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INVESTING IN RESILIENCE FOR A NEW WEATHER REALITY

Announcer 00:02

Please welcome the panel on "Investing in Resilience for a New Weather Reality," moderated by Kanika Singh, director, Catalytic Capital, Milken Institute.

Kanika Singh 00:33

Good evening, and thank you for joining us. I know we're the last session standing between you and cocktails, so we'll get right to it. My team at the Milken Institute works with partners tackling very specific market failures and financing gaps. And this theme actually came to us in the aftermath of the devastating Los Angeles fires last year. And it allowed us to tackle it and identify innovative financing mechanisms so that we could attract greater capital ex ante, much earlier and much before, to these events that seem to be happening at a much greater frequency and with a lot of intensity. This region is consistently classified as one of the most vulnerable to climate and weather risks. And I think what's even more worrying is that the data showed last year, of the economic losses caused by natural disasters, only 10 percent was covered by insurance. So, that's a staggering protection gap for communities, for anybody who owns an asset, from an individual homeowner to businesses to governments. So, it feels like we as communities, as societies, as a country, we seem to be very unprepared for these events. And there's a need to have this conversation to invest in resilience so that after the event, we don't have delays in recovery that can render entire areas almost uninhabitable and uninvestable for long periods of time. So, I could not be more excited to have these expert speakers share their insights from their vantage points. And I would love to—I know you've read their bios, but I'd love to just quickly go around, if we could start with Min Cheng and go down, and just very quickly explain your connection to the topic for context, and then we'll kick it off, please.

Min Cheng 02:19

All right. Sure. Thank you. So, I'm Min Cheng. I'm the CEO of Global Asia Insurance Partnership, or GAIP. We're really a nonprofit tripartite partnership between the insurance industry, the insurance regulators across APAC, and also academia. And what we do is really bring the strengths and expertise across these three sectors together to enhance risk resilience in Asia, and climate is definitely one of our key focus areas that I'll touch on a bit more later. Thank you.

Scott Dunn 02:49

So, I'm here this afternoon as kind of two different angles. One is in my role with AECOM. I'm the chief strategic officer for AECOM across Asia. We're a trusted partner to governments and infrastructure investors on delivering transport systems, water systems, environmental, urban planning, buildings. So, large-scale built environment, and that works across all of Asia. And then the other aspect that I bring to this conversation is my role with Urban Land Institute, where I'm on the global board for ULI, and I'm also the lead for the Asia Pacific Executive Council as the chair. And so, Urban Land Institute is a nonprofit member-based organization which really is around the responsible use of land. And the membership actually crosses a lot of the different people who are responsible for real estate in your communities, a lot of developers, investors, brokers.

Siew Sze Lee 03:56

Hi. Good afternoon. I'm Siew Sze from Swiss Re. So, we are a global reinsurer and insurer. Resilience is very much at the heart of what we do, and we do it by helping societies, communities that we engage with, economies to better understand the risks and prepare for them, and manage them. If I could share a bit of anecdote from home, something personal, because yesterday my daughter, who's seven years old, was very adamant about preparing me for this panel. So, she asked me, "What's the topic you are going to talk about?" And I decided not to mom-splain it, so I gave her the whole title, "Investing in Resilience in a New Climate Reality." I wanted to see how she would respond to it. And she went, "Oh, resilience. That's my school value. So, I can prepare you." And I asked her, "So, what does resilience mean to you?" And she said, "To keep trying and never give up." And of course, as adults, we know that some things are easier said than done. But I think ultimately resilience is really about the capacity to be able to keep going even when something doesn't go as planned. So, today, I'm very excited to share with this group of panelists to really see how we can translate the principle of resilience into what's happening on the ground.

Ma. Victoria Tan 05:17

Hi, good afternoon, everyone, and thank you for having me. So, I am actually pulled out from retirement. I retired from Ayala Corporation last December 31, 2025, because a good friend of mine developed this AI-native solution around climate risk assessment. So, how are we going to help the different businesses and even the local government units on how to assess the physical risk and transition risk, and what will be the impact of that intertwined with nature and later on going into the inequality piece. And because of that, I am now the CFO of Kelterra Corporation. But having said that, I have 12 years of experience in risk management, insurance, and sustainability that I have gained from Ayala Corporation. So, I hope to bring everything that I know over the last 12 years, and probably that will help us in this discussion. Thank you.

