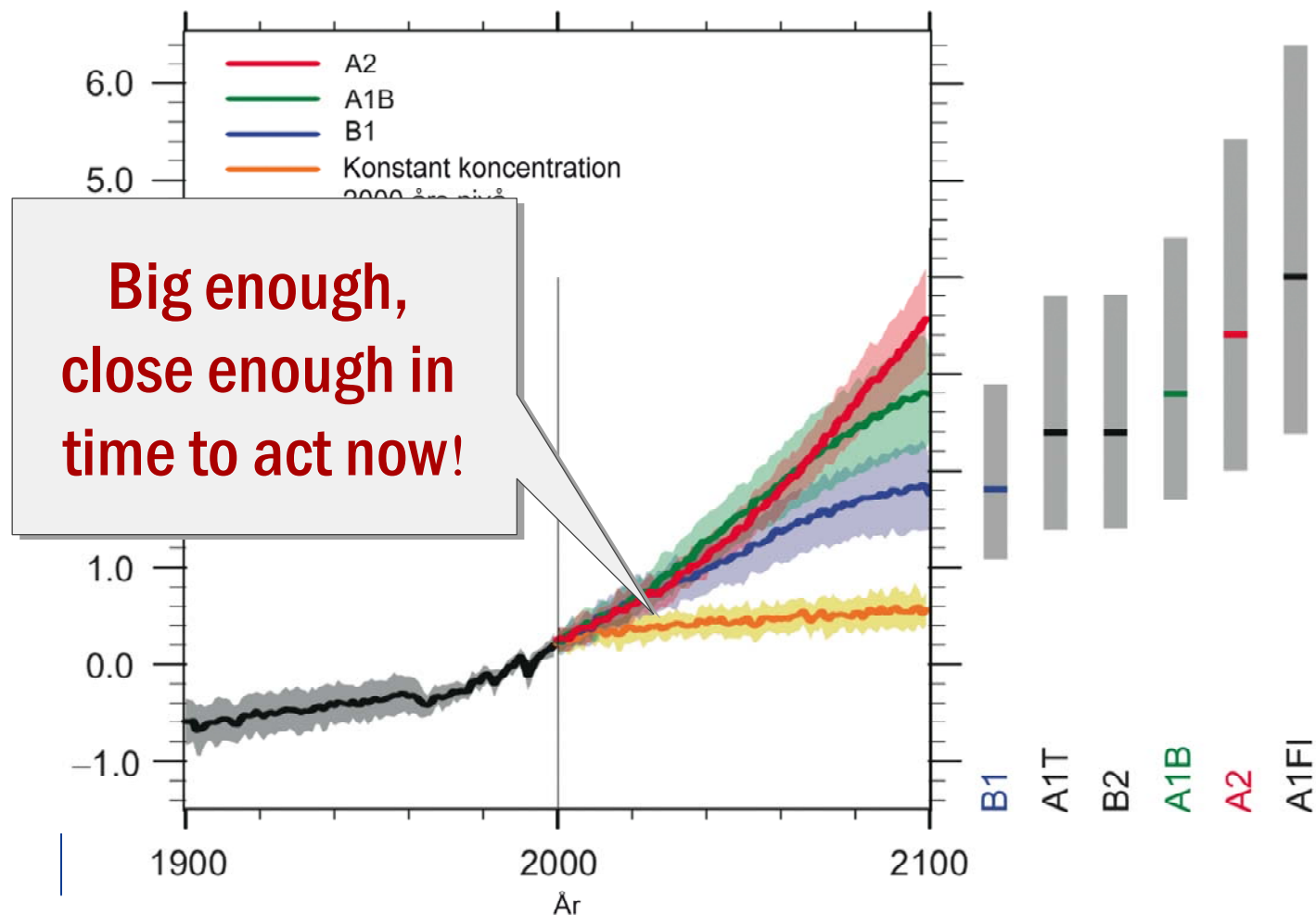
# Effects of a changing climate

## An early conclusion...

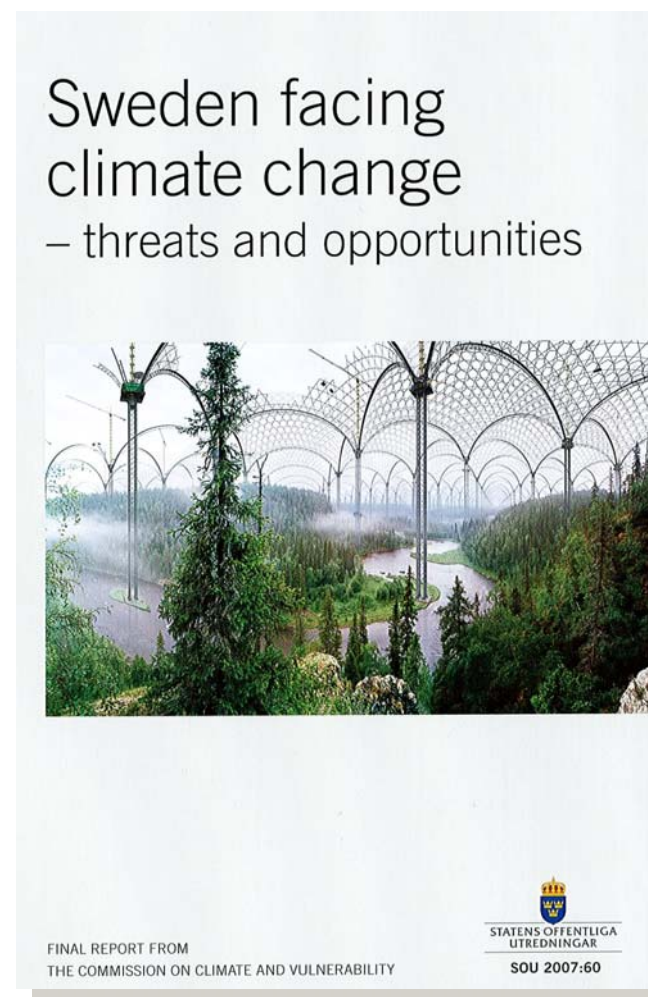


# Effects of a changing climate

An early conclusion...

