

PLANETARY SOLVENCY – FINDING OUR BALANCE WITH NATURE

SANDY TRUST

Global risk assessment methodologies systematically underestimate the catastrophic potential of climate change and biodiversity loss, creating a dangerous blind spot in policy decision-making. Drawing on actuarial principles that safeguard financial institutions, we propose "Planetary Solvency" as a novel risk management framework for Earth system governance. Our analysis reveals that society has implicitly accepted climate and nature risk levels that would be deemed unacceptable in other domains of risk governance. This perspective argues that a fundamental reorientation of risk governance is necessary for effective climate action, one that incorporates both scientific understanding and actuarial risk management to protect the ecological foundations of human civilization. We demonstrate the application of Planetary Solvency thinking by exploring potential impacts of unmitigated risks on the insurance sector and wider society.