Kanika Singh 06:11

Thanks so much. So, I want to start with just level setting, right? I want to talk about asset owners, and that starts literally from the individual homeowner to businesses, to local governments, to national governments, and institutional investors. Anybody who owns a physical asset today or has exposure to it, right? There's very clearly data demonstrating that if you take measures to cut your risk exposure, it works. Right? So, Siew, I'd love you to kick us off with that, the ROI of investing in resilience.

Siew Sze Lee 06:41

Thanks, Kanika. It's a very good question because at the end of the day, everything needs to have a pathway to economic sustainability. I would say, firstly, we need to stop looking at resilience as cost. That's another first starting point. In Swiss Re, we have a research unit. It's called the Swiss Re Institute, and they have done some research here, and they found that the dividend of economic adaptation is actually multiples of two to 11 times.

So, this is a huge number, right? So, I really want you to first register. Of course, then I think another important point about this number is that the range is very big. It's from two to 11. And why is it so, right? And this really has to do with where and how the money is spent. So, it's about whether the project is in an area that has high exposure, that has high population density, and what type of infrastructure we are talking about. So, to very concretely illustrate with an example, flood protection. So, things like seawalls, dams. The global average return for flood protection is about two to seven times in terms of compared to the cost. Now, if we are looking at a very extreme flood-prone zone, this number becomes 10 to 11 times. So, that is how significant it is, and I think all of us here know Asia very well, and hence what it means is that there's actually a lot of opportunities in Asia to get such high returns out of economic adaptation. And hence the economic case is definitely very compelling. And where I think then we can do more to try to encourage this to turn into something tangible is to put the information about risk into the hands of the asset owners, right? To help them to understand, so, what are the expected losses that you could incur, and what could you do to try to reduce those losses, and what is the difference in the expected losses as a result of the ventures that you take? So, I think really, firstly, it starts with that. But it's not just about quantification as well, right? And I think more broadly, what we in Swiss Re are trying to encourage is to really move the risk conversation upstream. So, we start talking about the risk at the start of the project, even when the decision-making is still being made, so that people can take into consideration what kind of risk and can start really thinking about options to reduce the risk, and then what kind of innovative risk transfer solutions we can do to transfer the remaining risk. So, this will then make sure that we have a lot more options to play with.

Kanika Singh 09:29

Thank you. So, Min, we have the data. There's an ROI to put money into resilience. Decisions need to be made, but why isn't this happening? Why isn't this mainstream, front and center, and early?

Min Cheng 09:42

So, I think there's a few key areas, but I would focus on two of them. So, first of all, I think one of it is the misalignment between the motivations, objectives, and most importantly, incentives of the different stakeholders involved, right? So, sometimes the beneficiaries of an infrastructure asset or infrastructure project, the beneficiaries are not the payers. Right? For example, going back to the flood example, right? If a flood protection or a wall or something is going to be built, the beneficiaries are the businesses, the homes around that area. Right? But who's paying for that? Now, most people would think of the government, and the governments do benefit from that, right? Through lower pressures on their fiscal budget if a natural disaster happens or through protection of tax revenue and things like that. But the governments can't pay for everything, right? Then we look to the private sector, we look to the banks, we look to the investors. But how are these resilience benefits being translated into measures that these investors and bankers care about? Right?

I had a conversation at Ecosperity in Singapore earlier this year, and I spoke to someone from the banking side, and we talked about this, right? How are you taking into account resilience? What would make you look more into resilience loans and things like that? And they said, "Doesn't matter to us. What we care about is the cash flow. You show me the impact on my cash flows, and I'll do something about it." Right? So, how do we translate these resilience benefits—for example, avoided losses, right, and all of that, or reduced downtime—how do we translate those into what really matters to the investors, to the banks? I think that's quite key. Now, the other thing that I would like to talk about is, I have heard anecdotally that some people are saying the projects in Asia are a bit too small to justify the effort that is needed to go into data, to go into analysis, to go into structuring. Right? So, from there, I'm thinking, well, is there anything that can be done to aggregate, right? Find similar projects, look at

repeatable structures. And this is where public-private partnerships can come in as well because they could fund such structures. They could fund such shared work that can then enable more of these projects to go ahead.

Kanika Singh 12:17

And that's the perfect segue to Scott.

