

INSURING STATES *in an* UNCERTAIN WORLD

Towards the
Collaborative Government
of Complex Risks

LOUIS W PAULY

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Of the sectors comprising international capital markets, insurance and reinsurance have attracted relatively little attention from students of politics. New social conventions and financial instruments arising from the invention of probabilistic calculation and the discovery of risk began to spread around the world five centuries ago. Today, states and firms are harnessing the logic of insurance to address an expansive array of risks confronting their societies. In *Insuring States in an Uncertain World*, Louis Pauly examines the history and politics of pragmatic experiments aimed at governing complex global risks. His fascinating and accessible narrative explores the promise and the challenges of multi-faceted insurance arrangements in arenas ranging from nuclear energy production and international financial intermediation to those focused on environmental change, infectious diseases, and disruptive new technologies. At a time when the foundations of global order are under mounting stress, Pauly makes the case for limited and effective political innovation.

- Draws attention to the deepening challenge of finding practical ways of addressing global risks, coping with mounting sources of uncertainty, and avoiding future catastrophes
- Highlights the relevance of insurance and reinsurance practices and metaphors to the cause of pragmatic international cooperation
- Explores the changing roles of formal and informal international institutions and the logic of insurance and reinsurance that often underpins them

Contents

Insurance, Then and Now; 1. Risk, Uncertainty, and the Demand for Political Innovation; 2. The Insuring Instinct in a Changing World; 3. The Politics of Governing Risk; 4. The International Evolution of Private Insurance and Reinsurance; 5. Insuring Cross-Border Risks in Commercial Nuclear Energy Production; 6. Systemic Capital Market Risks and the Politics of Improvisation; 7. Global Challenges and the Frontier of Insurability; 8. Complex Risks and the Reconstruction of Government.

Reviews & endorsements

‘Louis Pauly is right. In an increasingly interconnected world economy, uncertainty poses a profound challenge to governance. The imperative, Pauly argues, lies in the ‘insuring instinct’ - the development of ever more refined mechanisms for risk management that move beyond narrow self-reliance to broader forms of policy collaboration. The argument is backed up with rigorous logic and extensive case studies. A must-read for any serious student of global governance.’ **Benjamin Cohen, Distinguished Professor Emeritus, UCSB**

‘In this excellent book, Louis Pauly presents insurance and collaborative risk governance as a powerful way to deal with the frightening risks humans face. From nuclear accidents to financial meltdowns, he dives into the detail and draws out the ways insurance can bolster resilience and unleash experimentation and human ingenuity. Essential reading for scholars of governance.’ **Ngaire Woods, Dean of the Blavatnik School of Government, University of Oxford**

‘The book provides a fascinating historical perspective of risks, risk management and the insurance of risks. Pauly explains well that the development of market-based economies, financial markets and ultimately today’s prosperity would not have been possible without insurance and reinsurance. The book also makes clear that globalization and a growing number of complex cross-border risks would require more ambitious global cooperation and interventions. A timely reminder!’ **Klaus Regling, former Managing Director of the European Stability Mechanism**

‘This groundbreaking book is the culmination of Louis Pauly’s extensive journey into the governance of border-spanning risks. Drawing on a rich blend of sociological and international relations theory, Pauly offers a conceptually sophisticated and refreshingly original perspective. His innovative approach is paired with compelling empirical insights, making this work essential reading for anyone interested in global governance and risk.’ **Michael Zürn, Director at the WZB Berlin Social Science Center and Professor at the Freie Universität Berlin**

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