

Reducing risk, increasing insight

Zurich Climate Change Resilience Services



We help businesses identify, assess, mitigate and adapt to current and future climate change risks.

Working closely with our customers, we ensure they have the insights needed to develop tailored strategies to increase their business resilience.

Risks associated with climate change are increasing in frequency and severity. The 2020 World Economic Forum's Global Risk Report highlighted that CEOs are more concerned than ever about natural catastrophes and the knock-on effects these are having to their business now and in the future. It is essential that companies can quickly and easily find a way to identify and prepare for these risks.

While many companies use insurance to cover traditional risk, few of these policies factor in the effects of climate change on their business. Despite using better-adapted insurance solutions, businesses face a growing need for a more comprehensive approach to resilience, relevant to the changing environments in which they operate, and which businesses are increasingly operating, and which ensures they are prepared for potential future changes.



Zurich's Climate Change Resilience Services team works with businesses to help quantify climate change risk, by providing insights on current and potential future risks, and by identifying mitigation and adaptation actions they can implement.

Climate change increasingly challenges businesses



Increasing weather-related losses

We continue to see high levels of catastrophe losses, with losses totaling USD 336 billion for the 2018-2019 period¹. Weather-related events were the main contributors to the natural catastrophe losses in 2019 and industry data shows that, as in prior years, these were less than 50% insured². As a result, there is an increasing need for site-level assessments performed by experts. The insights of Zurich's climate change specialists provide companies with an alternative perspective on potential opportunities to adjust their business operations.

Increasing investor and regulatory demands

Many investors believe risks posed by climate change threaten global financial stability and are increasingly adopting sustainability-focused investment strategies with environmental, social and governance (ESG) integration. Demands for reliable climate risk disclosures in line with the guidelines set forth by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) are increasing. The need to enact consistent, more defined global disclosure standards is being discussed in several countries and these will place greater responsibility on companies to report on their sustainability measures and risk strategies for different climate change scenarios.



D&O liability risks growing

Climate litigation is increasing worldwide, reflecting advances in attribution science, evolving legal attacks and changing public sentiment. Investors are being increasingly vocal about holding board members accountable where companies and their boards are not producing effective sustainability disclosures or implementing risk management frameworks for managing sustainability issues.

Potential for property to become uninsurable

Increasing costs may negatively impact available levels of insurance, widening the protection gap and creating 'stranded assets'. New approaches to risk management including mitigation strategies are required to improve resilience.

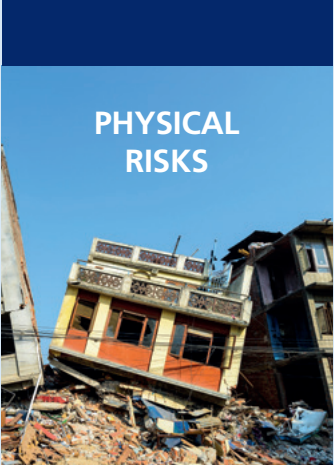









¹ 2020 Munich Re, NatCatSERVICE. As of January 2020.

² 2020 Swiss Re, Sigma Report, No 2/2020.

Protecting your company's physical assets, helping support your business strategies

Climate change risk doesn't just affect your business locations through physical risks. As the focus on transitioning to sustainable business models becomes stronger, climate change also has potentially broad-ranging impacts, known as transition risks.

	Risk	Examples of Potential Financial Impacts
 <p>PHYSICAL RISKS</p>	Catastrophic events (acute risks) 	Cost of repair following extreme events Business disruption / Reduced revenue Increased insurance costs or reduced availability
	Changes in weather patterns (chronic risks) 	Increased maintenance costs Increased operational costs e.g. energy or water usage increase Cost of investment in adaptation measures Impact on supply chains
 <p>TRANSITION RISKS</p>	Market & Technology 	Reduced economic activity in vulnerable markets Reduced demand for carbon intensive products & services Shift in consumer trends influenced by increased awareness of climate change New market-disrupting technologies
	Policy and legal 	Increased cost of compliance (greenhouse gas pricing/taxation) Compulsory regulatory disclosures Increased taxes to fund adaptation infrastructure Loss of subsidies Emerging concerns about litigation (liabilities)
	Resource availability 	Increased cost and reduced net operating income due to higher input prices, e.g. water and energy prices Additional capital expenditures to adapt building operations to alternative resources
	Reputation 	Impact to company brand and reputation if no action taken Reduction in capital availability Negative impact on employee attraction and retention

Key features of Zurich Climate Change Resilience Services

For current as well as future risk:

Global and/or regional levels:	Single location level:
<ul style="list-style-type: none">• Identification of peril-specific exposure to regions.• Assessment of loss estimates, and loss probabilities.• Identification of critical (high-risk) locations, where deep-dive analyses are recommended.• Assessment of value chain vulnerabilities (including supply chain).• Data quality review.	<ul style="list-style-type: none">• Identification of peril-specific resilience level (physical and organizational perspectives).• Provision of mitigation and adaptation recommendations based on detailed risk assessment.• For greenfield projects:<ul style="list-style-type: none">– Comparison of hazard levels at various properties under consideration for acquisition.– Provision of recommendations for engineering and organizational mitigation measures, e.g. business continuity and emergency response planning.

Business benefits include:

- Improved resilience at group, regional and location levels.
- A multi-faceted, comprehensive resilience strategy that includes physical and organizational measures, in addition to risk transfer.
- Improved business continuity planning, as suppliers and utilities are included in the analysis.
- Better informed decision-making process and strategic planning through insights from Zurich Climate Change Resilience Services.
- Improved emergency response plans factoring in different scenarios.
- Improved incident response measures with regular testing.
- Enhanced reporting of uncertainty in future climate scenarios.



Zurich has helped us better understand our natural hazard and climate-change-related risks on a local level.

Nathalie Clément,
Director of Corporate
Responsibility,
Konecranes



*Find out more about **Zurich Climate Change Resilience Services**, please contact your usual Zurich representative.*

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