



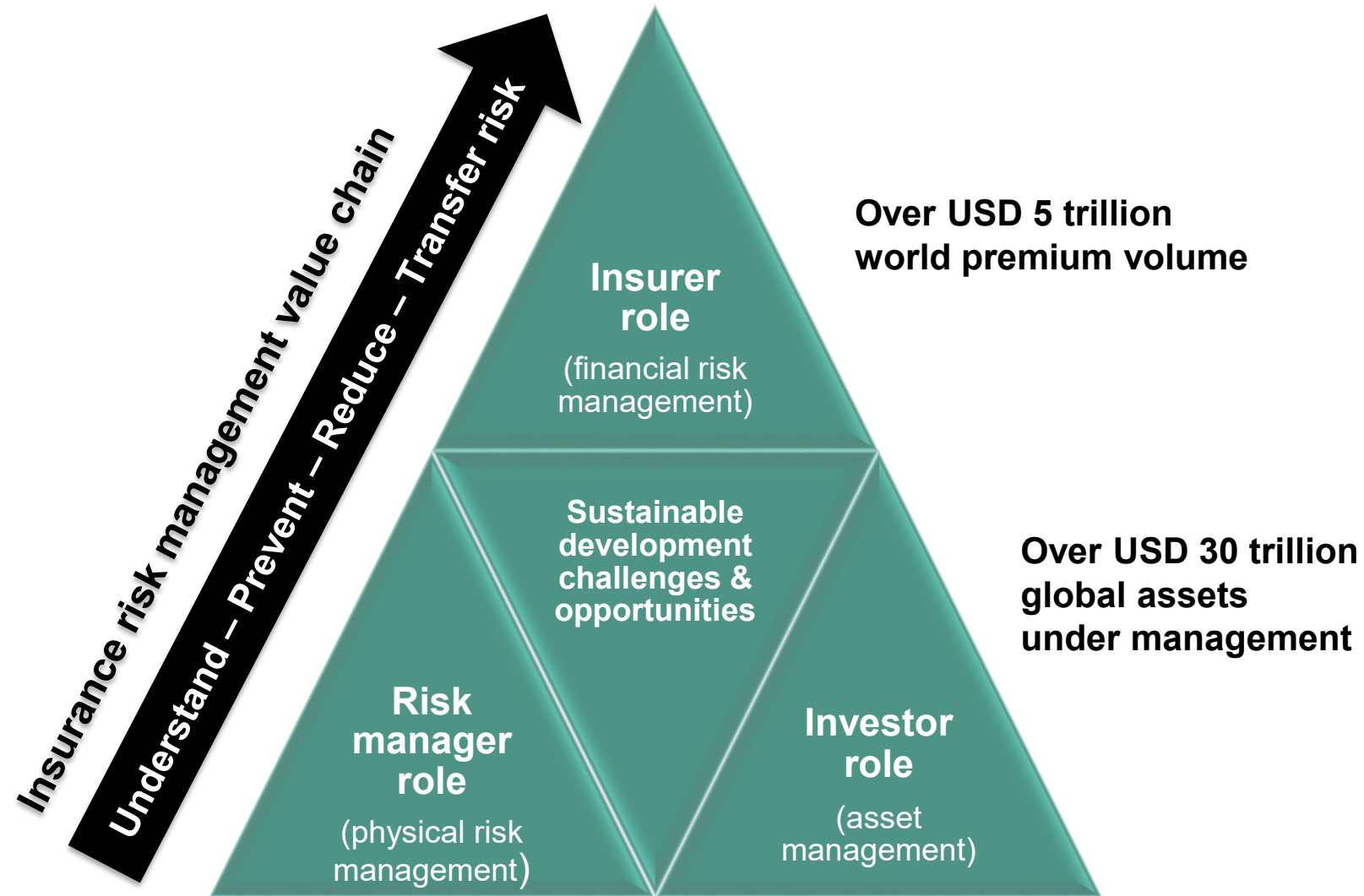
# How the insurance industry is contributing to the UN Sustainable Development Goals

