

Davos should provide fresh impetus for a green economy



Last year's annual meeting of the World Economic Forum at Davos was held in May, delayed from its usual January slot due to COVID-19. Instead of the usual snow, the Swiss Alps resort was lush and green. This year's meeting is back in winter again – but the scenery around Davos has recently been surprisingly spring-like, with Switzerland basking in record early January warmth. Although snow has now returned, images of bare ski slopes over the New Year were a visible reminder of how climate change is increasingly making its impacts felt.

with more than three times more rain than usual. Europe's summer was marked by wildfires and the worst drought in centuries.

As climate change exacerbates the frequency and severity of extreme weather events, the insurance industry is increasingly feeling the impacts: Hurricane Ian, which hit Florida in September, gave rise to more claims than any previous hurricane [other than 2005's Katrina](#).

The Davos agenda

This year's program at Davos rightly recognizes the need to put the current energy and food crises in the context of climate change. There are many interconnections among the issues of climate change, food insecurity, conflict, energy prices, and biodiversity loss, meaning that businesses need to take a holistic approach to risk and resilience.

The nexus of climate, conflict, and food has been tragically evident in 2022 in the Horn of Africa, where fighting has made it difficult for humanitarian aid to alleviate the effects of consecutive failures of the rainy season. The rising price of food is being felt in advanced economies also, as seen in the growing use of food banks in the West.

Innovations in insurance will be key to building the resilience of the agriculture sector against the changing climate, from parametric solutions for insuring crops to advances in modeling extreme weather. The world relies on the agriculture sector to guarantee food security in the face of unprecedented strain and climatic uncertainty.

From coal to decarbonization

decarbonization in 2022, it also offered encouraging signs that economic growth can be decoupled from energy consumption.

The [IEA reported](#) in December that coal consumption reached an all-time global high in 2022, more than the previous highest in 2013, as many countries looked for the easiest short-term solution to energy market turbulence caused by the Russia-Ukraine conflict. Demand for coal may remain high in the coming years, as growing demand in emerging economies counterbalances decarbonization efforts in advanced economies.

On a brighter note, however, power generation from renewables also reached a record high in 2022, with the IEA also noting that the world is set to add as much renewable power in the next five years as it has in the last 20. The insurance industry can play a critical role in taking the risk out of new technologies to free up flows of investment in mainstreaming innovations, which is especially critical in emerging economies.

In the newly published [Global Risks Report 2023](#), more than half of the top 10 most severe long-term risks are related to climate change. From energy to food to natural disasters, climate change sits at the center of an array of threats. Conversations at Davos are expected to focus on how the current moment of crisis can be used not as a pretext that stalls the transition to more sustainable energy, but as impetus to develop more ambitious plans for investing in infrastructure.

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