Scott Dunn 12:20

Well, I was going to say on the first part in terms of who bears the cost for this. Earlier this year, the Urban Land Institute released the Infrastructure Index. And in that Infrastructure Index, we went out to our membership, and it was an attempt, because most of ULI is more related to real estate and vertical buildings, and less so in terms of impact on horizontal infrastructure. And there's a bit of disconnect in terms of who builds the buildings and who's actually responsible for building the systems in our cities. And we wanted to see, with the index, what's kind of top of mind for both our members as well as some of these infrastructure large-scale players, which are often the government agencies. And it was interesting because in top priorities, climate resilience was number two, and it ranked very close to AI, and technology was number one in terms of disruption to workforce. But climate resilience was definitely top of mind. And in the feedback from the members, it was to this point that in their own assets, they're willing to spend to be able to avoid future loss, and they're willing to actually put considerable amount into maintaining operability in their assets. And a lot of the resilience is being able to bounce back quicker. It's not so much—the technology's there to understand what the risk is and to be able to defend against or adapt to that risk. But it's the ability, once there is an event, to be able to come back quicker. And the main feedback from a lot of the membership was that we can't do it by ourselves. We have to find an ability to actually do it at scale in a community where there's a shared benefit. And to that point, there's a willingness to actually put the investment in. But on their own, it might not do much, and they might still have to deal with an event. So, I thought that was quite interesting in terms of outcome from the overall membership base.

Kanika Singh 14:29

Yeah. I'd like to stick with the built environment for a second and just have you put on your hat at AECOM, where you're actually talking with governments, built environment, natural environments, and you're helping them design all this stuff. Now, arguably, people still view resilience as a public good, right? And the argument is that, well, the government should make sure infrastructure is resilient. How are those conversations when you have them? Is there anything encouraging you can point us to?

Scott Dunn 14:55

Yeah. I think there has been a lot of encouraging progress because when you get into the actual design of a rail system, let's say, or a flood protection or reclamation, you get into the real details of it. You can see where it's not front and center of a lot of the people who are actually delivering the project itself. And so, I think there's been a few governments that have really come a long way in the last couple of years, which Hong Kong is one of them, that we've been working a lot with on creating guidelines on how they deliver infrastructure and incorporating nature-based solutions to create better climate resilience. And so, that started with actually a climate resilience study for all of Hong Kong about eight, nine years ago, which identified a lot of the risk that Hong Kong's going to be facing moving forward. And then based on that risk, well, what do you do with it? Or how can you align the spending that you're putting into core infrastructure and not just deliver that infrastructure to meet a mobility need or to meet a need in terms of housing or water supply or water treatment, but how to use those infrastructure assets to then create ecological value. So, the nature-based solution guideline, which has been

adopted this year, so beginning this year, it now is the guideline that all designers, whoever you are, has to follow in terms of creating nature-based solutions as part of the piece of infrastructure that you're delivering. And that's based on KPIs that are around biological enhancement, on creating better air, water, soil conditions for that place, and being able to measure the carbon impact that you have in the project that you're putting forward, both in terms of embedded carbon and operational carbon. And then for the government, the value that they're trying to find in this is then using a natural capital index, which has a value of operational efficiency. And they're clawing this back on the way in which they can operate these facilities in partnership with communities to be able to reduce their requirement going forward. So, they're being able to claw back some of the value that way, but they're also able to then measure, and I think this is a big part, that if you can measure it, it's easier to invest in. And that's why those five measures I mentioned, biodiversity, soil, water, air, and carbon, are important in terms of measuring that. The next step for Hong Kong, which they're working on, it's not there yet, is creating a natural capital index, and that index then will have a value to it, and that can be used in private sector as well, which you can then be able to bank against. The second step to that, which we're currently working, the guideline actually comes out next month, is a social value index, and that social value then is community benefit that you're creating with infrastructure spend. So, it's linking infrastructure to natural ecology and social systems, and that's the part that we see a real role in government, because governments are typically spending the most in terms of infrastructure spend.

Kanika Singh 18:13

Love that. Thank you. So, it's very fortunate when you have that strength in policy leadership, but you can also not have that. And in that case, Victoria, I'd love to pivot to you, and we've talked about this, and you said the Philippines is exposed to, I think you said, an average of over 20 typhoons a year.