**12<sup>th</sup> anniversary of the General Superintendence of Insurance of Costa Rica (SUGESE)**

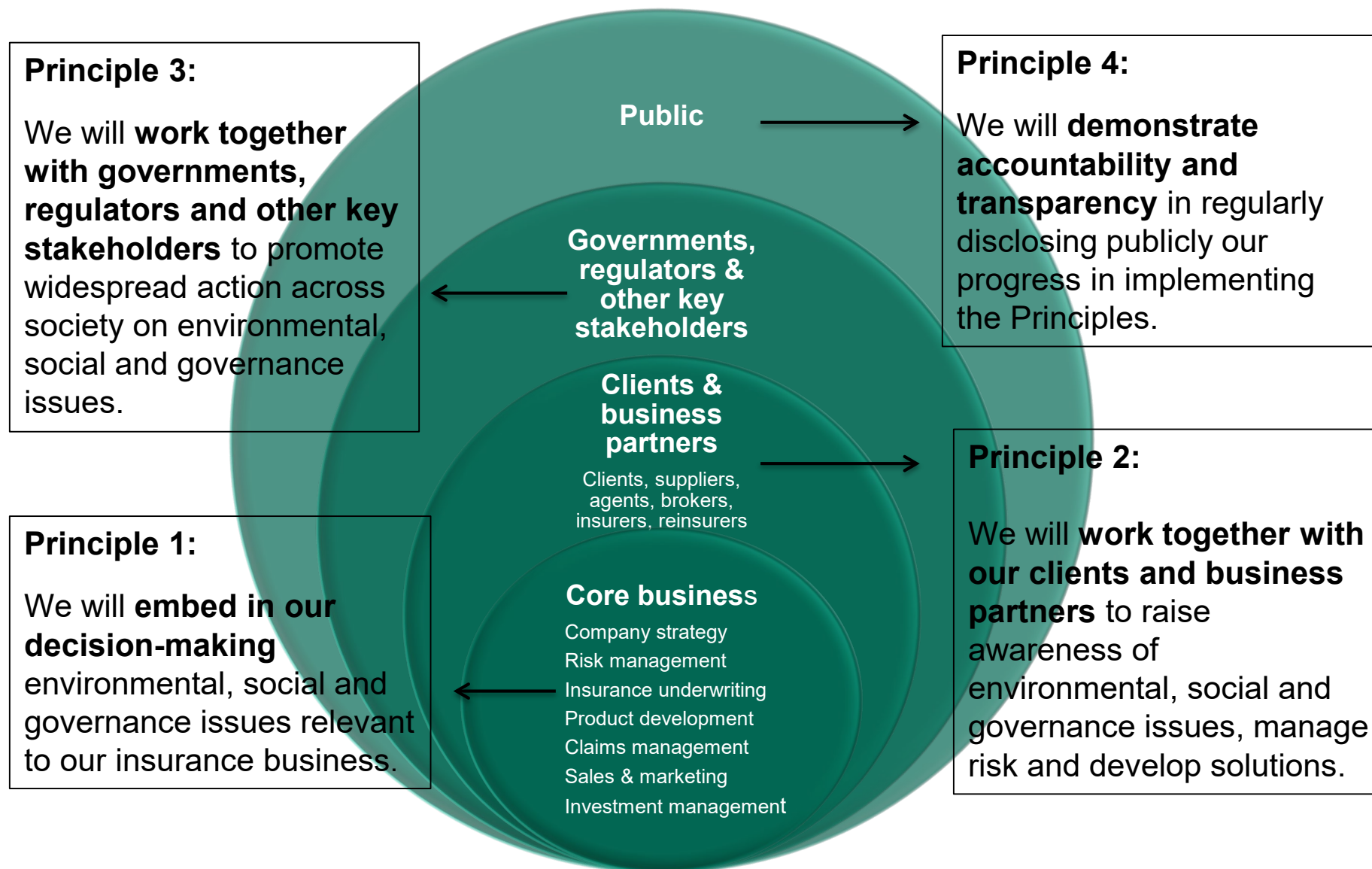
7 August 2020

Butch Bacani  
Programme Leader  
UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI)