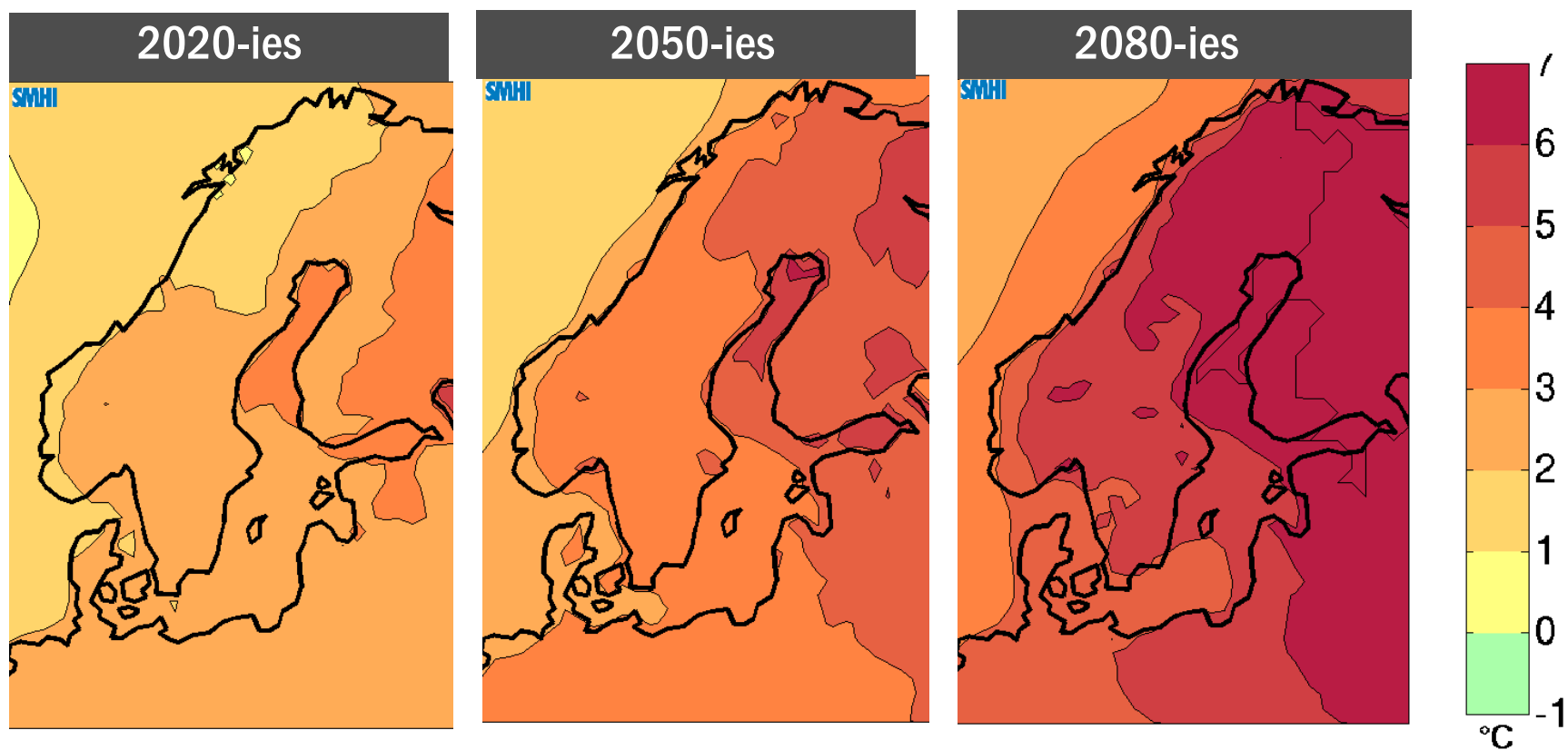


# Extensive mapping of present and future threats and opportunities by Commission