

Professor Bill McGuire says the insurance industry should take a leading role in pushing the agenda for climate change action

## Against the tide

**T**he pre-eminent oceanographer and climate scientist Wallace Broecker has famously warned that 'climate is an angry beast and we are poking at it with sticks'. Well, the beast is now stirring and looks likely to be wide awake within a decade or so. The big question is, can we lull it to sleep once more, or are we too late? Having just finished writing a book on climate change, I am caught between mild optimism at the rate at which some nations, in particular Germany, are embracing serious measures to tackle climate change, and utter depression at the miserable efforts of the UK.

The UK government and much of the country's industrial and commercial base are simply not taking the threat sufficiently seriously. Sadly, this includes the financial services sector, where there is certainly more awareness and talk about climate change, but still very little action. Bearing in mind that the insurance sector sits fore-square in the front line in the battle against climate change, this is difficult to understand.

Let me try and get across the seriousness of the situation. In order to prevent dangerous climate change, sufficient, according to Sir Nicholas Stern, to trigger a global depression worse than that of the 1930s and economic and social mayhem to match that of the World Wars, we need to avoid a global average temperature rise of around two degrees

### » We need to be looking towards a zero-carbon world by mid-century «

Celsius. The latest science indicates that to accomplish this, even a 90% cut in global emissions by 2050 will not be enough. In other words, we need to be looking towards a zero-carbon world by mid-century. Currently, a number of small nations, including Norway and New Zealand have already indicated that this is their goal, and, last year in the UK, the Liberal Democrats outlined plans for a zero-carbon Britain.



#### Too little, too late

The reality, unfortunately, is that global emissions are not only still rising, but are accelerating. The EU is aiming to cut emissions by 20% by 2020, and the UK is hoping to match this, but given what is needed, and taking into account the economic growth of China, India, Brazil and other industrialising nations, this is not nearly good enough. In the UK, in particular, any talk of seriously tackling climate change is ridiculed by a government that is pushing through 120 new road building projects and plans for a major expansion of airport infrastructure.

There is little leadership from the CBI either, who despite pledging to 'do what it takes' to meet the UK's greenhouse gas reduction targets, has so far only come up with the proposal that companies will work towards cutting collective emissions of 370 million tonnes by one million tonnes over the next three years. Big deal!

Clearly, the time is ripe for someone to take the lead in pushing the climate change agenda in the UK, and the insurance

sector is centrally placed to do this. Not only because it is liable to suffer more than most businesses due to a widespread increase in climate-related catastrophes, but also because it has the authority and weight to make government, business and industry sit up and listen. From a purely selfish perspective too, notwithstanding how increasing floods and windstorms, and rising sea levels, will impact upon business portfolios, the bottom line is,

will the insurance sector be able to function, or even survive, given the worst economic and trading conditions since the 1930s, and with no end in sight.

So, where to start? In a little over two years, the UN climate conference in Copenhagen will effectively provide our last chance to prevent dangerous climate change. The meeting will either come up with an all-inclusive, global agreement to cut emissions by the amount required, or we can say goodbye to stable trading conditions for the foreseeable future. The most critical element of the meeting will be agreement on a framework that will allow the fair and equitable reduction of emissions across all nations. At the moment, the only mechanism on the table is Contraction and Convergence (C&C). Developed by the London-based Global Commons Institute, C&C is gaining huge support across the world, including from India, China, Germany, the European Parliament and the UK All Party Parliamentary Climate Change Group.

#### Global premise

The framework is based on the premise that everyone on the planet has a right to emit the same amount of greenhouse gas. Consequently, a future climate agreement has to be based upon the allocation of national emissions targets that are determined by population, and which enables emissions allowances to be traded internationally within a global carbon market.

In the crucial run-up to Copenhagen, the Global Commons Institute is seeking support from business and industry via its Carbon Countdown campaign. I would urge every company in the insurance sector to sign up now and use its enviable clout and reputation to ensure that C&C is adopted. Download the Carbon Countdown prospectus at [www.gci.org.uk/kite/Carbon\\_Countdown.pdf](http://www.gci.org.uk/kite/Carbon_Countdown.pdf)

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