# The triple role of the insurance industry in sustainable development

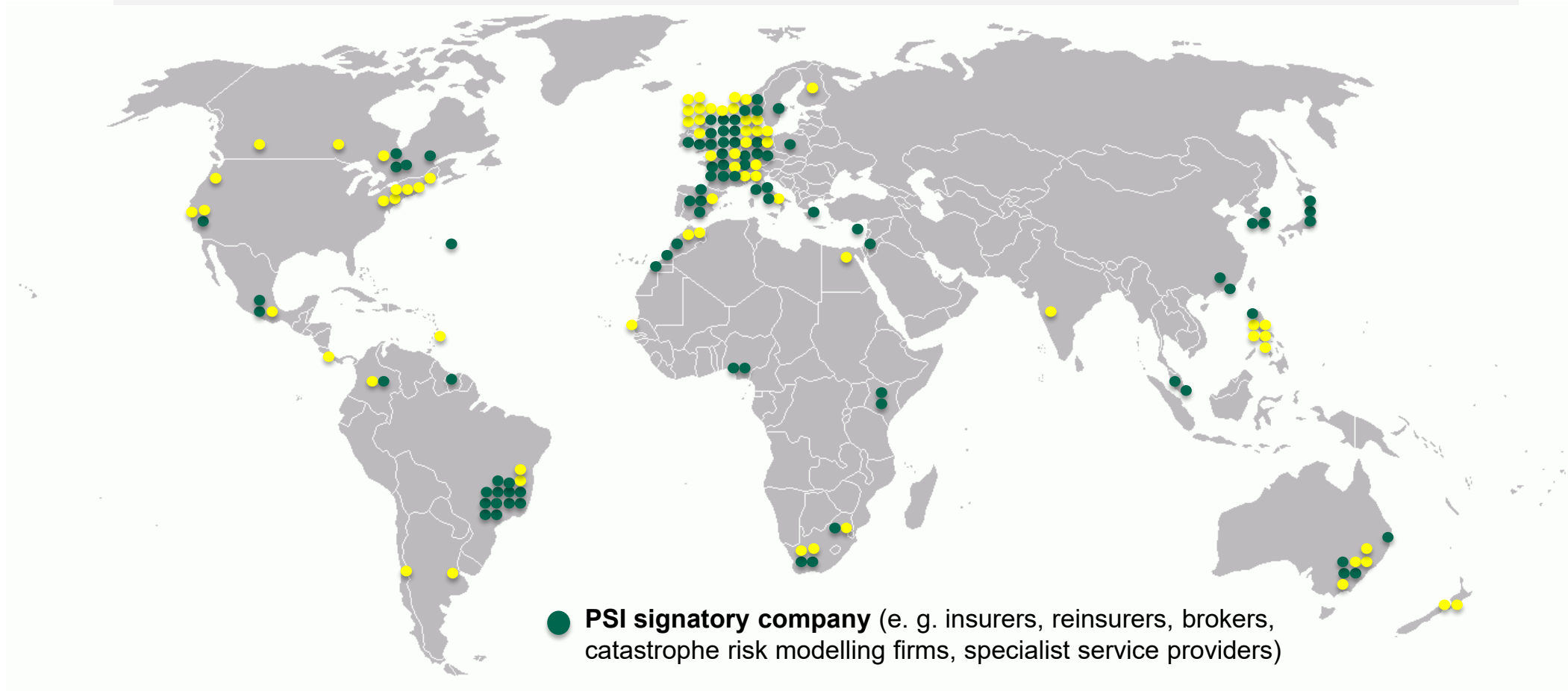


# The Principles for Sustainable Insurance (PSI): A global roadmap to drive systemic change



## PSI membership by country of domicile

- Over 150 members and growing
- Insurers representing about 25% of world premium + USD 14 trillion in assets under management
- Largest collaborative initiative between the UN and the insurance industry



# Prosperity for all on a healthy planet



# **Examples of PSI collaborative initiatives showing how the insurance industry is addressing sustainable development challenges and opportunities**

# Insurers piloting the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD)



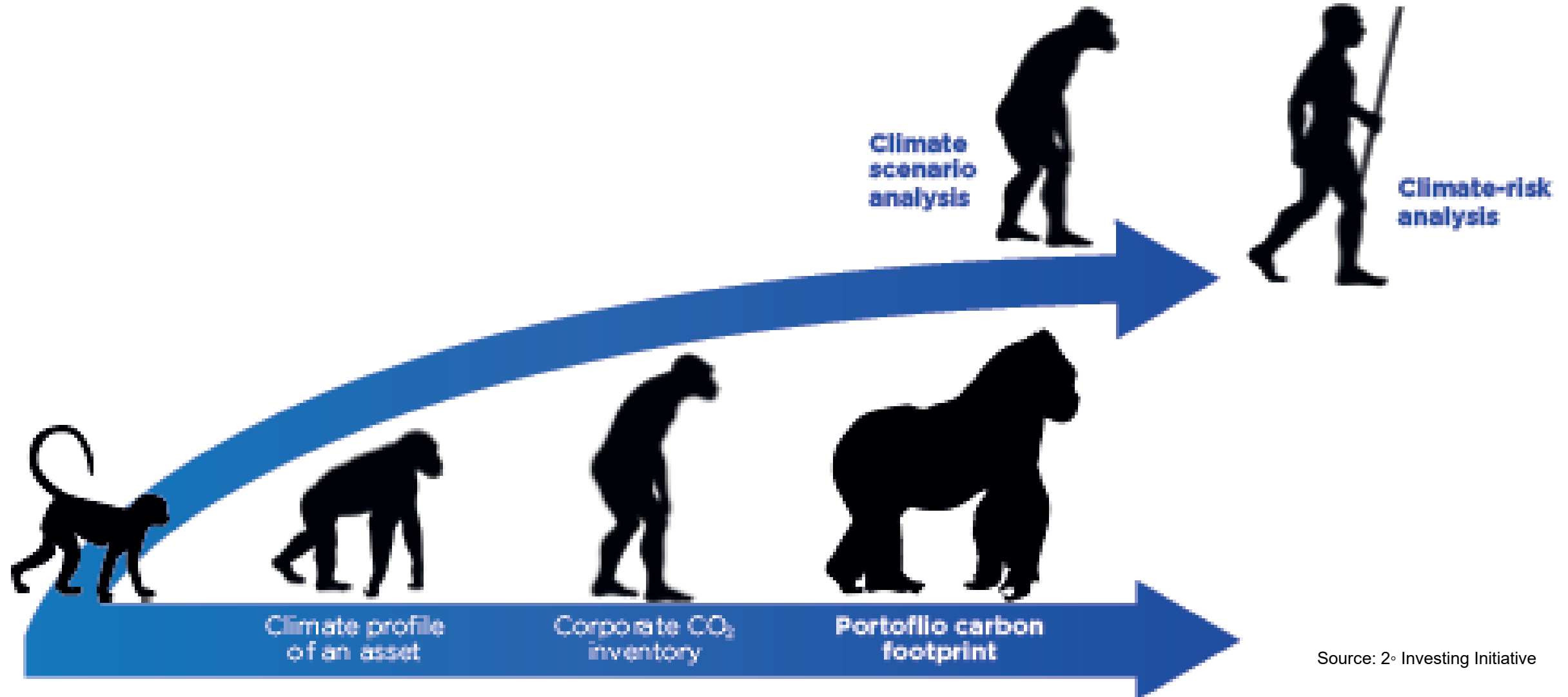
**22 leading insurers: > 10% of world premium & USD 6 trillion assets**

