

Finland

AIDA WORLD CONGRESS

PARIS 2010

CLIMATE CHANGE

QUESTIONNAIRE

Foreword

1. Climate change has been chosen as one of the topics for the AIDA World Congress to be held in Paris in 2010. Thank you for accepting to prepare a national report.

2. This subject is obviously one of great importance, and very much has already been written on it. For an AIDA World Congress, the focus should naturally be on the impact on the insurance sector, and more precisely on the impact on insurance law - a domain in which AIDA can make a significant contribution. When preparing your report, please stress the legal aspects (legislation, regulation, policies, clauses, legal nature of new products, etc...) - even though describing the context will always be necessary.

3. National reports will be particularly useful for such a subject where perceptions of the phenomenon may vary, and mainly, where the feared consequences of climate change can be widely different in the different regions of the world. Please see that your report gives the necessary information about the local context in which it is written (see part A of the questionnaire below).

4. The questionnaire is indicative. Try to cover all points you find relevant for your country, but do not hesitate to include additional information and comments in part C below.

A. Your local context

In your country : **Finland**

1. What is the degree of awareness of climate change and its consequences :

- in the general public, **medium**
- in the business sector, **high**
- in the insurance industry, **high**
- in public authorities ? **Very high**

2. Which are locally the main expected consequences of climate change (please specify : "not applicable"/"medium risk"/"high risk") :

- floods (including flash floods), **high risk**
- rise of sea level, **medium risk**
- melting of ice, of snow, avalanches, **ice and snow melting is medium risk**
- earthquakes, **not applicable**
- storms, tornadoes, **high risk**
- heat waves, draught, fires, **medium risk**
- spread of diseases, **medium risk**
- other adverse effects, **in north Finland the amount of snow increases**
- any favourable consequences ? **E.g. longer growing period.**

3. Which economic sectors, critical for your country, could be particularly affected :

- agriculture **YES**
- fisheries **YES**
- forestry **YES**
- energy **YES**
- industry (which ?) **YES, construction industry**
- tourism **YES**
- others ?

4. Have some concrete measures already been taken or envisaged (other than in insurance sector – see B below) :

- legislation, regulation

- initiatives of economic agents:

2008 the government has approved a new, Long-Term Climate and Energy Strategy for Finland, with detailed insights into climate and energy policy measures up to 2020, and suggestions up to 2050.

- others?

5. How much is your country involved in international efforts and initiatives related to climate change :

- Kyoto Protocol: **very much involved through European Union**

- International Strategy for Disaster reduction, Hyogo Framework, **no information**

- National Platforms; **have been done several, see next section**

- Emission trading systems; **Emissions Trading Act (law number**

- others ?

6. Please provide references to literature on climate change concerning your country.

Finland's National Climate Strategy, Finland's National Strategy for Adaptation to Climate Change:

www.mmm.fi -> Environment-> Climate policy

www.tem.fi -> Energy -> Emissions trading and decision on allocating emission allowances

B. Climate change and insurance (please stress legal aspects)

1. Which are the lines of insurance that could be affected ?

- Property

Agriculture (crops, forestry, livestock) YES

Buildings YES

Business interruption YES

Others (specify)

- Liability YES

- Transport, marine YES

- Life, health YES

2. How are the risks linked to climate change to be defined ?

- Problems of interference of human and natural causes

- **building in an area prone to being flooded**

- **inadequate drains**

- Problems of causal links

(e.g. increase of losses often due to a combination of factors

- natural, but also demographic and economic)

3. Insurers' measures of protection against excessive exposures

- Improvement of statistics

Cartography of risks, **under development**

- Raising risk awareness (communication campaigns, lobbying, ...), **guide to flood protection**

- Prevention, **taking anticipatory action in the development effort of zoning and construction**

- Limits of indemnity

- Deductibles

- Exclusions

- Premium increases

- Cancellations

- Withdrawals from markets

- Adaptation of reinsurance agreements (or develop under point 4 below)

- Cover or climate risks on the financial market

(or develop under point 5 below)

- Others

3. Insurers' initiatives to develop « new products »

N.B. Climate change is seen as opening new opportunities by a growing number of insurers. Some examples are listed below, but they are far from exhaustive and new products keep appearing. Please investigate the situation in your country and provide as much information as possible (obtaining models of clauses and policies would be extremely valuable).

- New policies to cover the consequences of climate change
 - Coverage for producers of new energies (e.g. wind-mills) N/A
 - Liability of architects N/A
 - D & O environmental liability N/A
 - Micro-insurance products for developing countries N/A
- Climate risk management services, expertise, N/A
- New policies as incentives to reduce greenhouse gas emissions
 - "Pay as you drive" motor insurance **one insurance company have tested this type of motor insurance**
 - "Energy saving", "Green-building" insurance N/A
- Initiatives in the carbon market
 - Carbon credit insurance (covering failure to deliver emission rights) N/A
 - Options to buy carbon credits to offset emissions (vehicles) N/A
- Others

4. Reinsurance

In your country, what is the role of reinsurance companies with respect to the above problems ?

5. ART (Alternative Risk Transfer)

Have any of the following techniques developed in your country in connection with climate change :

- Derivatives NO
- Swaps NO
- Cat bonds NO
- Others ?

What is the legal nature of these different products ? Can they qualify as "insurance" ?

6. Cooperation or competition with public sector

What is the state of cooperation (or competition) between public authorities and the insurance sector in your country in issues related to climate change ?

The insurance sector does lot of cooperation with public authorities. Insurance sector participates legislative measures and different research projects. In 2009 the aim is to increase cooperation to develop building- and other orders of the authorities.

Are there specific public schemes concerning some of the risks involved ?

C. Any additional information or comments

Thank you !