Ma. Victoria Tan 18:28

Yeah. Okay, so probably envious of that—Hong Kong. In the Philippines, we learned the hard way. So, we always have 26 typhoons in a year, and six of them is usually the super typhoon category, and it always happens during the “ber months”. And “ber months” is supposed to be a happy month for us because we always prepare for Christmas starting September. And so, that's not good news during these “ber months”. So, there's one super typhoon that happened in 2013. The international code name was Typhoon Haiyan. We call it Typhoon Yolanda. And after all of these things, they noted that there was one island that was spared because it was protected by mangroves. And from then on, many of the local government units, they want to copy what they have done, and the value of mangroves is now highlighted. We even get acquainted—even myself, I got acquainted—with all these types of mangroves. And to be honest, there are different types of mangroves, and they are native to each of the islands. So, the value of using native trees is also highlighted. And I guess I was in Bacolod, that's another island in the Philippines, three weeks ago. I was working with a microfinance group, and then I asked, “Why do you have mangrove programs?” You know why? Because our clients, one major calamity, and they won't be able to pay us. And so, these are the reasons why they cannot pay, and one of them is because of this climate change issue. And so, they started putting mangroves all over the islands just to protect the island. And because of that, they will also be protecting the borrowers or the clients. Going to the city, so, in the Quezon City area where I live, because of this sporadic—or how do you call that—rain band, so we could have two hours of rain, and the whole city will be at standstill. And most of us, we have concrete, drainages, pipes, etc., all of these things. But one of the scientists said, because we do not have permeable solutions, or those wetlands, or those small inlets that could probably contain this flood, and then we can use the water afterwards, especially in the upcoming El Niño. And so, right now, our city government is developing one portion of the park as a basin for all of this extra water, if you don't want to call it a flood. So, I guess it's the community resilience. It's coming from understanding that we will be affected whether we like it or not. There is that drop-in-the-bucket argument that the Philippines is only

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contributing less than 1 percent, or even 0.49 percent, of the total global GHG inventory, but it doesn't mean that we cannot do anything. And that's one way of being adaptive. Now, adaptation is everybody's business. Mitigation is also everybody's business. But mitigation is a lot better because you can control it. Adaptation requires collaboration from every party.

Kanika Singh 22:07

Thank you. And no panel would be complete without an AI reference. I do want to—can you just very briefly run us through what Keltera is doing and—

Ma. Victoria Tan 22:17

Oh, yeah. That's why I agreed to get out from retirement. Right now, I'm actually finishing my master's in sustainability and bioeconomy from Rome Business School, and I realized that I really need to use AI because one of our subjects is how to use AI in sustainability areas. And then this came—a friend of mine came and said, "I have developed this thing," and this is one of the pain points of the many reporters, it's a requirement already. And to be honest, when I was doing that in my previous company, it took me a year just to get all the data sorted out, and I asked someone from London to do it for us. It's not available locally. And the insights came. I don't even understand the big numbers. And I said, "I cannot go to the board and present this because I cannot understand the methodology." Apparently, since it's global data, everything is global, and it missed the point of the different topography or geography of the different islands in the Philippines, where we are located nationwide. And so, these particular platforms or solutions that we have developed will be using AI. So, we got data from all the available data that we can use. We call it ingesting data. And then you don't need to have an engineer in your team. All you have to have is someone who can take a good photo, and then you upload that photo in the system. The system will read what is that kind of building, and then they can start computing, supercomputing. That supercomputing can be done in probably two hours or less, depending on the volume of data that you have. And we have one project in Southern Mindanao, and because this is a flood-prone city, but because of our project—and they were able to get the grant—they will now have an early warning device, meaning that they will know in the next 12 hours what will happen to them. The floods are coming from upstream, from the watershed, but we do not have sensors in the watershed. So, the project is to put up the sensors, and then those sensors will give us the analytics, and then the analytics will help people move or to protect themselves. Unlike right now, we only receive SMS alert saying, "We now have a red rainfall alert." Can you do something about it? No. We just stay home. We cannot do anything. But with the solutions that we have provided to the local government units, they will have 12 hours. In the next 12 hours, you can do anything. I can evacuate. I can bring all the stuff and go to that area. So, that's why I'm excited. That's why I agreed to be part of this company.