**Will develop new generation of tools to assess climate-related physical, transition and liability risks**





# TCFD implementation: Better management of climate-related risks through enhanced, forward-looking climate risk analysis





# First guide for the global insurance industry to manage environmental, social & governance (ESG) or sustainability risks



## Aims:

1. **Provide optional guidance** to insurance industry participants in developing approaches to **assess ESG risks in non-life insurance business transactions**, particularly industrial and commercial insurance business
2. **Support clients, intermediaries and other stakeholders in facilitating ESG-related information** which might be required during the ESG due diligence of transactions
3. **Highlight the materiality of ESG risks to various lines of business and economic sectors**, including characteristics which might affect the ability to assess and mitigate such risks
4. **Address growing concerns by stakeholders across society** (e.g. NGOs, investors, governments) on ESG risks and articulate the peculiarities of the insurance business
5. Demonstrate the valuable role the insurance industry plays in the global economy and society, and **strengthen the industry's contribution to sustainable development**

# PSI Project Team

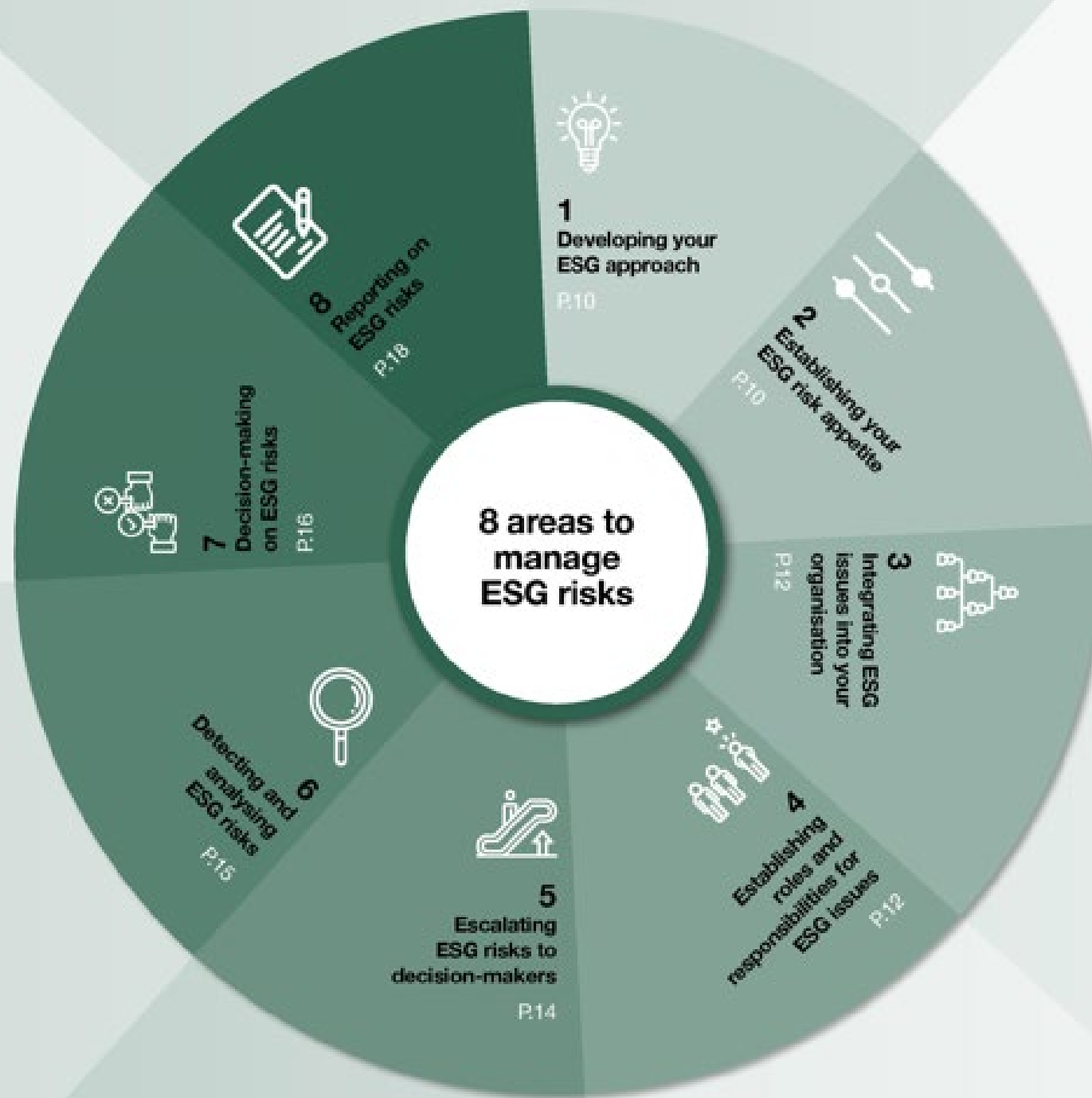
## Co-Leads:



