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SPEAKER 1: You're listening to Talking Climate and Resilience, a podcast series from Willis Towers Watson where we explore why climate change is a responsibility we all share. The challenge of achieving an orderly transition to a low-carbon, climate-resilient economy is increasingly a part of mainstream financial decision-making, as organizations across the public and private sectors respond to climate change and the wider implications for communities and society.

NIDIA MARTINEZ: Hi, everybody. Welcome. I'm Nidia Martinez, Director of Climate Risk Analytics at Willis Towers Watson, and I host the podcast. In this episode, I continue my conversation with Rowan Douglas, head of the Climate and Resiliency Hub.

OK. So changing gears a little bit, I know that your family is very involved in your work, that you have very exciting conversations at home. And I was wondering what kind of questions your children— who are wonderful— ask you around climate, and about your work, and how you talk to them about it? Because I think education, it's going to save us. So it would be wonderful if you shared some of that with us.

ROWAN DOUGLAS: Thanks, Nidia. I didn't know that question was coming. We're very lucky. Ana, my wife and I, we have two kids-- Sergio, who's 11, and our daughter Rebecca, who's 12, just about to become 13. We're an Anglo-Spanish family, although Daddy's Spanish doesn't go beyond my wedding vows and telling Anna how beautiful she is. But I mean, first of all, it is wonderful when we can take these-- I mean, I tell the team and the wider colleagues, please don't hang up your personality on the coat hanger when you come into work and pick it up when you go home. I mean, it's so important.

We're lucky enough to be involved in something that is commercially exciting and intellectually powerful but has a mission. And really, you've got to sink your heart and soul into that because that's just how it becomes, doesn't it? But at the same time, it's lovely if one's doing something which is important, that you can then share it with those at home and those who you love. And so I'm very lucky.

My wife is an academic at Cambridge. And her background is actually international relations and human rights and trade. She looked at how the world trade system relates to the right to food and hunger for her early, early work. And actually, I remember when we married-- it was 15, 16 years ago, same year we started the research network. So let's say that both are going well.
And when we married, my mother-in-law, who lives in a beautiful remote farm in Spain, said, the two of you will work together. And Ana said, well, we'd love to, but it won't happen. But she taught me that we shouldn't think of insurance as an industry.

We should think of insurance as an institution of society, like the market or diplomacy. It's an organizing framework for how society is going to have to understand and manage and share risk. And she's written a few books on that. But if you look at the history of the Industrial Revolution in the UK and in the US and elsewhere, a massive change of obviously technology and risk around industry and transportation, but more importantly perhaps, a massive change in the creation of cities and urbanization. And also a change in social structures-- as people migrated to the cities, family networks broke down. Obviously then, the challenge of a new form of employment, which created all sorts of uncertainties. We talk about the uncertainties of modern times of employment.

And when you look at that history, it was insurance that allowed the risks that people faced socially. So we had the creation of co-operatives and mutuals, which allowed people to navigate this social risk they faced and have an agent who could articulate their concerns. So you see, social insurance-- obviously, that came through later into the 20th century in Germany and the UK, and ultimately the US.

Urban morphology, in the US and elsewhere, was changed from the 1880s onwards, after a series of massive fires which destroyed Chicago. And well, there was a whole spate of them, as you know. And actually, it was capital that said, we cannot keep investing in the built environment in an industry if it's all going to burn down, never mind the losses of life. They said, we need insurance.

And insurance was a very glamorous thing at the time. It had been that churches were setting up insurance companies. And perhaps it was seen in a different way than it is now. And they did their analysis. They said, well, we can give you insurance for your factories and your buildings and your homes, but we need to manage the risk.

We need to have zoning laws and fire departments. We need to have building codes. And what happened was, through the rules of insurance, which were required to then access capital-- literally, urban morphology changed over the next 50 years so that by the 1930s, outside of warfare, urban conflagration in Europe and the US was almost forgotten. And it had been the climate change issue for millennia.

And I think it's a really important point that we can create a system where the protection of capital-- to make that sustainable-- in this case, an investment capital becoming sustainable through a sustainable source of insurance capital. To make that pool of capital sustainable, you have to manage risk in an appropriate way at a macro level, which actually then protects people, and actually protects ultimately, in this case, the human rights of life, livelihood and shelter. And I think it's such a powerful historical and intellectual lesson that for some reason we've all forgotten. Even those of us in the industry have forgotten it, never mind those elsewhere.

And wouldn't it be exciting, as we face-- yes, there's critical physical risks we're worried about in the future, but also we all know there's going to be a massive industrial transformation and dislocation, potentially, with a low-carbon economy, but also all the technological innovations that we're facing. Wouldn't it be wonderful if we could construct
the new sorts of insurance systems, broadly defined, that would enable us to understand and manage these risks by creating the parameters of behaviors and other sort of factors which mean that, yes, there are going to be some challenges and some bumps over the next years and decades.

But for people, which is what it's really all about, we can somehow reduce the uncertainties and the extremes. And I think that's an exciting key to solving the problems we face and something that I think, obviously, the company we both work for could have a tremendous role to play. And I think the next decade could be that.

So that's one conversation with my kids, much of that. I mean, they're fascinated by both the science of all this. We try and do that. I probably need to rope you in a bit for that, Nidia. But it's amazing. They get really interested by the social side of it.

Reckon like, we should never underestimate all of our children. They can have very sophisticated conversations about this at the ages they are. But what's wonderful is it opens up an avenue for all sorts of other conversations about all sorts of other sort of disciplines. You can be scientific. You can be geographical. You can talk about different countries.

