

Climate forces insurance to adapt strategy

Association moots risk forum

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BUSINESSES and the insurance industry are gearing up to deal with the effects of climate change.

The Western Cape is expected to become hotter and drier in summer, leading to more fires, and flooding in winter. Sea levels are expected to rise, which could lead to erosion of the coastline.

The South African Insurance Association (Saia) is looking at various environmental, social, and governance factors facing their industry in the long term, with a view to developing strategies to deal with them.

Saia has launched a new initiative, a project looking at the sustainability of short-term insurance. The strategy plan was recently approved by the association's board.

Saia chief executive Barry

Scott said the association would initially raise awareness and educate the industry about these issues, before creating an industry risk forum which would create a "risk radar screen for the industry".

"This is certainly not something that Saia can do on its own, and we will be engaging with other stakeholders with a view that this become an industry-wide process.

"We see sustainability thinking becoming a cornerstone of the Saia process, which will in future guide all our activities," he said.

Scott said new products and services would be created as people's need for risk management developed.

Vanessa Otto-Mentz, an expert on sustainability and climate change in the insurance industry, said there was currently no insurance product that covered all the risks over the next 20 to 30 years.

The association's aim was to ensure that insurance remained accessible and affordable, she said.

Valerie Geen, director of climate and environment at the National Business Initiative (NBI) said businesses needed to adapt to the changing climate.

Farmers, for example, needed to look at other crops, using efficient technologies.

The NBI supported the development of the South African Risk and Vulnerability Atlas, developed by the Council for Scientific and Industrial Research (CSIR) and the department of Science and Technology, as a tool to convert scientific knowledge into practical policy decisions that would help the country adapt to global climate change.

She encouraged businesses to study the atlas to get a better understanding of where the risks lay.

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