## Team members:





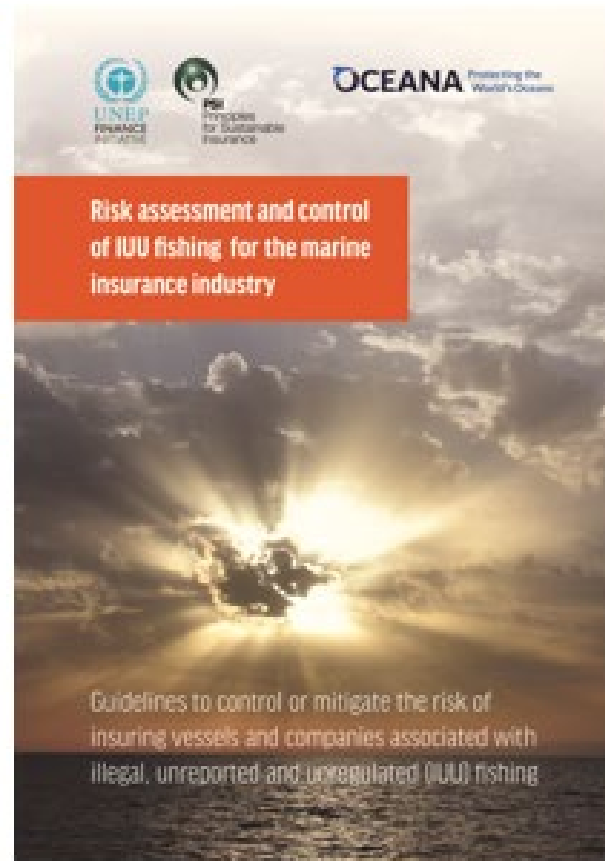


# Other PSI collaborative initiatives addressing specific ESG/sustainability risks

## Guide to protect World Heritage Sites (biodiversity loss & ecosystem degradation)



## Guide to tackle Illegal, unreported & unregulated fishing



## Guide to tackle plastic pollution



## Tobacco-Free Finance Pledge



# PSI collaborative initiative to develop “Insurance Sustainable Development Goals”



PSI  
Principles for Sustainable Insurance



Swiss Re



DECADE  
OF  
ACTION

**3<sup>rd</sup> event: “Insurance Sustainable Development Goals”**

**8 July 2020**  
**1:00 to 3:00 pm CEST**

Register now: [www.swissre.com/live](http://www.swissre.com/live)

**“Sustainability leadership in insurance”**  
PSI-Swiss Re international virtual event series



**Butch Bacani**  
PSI Programme Leader  
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**Christian Mumenthaler**  
Group CEO  
Swiss Re



**Mike Mitchell**  
Head, P&S Underwriting  
Reinsurance, Swiss Re



**Veronica Scott**  
Chairperson, Public Sector  
Solutions, Swiss Re



**Gillian Rutherford-Liske**  
Senior Strategy Manager  
Reinsurance Globals  
Swiss Re



**Ricardo Lara**  
California Insurance  
Commissioner



**Conor Donaldson**  
Head of Implementation  
IAIS



**Renate Bleich**  
Head of Sustainability  
Munich Re



**Patty Karuaihe-Martin**  
Managing Director  
Namibia



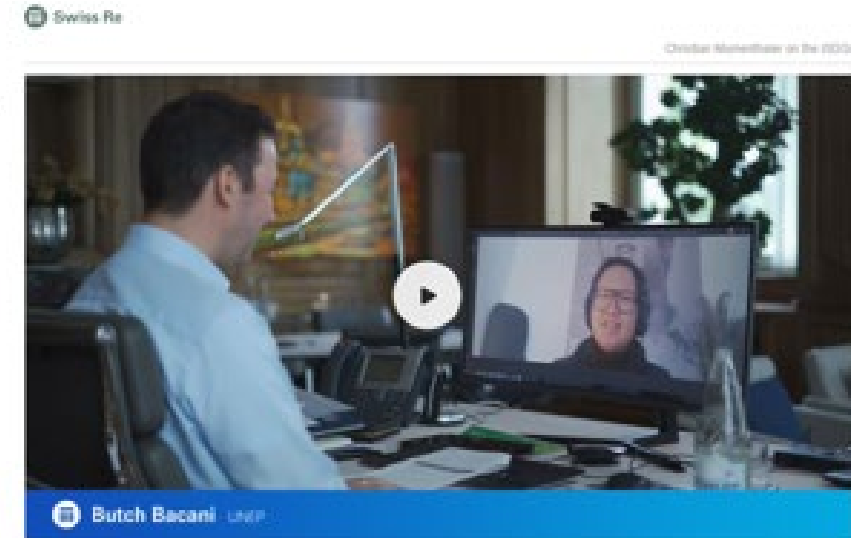
**Patrick de Larrañaga** Lucas  
Executive Chairman  
SulAmérica