Kanika Singh 25:25

Thank you. So, we've checked the box on AI. We're going to pivot back to nature-based solutions. I'd love to go to Siew Sze and Min Cheng and talk about the importance of nature-based solutions in ASEAN, where I think it's over 70 percent to 75 percent of the population are living in low-lying and coastal areas. So, it's a whole different ball game here. I'd love to get a sense, maybe if I could start with you on the policy and insurance side. What do you see that's promising for nature-based solutions? And then we'll come to financing.

Siew Sze Lee 25:54

Okay. Nature-based solutions specifically. I think rather than a product itself, I think it's really—where it becomes promising is the way insurance is involved early with the investment at the stage of them being designed. And also,

this change in mindset in terms of not looking at insurance as an afterthought, not when you have a bunch of risk that you're looking to just transfer out. So, I think that is really the trait that makes something promising and potentially replicable. Now, on the nature-based space, we do have an example, and I think also building on what Victoria was sharing just now. We are working with the ADB on basically how we can quantify the protective value of coral reefs in Asia, right? Because with this kind of nature assets, like Victoria mentioned, they bring a lot of values in terms of how, for example, a healthy coral reef is going to be able to reduce the losses that those properties along the coastal areas are going to experience. And when they become unhealthy, then the losses are going to be higher. So, this difference in terms of their losses is something that we want to really quantify and put this information out there so that we can then also connect this information into financing and innovative risk transfer approaches. So, this is something we have been working on for years. I think some of you might be familiar. I see smiles in the crowd. And I think there will be some announcements coming up. Very, very exciting here in this space. In terms of—at the end of the day, I think what is really important is this also building on what Min was saying, right, is this convening of different stakeholders. We are not just saying, “Oh, you should bring insurance in early,” and that's it, right? But it's really about the lenders, the insurers, the governments coming together in order to say, “Okay, if insurance—if I'm saying that I will not provide funding to this project, this infrastructure project, if there's no insurance that can secure it,” then it's also sending a message that it's very important that we are really thinking about the risk.

Min Cheng 28:19

Yeah. So, actually what I was going to say is very similar to what Siew Sze was going to say, but I think one area that is gaining a lot of attention is blended finance. Right? Leveraging on concessional public sector funds to de-risk, as they call it, so that we can crowd in the private capital. So, but even within that space, you would think that—I'd like to say, if you think of any industry in the world that are risk experts, which industry would you think about? Insurance. Right. They have decades, centuries of experience there. But so, when I first started thinking about this and I went to Convergence, a blended finance network, and I asked them, “How often is insurance involved in the blended finance transactions that you look into? Not as investors, but as insurers. Insurers really coming in to advise on the risk and all of that.” Almost none. And then, insurers coming in to provide guarantees or to provide the investor role, about 6 percent of all blended finance transactions. So, that to me was quite a shock. And that's why at GAIP we actually collaborated with Convergence to develop a playbook to leverage the insurance sector in the blended finance space to support climate action. And in there, we talk about three key roles that the insurance sector can play: as risk advisors, as insurers and reinsurers, and also as investors. And that is really back to Siew Sze's point. We need to bring them in early in the piece. Now, again, I go to the investors and I go to the banks and I say, “Look, in blended finance transactions, you need to bring the insurance in early.” And they tell me, “We are. We bring them in right at the start.” But when we talk to the blended finance transactions and all of that, that's not happening. And then I realize we have different definitions of when early is. Right? The banks, to them, it is coming in early because we are bringing the insurers in at the start of the design of the financing structure. But what we need is to bring the insurance sector in at the start of the infrastructure, the solution design, right? Because that's where expertise like Swiss Re, a lot of those players in the insurance sectors, they have risk engineers, they have that expertise to be able to advise what works best. What are some risk reduction measures that can come into play so that you can improve the risk-return profile? And even with the best risk reduction measures, you will still have residual risk. So, that's where insurance can come in as well, right, to cover some of that residual risk. Improve that risk-return profile, we can better crowd in the private capital for investors.

Kanika Singh 31:18

But I think it's also interesting. I think the conversation's also shifting, and they are getting more proactive. The project that we worked on actually came to us from an insurance company. And when we looked at the solutions, what we do then is we go out and we do these off-the-record stakeholder interviews, and we do Chatham House Rule convenings to identify the solutions, and one of the things that came up was early engagement from the project. So, they will provide their data to make risk-informed decisions. What is the high-impact resilience projects, right? So, to identify. And then this concept of banks. So, it's very interesting, and I can share this here because it is public information, but Itaú in Brazil has their own proprietary model, right, that maps out future investments and identifies climate and weather risks, and then they evaluate how they lend, and how, if they invest in that company or that portfolio, how they mitigate the risks. So, I feel like at the margin things are changing. And Scott, I'd love for you to weigh in before we go into closing.