on Climate and Vulnerability (2007)



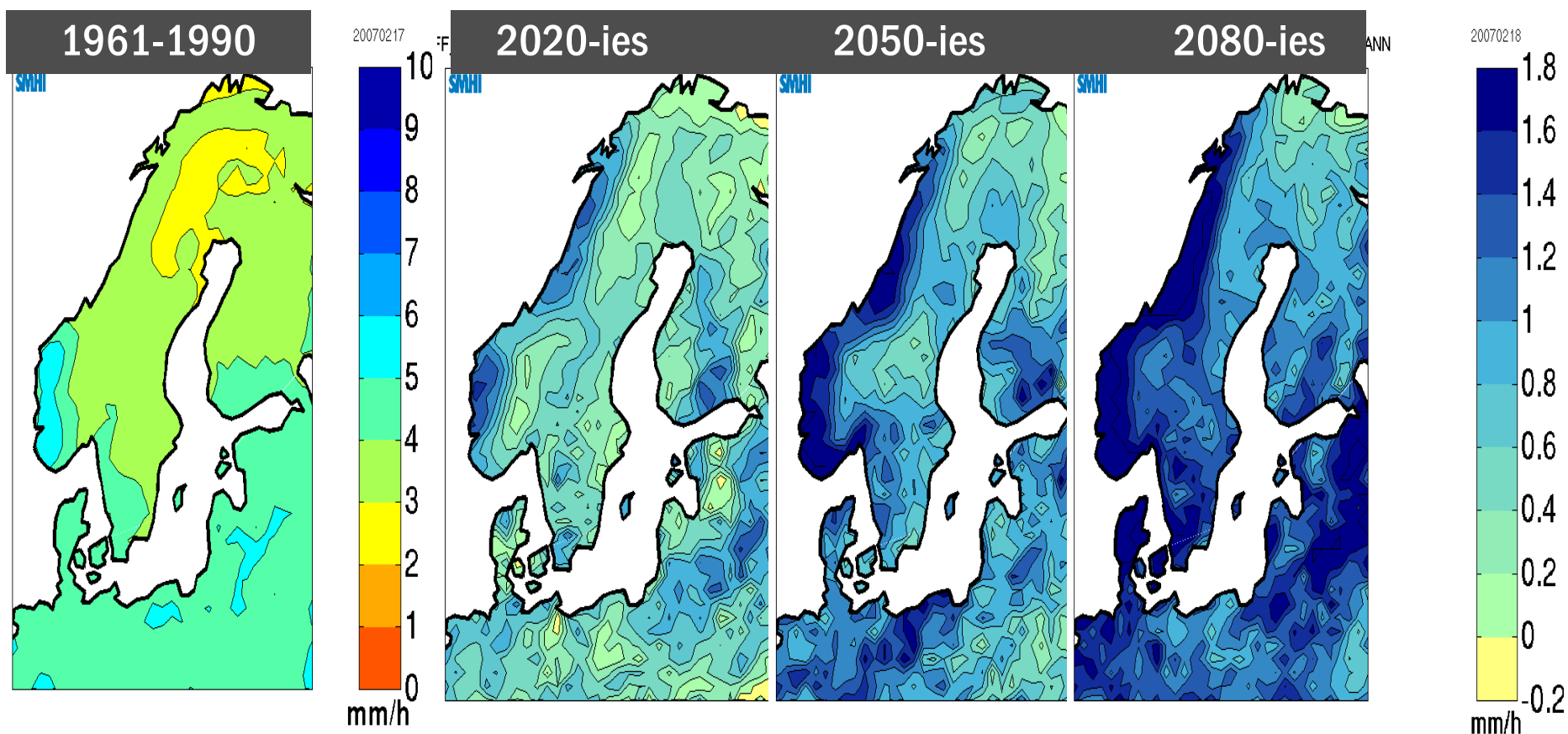
# Changes in average temperature in January