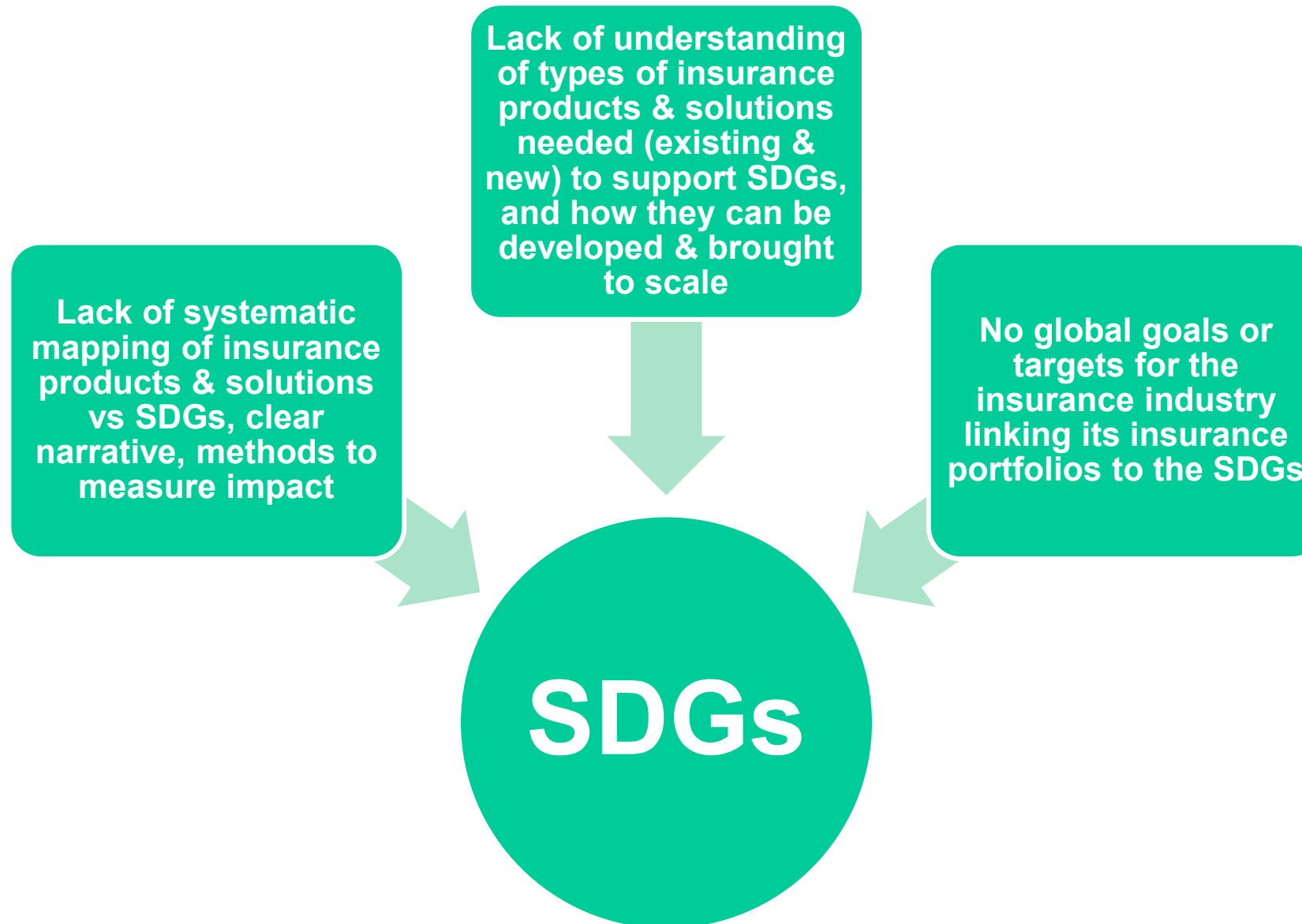
**Masaaki Nagamura**  
General Manager, Int'l  
Initiatives, Tokio Marine



**Alison Martin**  
CEO, EMEA & Bank  
Distribution, Zurich



# What are the links between insurance products & solutions and the UN Sustainable Development Goals (SDGs)?





# Early ideas of “Insurance SDGs”

## Agriculture

- Provide agriculture insurance to X% more of the 230 million uninsured smallholder farmers globally by 2030

## Health

- Provide protection insurance and health risk management to X number more impaired lives by 2030

## Natural ecosystems

- Increase area of natural ecosystem insurance coverage by X (surface area / number of ecosystems / types of biogeographic zones / % of protected areas) by 2030