So Anna, my wife, did some fieldwork in the Philippines last year, in the area of Typhoon Haiyan, in Leyte, where the big typhoon happened five years ago. It was sort of, what happened there? Looking at what happened afterwards.

And they got involved in the fieldwork. And actually having them with us made all the kids in the villages and towns we went to-- obviously, they sort of warmed up because there were a couple of kids with us. And suddenly, we had much better survey interviews.

NIDIA MARTINEZ: I think what you are talking about is a story about community and communication and resiliency. And love, of course. And I agree with you entirely that it opens up the possibility of having other conversations. Like, I, for example, I don't want to tell my daughter, oh, Mama has to work, because I want her to grow up thinking that working is a good thing. It's something that she should aspire to do.

So I started to tell her, Mama wants to work. Mama's work is important because I'm saving the planet. I'm saving our oceans. I'm helping people. And she looked at me, the first time I told her, and she's like, really? I should clarify, she's four. And she said, really? That's what I do at school. I save the planet!

And it was so wonderful, that connection. Since then, she's super supportive. I don't have to make excuses anymore that I have to work or take a phone call. It's empowering her as a woman.

ROWAN DOUGLAS: Absolutely. And we all need a mission. We all need a purpose. Companies need a purpose. We all do. Everyone can find a role to play in this one.

Obviously, it's going to take a while to establish that for many sectors and industries and geographies. But this involves everyone. It's been like the pandemic-- everyone's affected. And everyone's going to be affected by this.
Of course, everyone then wants to find a way of being on the right side of the future. So I'm sure everybody wants to know, Nidia, what was your trajectory into this? Why is a leading, award-winning oceanographer sitting in the kind of Wall Street to confront this? How did you get here?

NIDIA MARTINEZ: OK. So I am an oceanographer, as you said. And since I was a kid-- I'm from Argentina, born and raised. And I was raised in a way that I could do anything I wanted, that I had to work hard and study.

And I remember being maybe six or seven, I don't know, the first time I looked at the map of the world. And I was wondering. I was seeing where Argentina was and everything else. And I couldn't understand why I always had to live in the same place.

And I think that gave me already an idea of the world-- how big it was. And so I studied oceanography because I love math and physics, but I wanted to do something more applied. So I studied physical oceanography, [SPANISH] and then PhD, post-doc. Really cool stuff. I lived in La Jolla, close to the ocean. And then I really wanted to work with people.

And I think science is amazing and I love it. But you have to have something in you that keeps you going, keeps you writing those grants, keeps you writing the papers and having new ideas. And I wanted to solve other people's problems. That was my thing.

So I got into the insurance industry and into the cat modeling industry, and then I worked there for four years. I had a wonderful boss and colleagues. And after that, I worked at AIG. And it was a very interesting learning experience as well.

And then I met you, Rowan. And I think anyone listening to this podcast, they would understand why I was like, yeah, when can I start? And I teach a class at Fordham University twice a year. And I say this to students all the time-- with knowledge comes responsibility. And it's a privilege to get an education. And I think you need to always remember that and try to do something with it. Do what you can for the community. It doesn't matter where you are. And that's what I'm trying to do.

ROWAN DOUGLAS: So Nidia, that was a great trajectory and story into the business. And you've been with us now a year. What are the range of things you're doing now? And what's a typical day like in the life of Nidia Martinez?

NIDIA MARTINEZ: It's an interesting question coming from my boss! [LAUGHING] I still remember when I told you, Rowan, I think I want to do more the actual hands-on analytics now. And then you said, well, I'm hoping you do. That's what I hired you for.

So as you mentioned before, I am in New York. I'm in North America. And we [AUDIO OUT] lots of internal training about how do we talk about client, how do we do that mapping- -of that the science, the quantification, the resiliency, the risk transfer-- into solutions for our clients? So thinking along those lines. I'm having brainstorming with our colleagues. So there's that.

I'm doing lots of work around thought leadership, writing pieces with partners as well. We have many, many external partners. And then of course, managing and leading project work, like we're doing work with Nature Conservancy. And amazing work with the Human Capital...
and Benefits side-- that we've never done before-- of the company for the National Association of Realtors, which was a wonderful experience.

Work on extreme weather, climate quantification, kind of natural catastrophe risk assessment. And then how does that translate into the future? What are the cost savings? And then we also work with risk transfer solutions. So it's a little bit of analytical, a little bit of education, thought leadership.

I'm also very much involved in the Diversity and Inclusion, being a Latina woman that likes to express her opinions. So yeah. I'm working with everyone-- the corporate side of the company, Willis Free and, as I say, HCB. So that's a little bit of the things I do, and I'm probably forgetting some.

ROWAN DOUGLAS: Wow. Yeah. You orchestrated a great conversation with some very senior US insurance regulators a couple of weeks ago, I think. So I think what's really exciting is that regulators and policymakers are sort of hearing it from someone who's really at the sharp end, scientifically, and sort of from a financial markets perspective. So you're obviously playing a key role in that, in that sort of translation of informing that community-- as much as obviously colleagues here at Willis Towers Watson. So you're very busy.

NIDIA MARTINEZ: So we're coming to the end of our second episode. Thanks, everyone, for tuning in. Thank you, Rowan, so much for being part of this.

ROWAN DOUGLAS: Thank you, Nidia.

NIDIA MARTINEZ: It was a pleasure to have you. And please tune in for the third episode, coming up in a few weeks. Have a great day, everyone stay safe.

[MUSIC PLAYING]

SPEAKER 1: Thank you for joining us for this Willis Towers Watson podcast, featuring the latest thinking on the intersection of people, capital and risk. For more information, visit the Insights section of willistowerswatson.com