*RCA3-EA2 model*





Increase of intensive precipitation with up to 20% in 2020 and 50% at the end of the century (*RCA3-EA2*)



# Some conclusions from the report

- Already substantial risks for flood and landslide
- Increasing risks in western Sweden
- Need for better tools for detailed analysis and improved planning
- Need for large, specified loss prevention projects
- Clarify and increase the municipalities' responsibility
- Expectation that the insurance industry will be able to maintain and develop adequate insurance covers

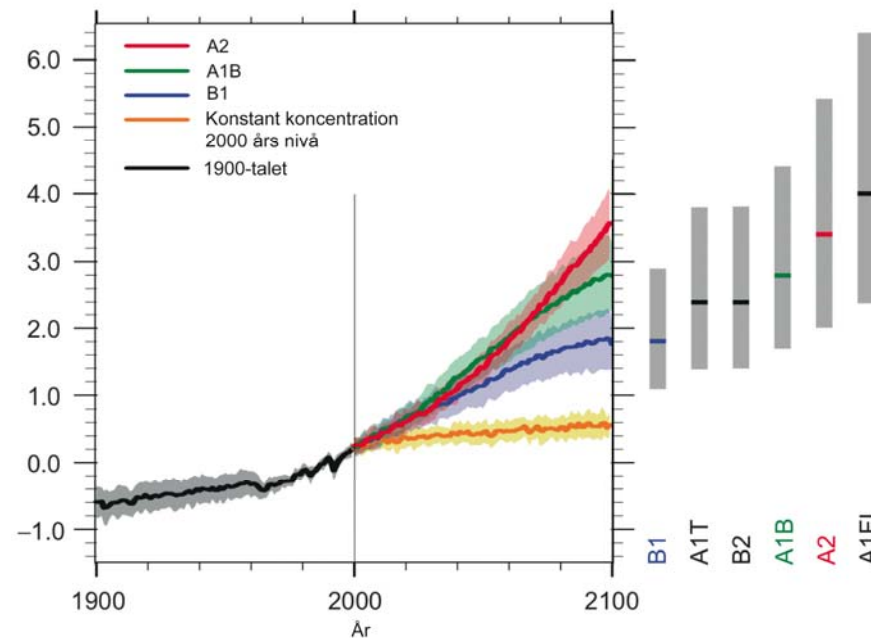
# Focus in the “Climate Issue”

....really two issues with different time horizons

- Mitigation = decreasing emission of greenhouse gases
- Adaptation = adapting society to threats (and opportunities)

...with different perspectives

- In time
- In geography
- In decision power



# A vulnerable society

We are facing a  
Changing Climate...

...and we have made Society more  
vulnerable





# Flooding is nothing new



Foto: Bengt Carlsson



...but consequences are different...

*Stockholm 1924*



*Stockholm 2003*

November 2000:

## A close call for the Stockholm Underground



Tack Stockholms Hamn för lånet av bilden





Attraktivt, sjönära läge

Ett boende utöver det vanliga till ett fantastiskt pris

**Attractive lake side view**



med utsikt över vacker dal  
...spektakulär utsikt över ett vackert landskap. Här erbjuds

..overlooking valley...