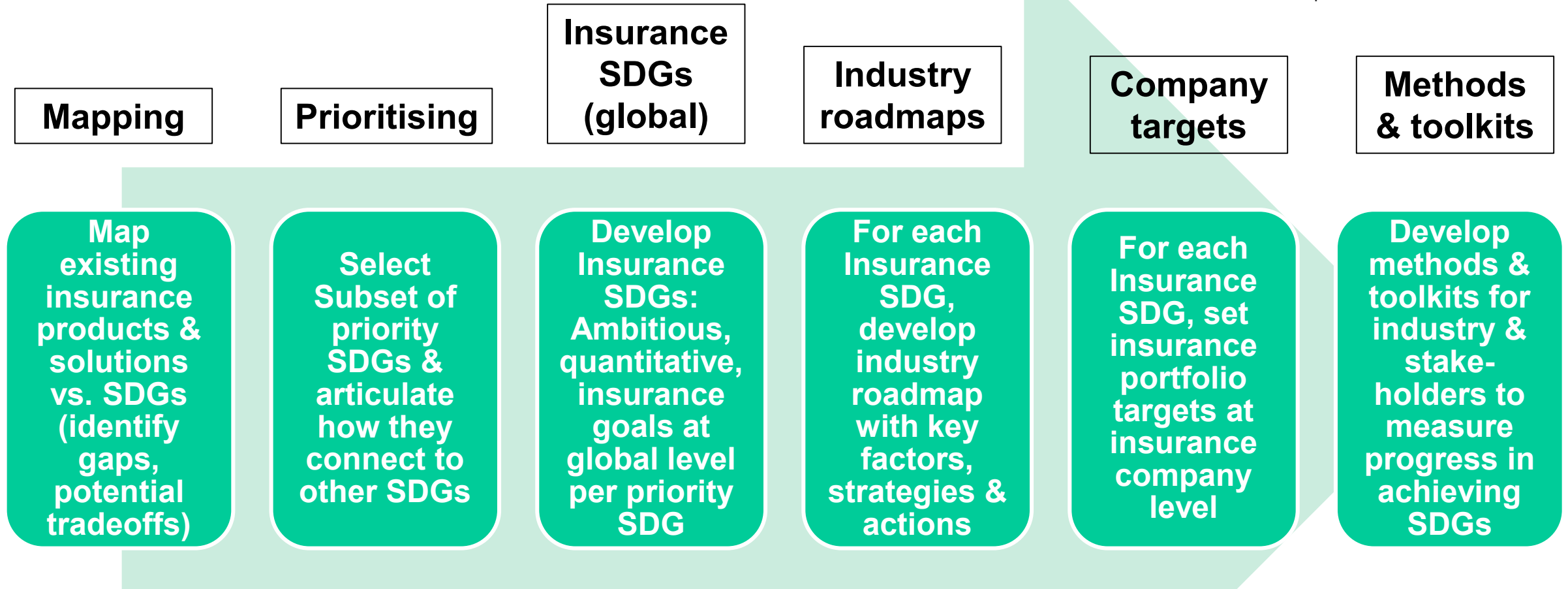
## Motor

- Reduce greenhouse gas emissions by X% in motor portfolio by 2030

## Property (Energy)

- Reduce greenhouse gas emissions by X% of energy producers and consumers covered by 2030

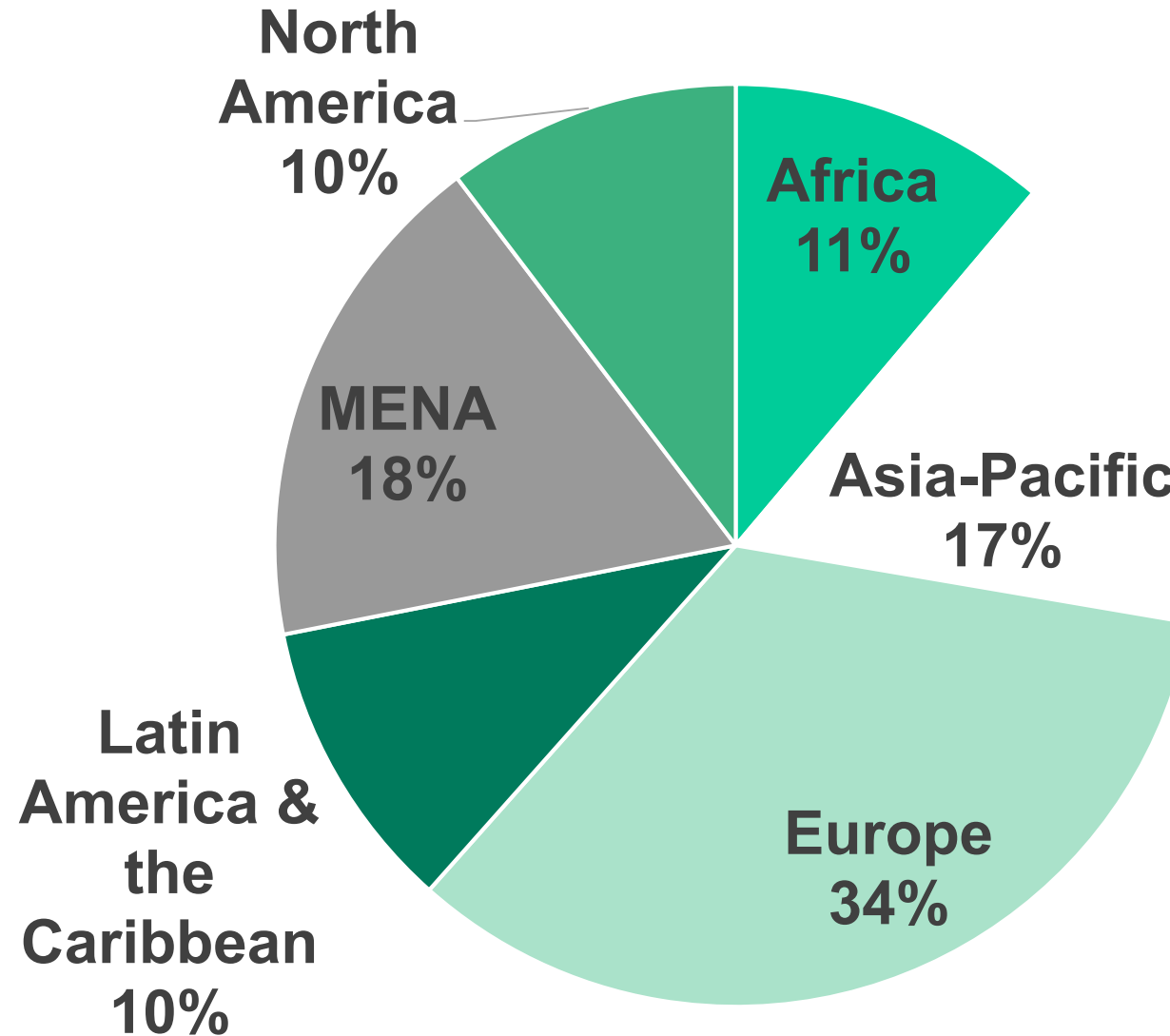
# Proposed process to develop “Insurance SDGs”