Scott Dunn 32:17

Well, no, it's interesting because we work with a lot of insurance companies, and I'm always fascinated by how good their models are. Like, it's amazing. We need models so that things stand up, and they don't sink into the ground, and we can actually assure that the building's not going to fall over. But the risk models are way better than what we use, which is always amazing. And I think that's something that—that earlier conversation—they're not always in the room at the beginning. A lot of the stuff that we do, which is pre-feasibility type of study stage, or the larger-scale planning, it's not a discussion at all. And so, I think there is an opportunity there in terms of better cooperation, yeah.

Kanika Singh 33:02

Yeah. And maybe as these economic losses mount, and the protection gaps are very significant, there's room here for insurance.

Scott Dunn 33:09

Well, I think the other thing, I guess, for me that I see is the climate risk part, a lot of it is around flood resilience. And unfortunately, because of the power of water, it has a damning effect in terms of what it does to cities. And in that, a way of which can better support developing countries, because that's where I guess we see the gap, where we see Tier 1 cities being able to actually spend on defending or adapting. In a lot of cases, they're spending to defend. But a lot of developing Tier 1s, or just cities in developing countries, don't have the same ability to fund in—whether or not it's through insurance or whatever the vehicle is—they don't have the ability, and it is starting to play out, and you can see this in Manila as a good example, and Jakarta's another one, where you can see the impact now having a toll on the physical aspects of the city. And so, I think that's only going to get worse and worse the further this gets pushed down. And so, even if you're trying to insure, that insurance premium is going to become higher and higher. And so, I think how you actually balance that in a market which a lot of people don't want to invest in.

Siew Sze Lee 34:28

Yeah. So, if I could build on that? I think firstly, really, it's a point that we have been making as well, right? That we have to try to reduce the loss potential, otherwise the insurability will become a problem, and that will then really be something where the problem becomes out of control. I also sort of picked up on what both Victoria and Scott were talking about just now in terms of how the developing countries may not have the financial capabilities, right? So, something that Swiss Re are trying to develop—it's still not something that we have found opportunity to offer yet in the region—but we are actively talking about, and I thought it's also a good occasion to mention this, is

something called insurance-linked loans. So, I think some of you are more familiar with these loans from developmental banks. They do have clauses in there where it says that if something were to happen to your country, and hence you have to put all your money into all these recovery efforts, you can defer your loan for a year, for example. So, what we are now trying to see is how we can do this more ex ante, where we provide the insurance where the payout is triggered the year when this event happened. So, then they don't even have to worry about paying that loan later, because interest can be a problem as well. So, this is some of the things, I think, really just trying to see what various innovation opportunities to try to see what we can do.

Scott Dunn 35:57

I think that was linked to—at the Singapore International Water Week this year, we ran a workshop on flood resilience and how to create scalability of—because a lot of these projects, they're done in terms of flood resilience, they're done at a fairly small scale. And if they're done by the private sector, it's like a park or something in terms of being able to absorb water, or it's increasing the flood capacity of a riverway. But it's done not at the scale of the city. And one of the things that—sorry, the workshop was really trying to address this, and we had AIIB and World Bank and another design consultant, and we did a lot of different case studies, but one of them was in Manila, of which they're able to use that kind of lending process in terms of being able to provide assurance to 39 different sites across the Manila Basin to actually aggregate a lot of these small projects that wouldn't normally get the funding, or the ability to do that at scale. And I thought it was a good example of how to do that within a developing city.

Ma. Victoria Tan 37:03

Probably just to add to the discussion of the insurance, since we are in this, I cannot take out the Philippines from where it is right now, and there was a time during that time that we had difficulty getting all our assets covered because we're a conglomerate, right? And then we said that probably it's about time that we look at parametric solutions, and Swiss Re was the company who first offered that in 2016. And to make use of the Swiss Re particular parametric solutions, we have to understand what will be the trends of the typhoons, when it will land, etc., etc. Otherwise, we won't be able to get something from the parametric insurance. So, I guess just to say that some of the insurance companies, they are more advanced in providing solutions not only for the country but also for the businesses. All we have to do is to make sure that we have good data.