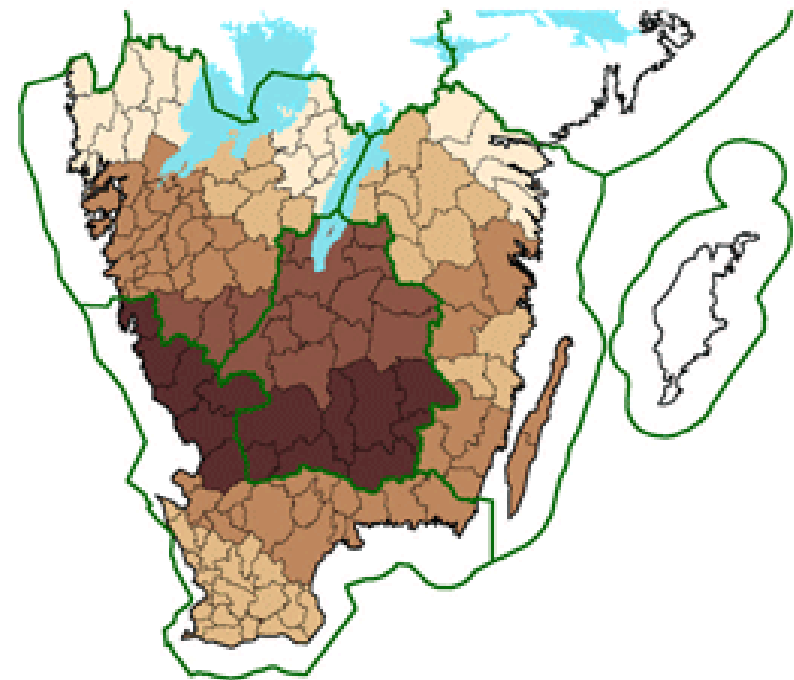


# The storm Gudrun

- 70 millions square metre forest was felled
- Corresponds to 10 annual harvests
- Risk for flooding
- Risk for insects
- Approx 10 000 forest insurance claims for Länsförsäkringar
- More than 50 000 claims in all

### ***Stormen januari 2005***

### Områden med stormfällad skog - årsavverkningar



# A vulnerable society

- The threats exist already today
  - We are making Society more vulnerable
  - The Climate Change can increase losses both to frequency and size
  - Loss history does not frighten
- ...but potential losses do**



## Our conclusions

### Position of the Swedish Insurance Industry

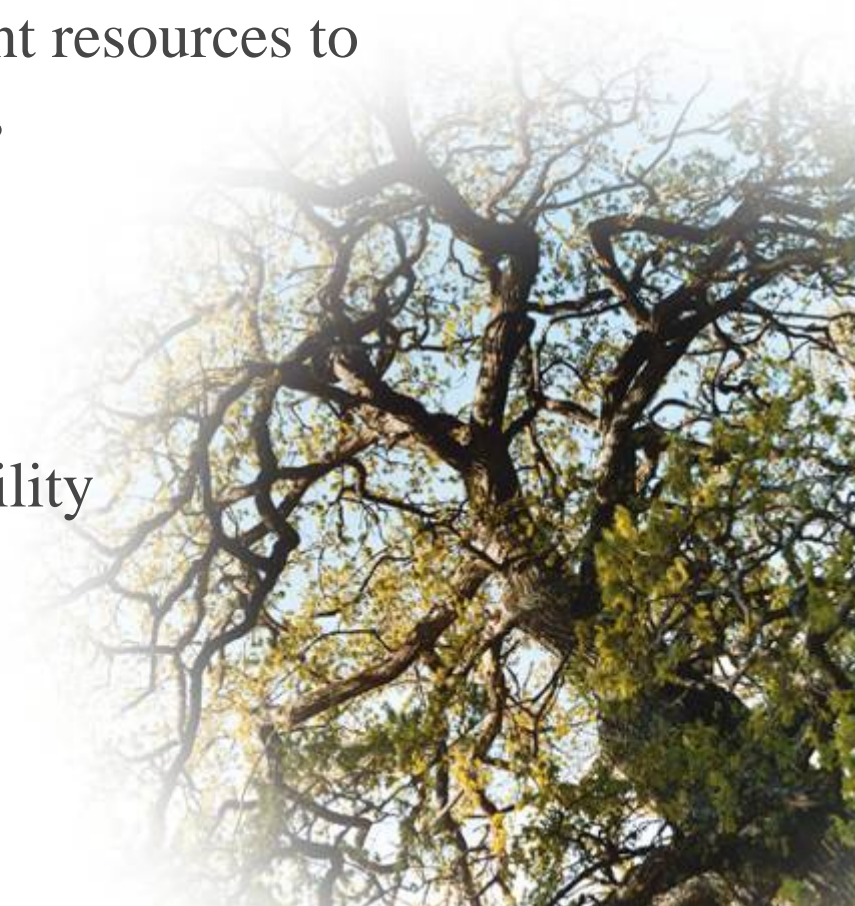
- For Consumers and SMEs presently covers (more or less) all exposures requested
- Hydroelectric power dams excluded
- Promoting good physical planning practices and loss prevention
- Starting to differentiate premiums and deductibles
- Aim to keep and develop cover within private insurance, without resorting to pools or state insurance



