

Risk and Resilience

An Interview with Ekhosuehi Iyahen, Secretary General, Insurance Development Forum

EDITORS' NOTE Ekhosuehi Iyahen has extensive experience in a range of finance and private and public sector areas and was directly involved in establishing and operationalizing a number of globally pioneering initiatives – the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the structuring of a novel tripartite agreement launched in 2019 during the UN Climate Action summit between the IDF, UNDP and the German Ministry of Economic Cooperation and Development to increase insurance protection in climate-exposed countries. She has published several papers exploring both technical and policy issues that inform how governments in developing countries are increasingly leveraging insurance instruments in innovative ways to match their risk financing needs. A citizen of both Nigeria and Barbados, she also serves as an advisor to a number of governments, international development agencies, private sector entities and academic institutions on catastrophe climate risk and loss and damage and the role of insurance. She is a member of the Experts Advisory Group to the Centre for Disaster Protection and sits on the Advisory Board of the SOAS Centre for Sustainable Finance. Iyahen is a graduate of the London School of Economics and Political Science (LSE) and Harvard University, John F. Kennedy School of Government and was selected as a 2018 Rockefeller Foundation Resident Practitioner Fellow.



Ekhosuehi Iyahen

The Insurance Development Forum (IDF) is an industry-led public/private partnership focused on optimizing and extending the use of insurance and its related risk management capabilities. Our mission is to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.

Launched during COP21 in Paris, the goal of the IDF is to actively leverage the capacities, skills and tools that exist in the insurance industry to help achieve the objectives of the Sustainable Development Goals (SDGs) and the U.N. Global 2030 Agenda.

Climate change has increasingly revealed deep resilience gaps across the globe. COVID-19 emerged as a shock demonstrating the depth of the problem and we are witnessing this in the form of loss of lives, livelihood and the sharp economic downturn. At the same time, we are also confronted with the reality that despite the tremendous progress in terms of human development over the past decades, those who bear the greatest risks and are the most vulnerable and exposed to the impacts of disasters are also the ones with the least access to risk financing solutions.

IDF's mandate is linked to addressing this issue which is so fundamental when we consider resilience.

What are the benefits of the IDF being a public/private partnership and what has made this partnership work so effectively?

The complex global challenges faced by the world today cannot be resolved simply by the public sector or the private sector alone. The public sector faces financing constraints, especially with the current economic crisis. The private sector often lacks origination skills for resilience-boosting projects, such as infrastructure. Accordingly, there is understandably an increasing recognition of the important role of public/private partnerships. The benefit of the IDF in this context is tremendous and timely.

As a public/private partnership, the IDF offers a remarkable portal into defining much needed collaborative enterprises to match the challenges of our time. Working together with our members we have the opportunity to define new structures that cut across boundaries, create value, solve problems and ultimately deliver solutions directly linked to addressing resilience gaps.

The success of the IDF in effectively fostering confidence across the public and private sector is built on our commitment to fostering trust among our members. This requires adhering to principles of transparency, integrity and inclusiveness. These principles are used to guide the governance, institutional structures and operations of the institution, thus facilitating open exchange, collaboration and, ultimately, innovation.

As an example, in 2019 during the United Nations Secretary General's Climate Action Summit, the IDF signed an unprecedented tripartite agreement with the UNDP and the German Federal Ministry of Economic Cooperation and Development to increase insurance protection in 20 climate-exposed countries by 2025. This

"As a public/private partnership, the IDF offers a remarkable portal into defining much needed collaborative enterprises to match the challenges of our time."

Will you provide an overview of the Insurance Development Forum (IDF) and how you define its mission?

“Our mission is to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.”

structure was based on a joint agreement leveraging the strengths of each of the members towards a common objective.

How do you describe your leadership style and what do you see as the keys to effective leadership?

Trust, integrity and humility are important elements of my leadership style. They are particularly important when leading ventures involving diverse communities with different objectives and interests that may need to be reconciled.

Under the IDF umbrella there are a range of members from across the public and private spectrum. There are technical, governance and political issues that need to be addressed at the same time as adhering to sustainability and commercial interests. Reconciling these positions, expectations and needs is not an easy task.