Kanika Singh 38:04

Back to your point, if you can't measure it, you can't invest in it. You can't fix it. Well, I'd love to just go around the table and ask, if there was a magic wand that you could do, and you would say, "Okay, this will actually make this conversation main stage and embed resilience into natural and built environments," what would it be?

Min Cheng 38:28

I don't think you're going to like my answer. Because I don't think there is one thing, right? There could be a regulation to require that when a bank looks at a loan, they need to take into account that. But without data, without the risk expertise, that's useless, right? You can have the best data, but without the expertise, it's useless as well. So, I think it's really about everything coming together. But actually, I used to head the strategy team of a life insurer, and when I was in that team, I used to say something: "Culture eats strategy for breakfast, lunch, and dinner." Right? So, ultimately, I think it's about—we need everyone to understand that they have a role to play in this. It's everybody's job. And what role? What can they contribute to that? Right? Ultimately, it's the culture, it's

the mindset. Now, then the question is, how do we get to that culture and get to that mindset? Then it comes back to awareness, education, data, showing what really matters to each of the stakeholders.

Kanika Singh 39:38

So, it's breaking down the silos.

Min Cheng 39:39

Yeah.

Scott Dunn 39:41

So, I was going to say more men in the room would help. It seems to be a very—

Kanika Singh 39:48

We care.

Scott Dunn 39:49

Yeah. I know. I know.

Kanika Singh 39:49

We want to affect change. You're the male person on our panel, but we're going to change the whole world, yeah?

Scott Dunn 39:55

No, I think you have to measure it. You have to be able to measure it. So, to your question, how do you make people measure things? And unfortunately, that's really through policy standards, guidelines set by regulators. And that is going to drive a cultural change in the teams that we deal with day in and day out that are responsible for making the difference in the built environment. And that becomes part of then the requirements to build anything, whether or not that's private or public sector. And I think Singapore this year, with the Coastal Protection Act that was put in place, is probably a really good example of policy that is going to be changing behavior. They're funding everything behind it, so it's a little bit distorted. But the policy itself is that you have to—if you live on the coast or have a property on the coast, you have to upgrade to the guidelines that were set by government, and you have to do it within a certain time period, and it has to become part of your building. 70 percent is government land in Singapore, but 30 percent is private sector. The private sector actually has to do something. So, that's a good example of a policy, of which a lot of other governments can follow in climate resilience.

Siew Sze Lee 41:14

Yeah. So, I agree with everything that's been said, and then I try to stick to your question about magic wand. I would trace a triangle. So, the first line is policy, and I think policy is really there to give this signaling and to also set minimum requirements, right? That will actually help to reduce the underlying risk. So, for example, land use policies will make sure that we don't lock in more of the losses that we could have avoided. And building standards, right, that will actually help to reduce vulnerability. So, first line, policy. And the second one, I would say capital markets. I think reinforcing the signal from the policymakers, the lenders, and the investors could help by asking

for resilience to be factored in for the bankability of the projects, and to also then question, right, how is this asset going to perform under different climate conditions in the future? And then lastly, the last stroke is, I think, insurance industry, reinsurance industry, right? Where we provide that risk knowledge early in the project. But also importantly, I think, is the pricing, because the pricing is actually signaling what the risk is and incentivizing behaviors, and then we create this feedback loop.

Ma. Victoria Tan 42:29

Okay. So, probably that leaves me to summarize. The first thing is that we kept hearing about measurement. So, anything that we measure, we can manage. So, that's the first one. It's easier said than done, but I guess that's the first step. The second one is disclosure, because if you know, then there will be disclosure, there will be accountability, and hopefully there will be transformation. This morning, someone talked about the common language and interoperability, and you can only do that if there is disclosure, and if the government will require disclosure. Of course, the third one is very important, and that's capital. We put the money, and hopefully the investors will take a leap of faith, because some of this we cannot really predict. There could be some difficulty in the assumptions, but take a leap of faith that we can do it, and that's something hopeful. So, capital into catalyst. And the last one, which I think is very close to my heart right now, is tech plus data, because that will be the enabler. So, the magic wand is getting bigger.

Kanika Singh 43:38

Getting scale. Yeah. Thank you. Please, a round of applause for my speakers. Thank you so much. And let's get to cocktails and the welcome reception.

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