## Our conclusions

# Why Private Insurance in Competition?

- Possibilities to reward individual Loss Prevention
- Insurance companies have efficient resources to handle the large number of claims
- Financing through a system with premium reserves rather than pay-as-you-go
- Clarity in coverage and responsibility for the customer



## Our conclusions

If we do not jointly succeed in loss prevention?

- The absolute majority can still have a good insurance cover to a reasonable price, but ...
- Certain areas and buildings could get a substantially higher premium, higher deductibles or even cannot find an insurance cover

**...and this is certainly not desirable, neither to Insurance Industry nor to Society**

## Our conclusions in Länsförsäkringar

- Mutuals with very large market shares
- Very strong local presence
- Both social and business responsibility
  - *A sustainable society is fundamental for our business*
  - *We are an important player in the local society*
- Knowledge to share, also financing research
- Possibility to create opinion

**Our role as insurers should not be underestimated**

# Our will to take action



## Our will to take action

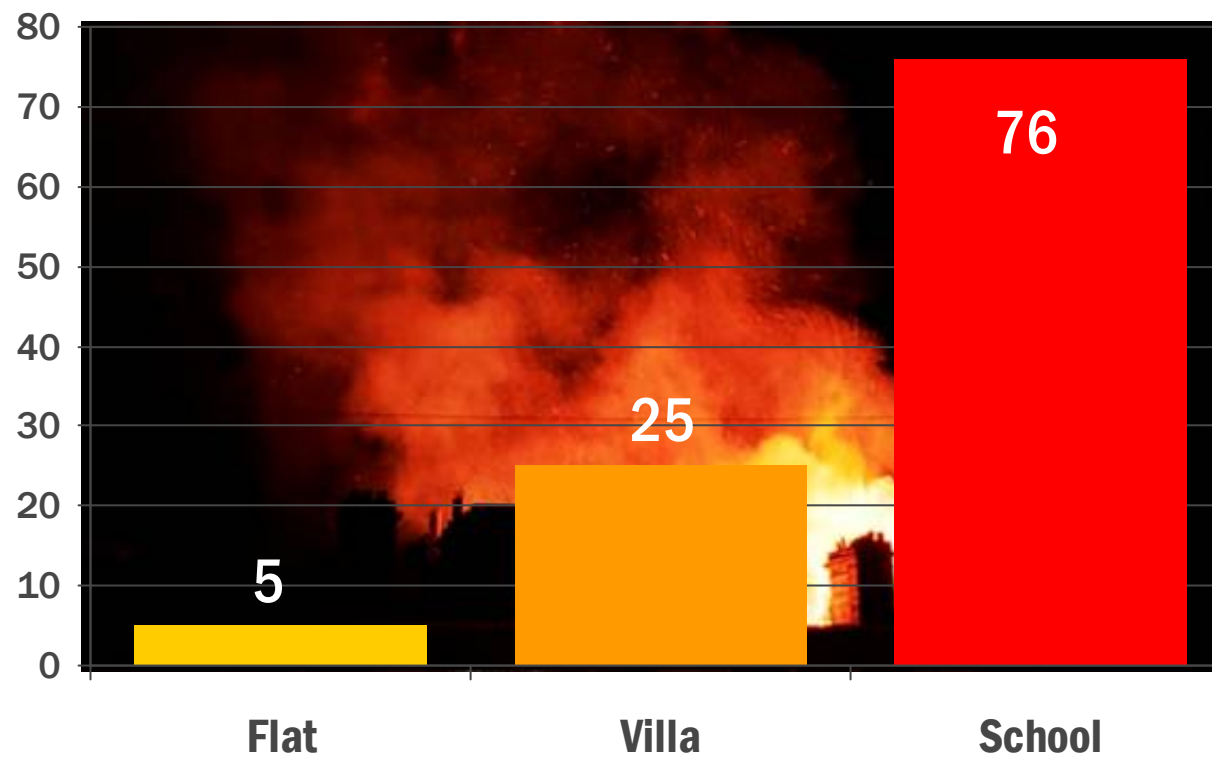
### In *Mitigation* through

- Our own administration
- Our investments in real estate and in shares
- Loss prevention and handling of claims
- Influencing our customers and Society



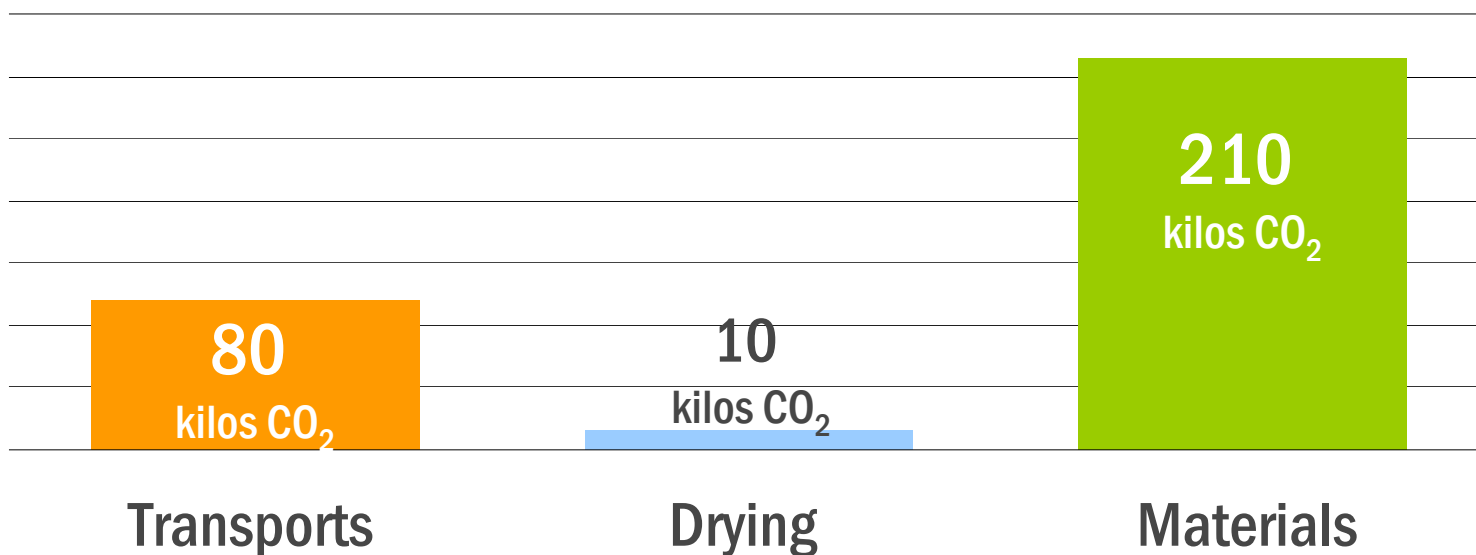
# Emissions from fires

Tons of carbon dioxide following a fire



# Emissions from water damages

**300 kilos of CO<sub>2</sub> per waterdamage**



**Building in a smarter way we can:**

Prevent losses, improve reparability and decrease emissions

## Our will to take action

The Insurance Industry has an important role to play in

- Insurance
- Loss prevention
- Financing

**...if we so wish...**

# ...if we so wish...

Thank you for listening

Questions or comments?