These values are also important in establishing meaningful relationships that extend beyond short-term transactional interests and create value for all members. If you are committed to the challenge and complexity of credible long-term institutional building, then I see these principles as non-negotiable. They are also critical when it comes to fostering confidence, commitment and cultivating a motivated network.

How does your deep understanding of risk help inform resilience?

Resilience is not possible without risk management. Understanding risk is a prerequisite for resilience building. Similarly, actively managing risk through reducing it and transferring it are the other important elements of the risk management spectrum.

From my experience working on projects in Africa, Europe, the Caribbean and Asia, I am sure we can all agree that the risks faced in the Burkina Faso are not the same as those in the Cayman Islands, Vietnam, Germany or Bolivia. Understanding the specific context is important in defining what resilience should be or could be in that context.

It is important to note that the act of analyzing risk and cultivating a proactive risk management culture is an essential component of building resilience. It can strengthen the necessary acumen and wherewithal required to navigate through a crisis towards recovery.

How do you define resilience and how critical is resilience for the insurance industry?

Resilience is defined as the ability to recover or bounce back from difficulty. This concept is of course applicable at different scales, from individuals, institutions, communities and governments. There are however layers to resilience. I will touch on two as examples:

First, the manifestation of resilience is context specific, be it at the household, community or government level. This is linked to an understanding of the risk faced and also the options available to support recovery. As such, approaches to resilience cannot be prescriptive and naturally must build on the specificities of the context.

For the insurance industry, the implication of resilience being context specific is that understanding the risks for insurers is a critical element of the industry's value proposition. Ultimately, this understanding of risk shapes the insurance sector's ability to design and provide solutions that are appropriate, effective, responsive and can also be part of a suite of broader risk management solutions that support resilience.

Second, I believe there is an element of resilience that is tied to the collective. The ability of an individual to be resilient is not only determined by the sheer grit and will to bounce back. It is also informed by an awareness of the tools, options and communities available to support recovery and the willingness and boldness to actively tap into these options.

In line with this focus on the collective, the industry's principal value proposition hinges on the effective pooling of risk and then the transferring and spreading of that risk through diversification across perils, etc. In a sense this collective principle is what ensures that when clients are affected, the necessary support is rendered through appropriate products thereby facilitating effective recovery. Insurance is a collective enterprise in many ways.

What are the keys to enhancing the use of insurance to build greater resilience against disasters?

There are several elements which are essential. The first is clarity on the resilience objectives or goals. It is important for individuals, households, communities, businesses or even governments to establish a collective vision regarding their resilience objectives. Second, is an understanding of the risks that could potentially undermine the ability to

achieve the resilience objective/vision. Third, is an awareness of the tools and options necessary to build resilience.

Insurance in its broad sense, from risk understanding to underwriting capacity and as a public policy lever, is indeed a major tool that can be leveraged in an effort to build resilience. If structured appropriately, it can be mutually reinforcing of other instruments and policy strategies.

Do you feel that resilience is something a person is born with or can it be taught?

I believe it is something that can be honed over time. I consider it to be a function of internal disposition shaped by one's external surroundings coupled with learning through direct experience or otherwise. The willingness to constantly learn, adapt and move forward is a crucial element of resilience.

How will you define success for the IDF as you look to the future?

For me, success for the IDF would be a thriving public/private partnership actively fostering coalitions that allow for insurance-related resources and capabilities to be actively applied towards helping to achieve the objectives of the SDGs. Of course, this is a broad remit and one that will evolve over time. Thus, success is not static. It is the duality of an institution that is indeed true and disciplined enough to abide by its ethos, but is also adaptive to meet new world realities and risks and thus can stand the test of time.

Underpinning the broad institutional structures that I hope will drive success is also a fundamental element linked to equity in the philosophical sense of the word. As was mentioned, we are increasingly living in a world where the most vulnerable are being left behind with limited access to finance to help support their resilience. For me, this is at the heart of the mission of the IDF and driving the important contribution insurance can make as part of the broader development finance architecture.

My expectation is that through the IDF and its public/private structure, we can continue to make a meaningful contribution towards greater understanding of risk and resilience. The IDF will continue to actively support the incubation and deployment of innovative insurance solutions with the potential to be transformational in nature and which can offer much needed protection to millions across the world that are exposed to the impacts of disasters. ●