# **Results of the PSI global pulse survey on insurance and the UN Sustainable Development Goals (SDGs) → July 2020**

Answer Choices	Responses	
Insurance company	44.86%	109
Reinsurance company	11.11%	27
Non-governmental organisation (NGO)	7.41%	18
Insurance regulator or supervisor	6.17%	15
Academia/research institution/scientific community	5.76%	14
Insurance association or initiative	5.76%	14
Sustainability service provider	4.53%	11
Other (please specify)	4.12%	10
Intergovernmental organisation (e.g. UN)	3.70%	9
Broker	2.47%	6
Government	1.65%	4
Risk model vendor	0.82%	2
Agent	0.41%	1
Bank	0.41%	1
Client/policyholder	0.41%	1
Investor	0.41%	1
Rating agency	0.00%	0
	<b>Answered</b>	<b>243</b>
	<b>Skipped</b>	<b>4</b>

# Respondents by region (total = 243)



# Results of the PSI global pulse survey

**Q1: In this decade leading to 2030 (i.e. within the next 10 years), which SDGs do you think should be the most relevant to the global insurance industry?**

**Please select your top 5 only.**

Answer Choices	Responses	
<b>SDG 13: Climate action</b>	<b>72.47%</b>	<b>179</b>
<b>SDG 3: Good health and well-being</b>	<b>57.49%</b>	<b>142</b>
<b>SDG 11: Sustainable cities and communities</b>	<b>40.89%</b>	<b>101</b>
<b>SDG 9: Industry, innovation and infrastructure</b>	<b>40.49%</b>	<b>100</b>
<b>SDG 8: Decent work and economic growth</b>	<b>31.58%</b>	<b>78</b>
SDG 7: Affordable and clean energy	30.36%	75
SDG 6: Clean water and sanitation	27.94%	69
SDG 4: Quality education	26.32%	65
SDG 1: No poverty	25.91%	64
SDG 10: Reduced inequalities	23.89%	59
SDG 12: Responsible production and consumption	23.08%	57
SDG 17: Partnerships for the Goals	22.27%	55
SDG 16: Peace, justice and strong institutions	17.81%	44
SDG 2: Zero hunger	15.79%	39
SDG 5: Gender equality	12.96%	32
SDG 15: Life on land	12.96%	32
SDG 14: Life below water	10.93%	27
	<b>Answered</b>	<b>247</b>



# Results of the PSI global pulse survey

**Q2: Overall, which lines of non-life insurance business do you think will offer the most important business opportunities within the next 10 years to support the achievement of the SDGs?**

**Please select your top 3 only.**

Answer Choices	Responses	
<b>Agriculture (including Aquaculture)</b>	<b>61.83%</b>	<b>149</b>
<b>Property</b>	<b>47.72%</b>	<b>115</b>
<b>Natural Ecosystems</b>	<b>44.81%</b>	<b>108</b>
Cyber	37.76%	91
Casualty/Liability	30.29%	73
Engineering	29.05%	70
Credit & Surety	21.99%	53
Marine	14.11%	34
Motor	11.20%	27
Aviation	1.66%	4
	<b>Answered</b>	<b>241</b>
	<b>Skipped</b>	<b>6</b>

# Results of the PSI global pulse survey

**Q3: Overall, which lines of life & health insurance business do you think will offer the most important business opportunities within the next 10 years to support the achievement of the SDGs?**

**Please select your top 3 only.**

Answer Choices	Responses	
Medical	80.50%	194
Long-Term Care	58.51%	141
Critical Illness	52.70%	127
Life	51.87%	125
Accident	20.33%	49
Disability	18.67%	45
	Answered	241
	Skipped	6

## Insurers and other investors aligning their investment portfolios with 1.5°C target of Paris Agreement



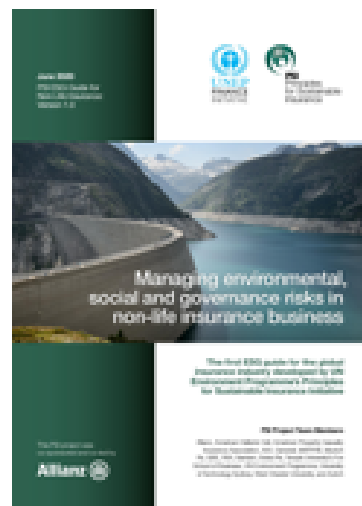
UN-convened Net-Zero Asset Owner Alliance launched at UN Secretary-General's 2019 Climate Summit

The Alliance Commitment → currently representing about USD 5 trillion in assets under management:

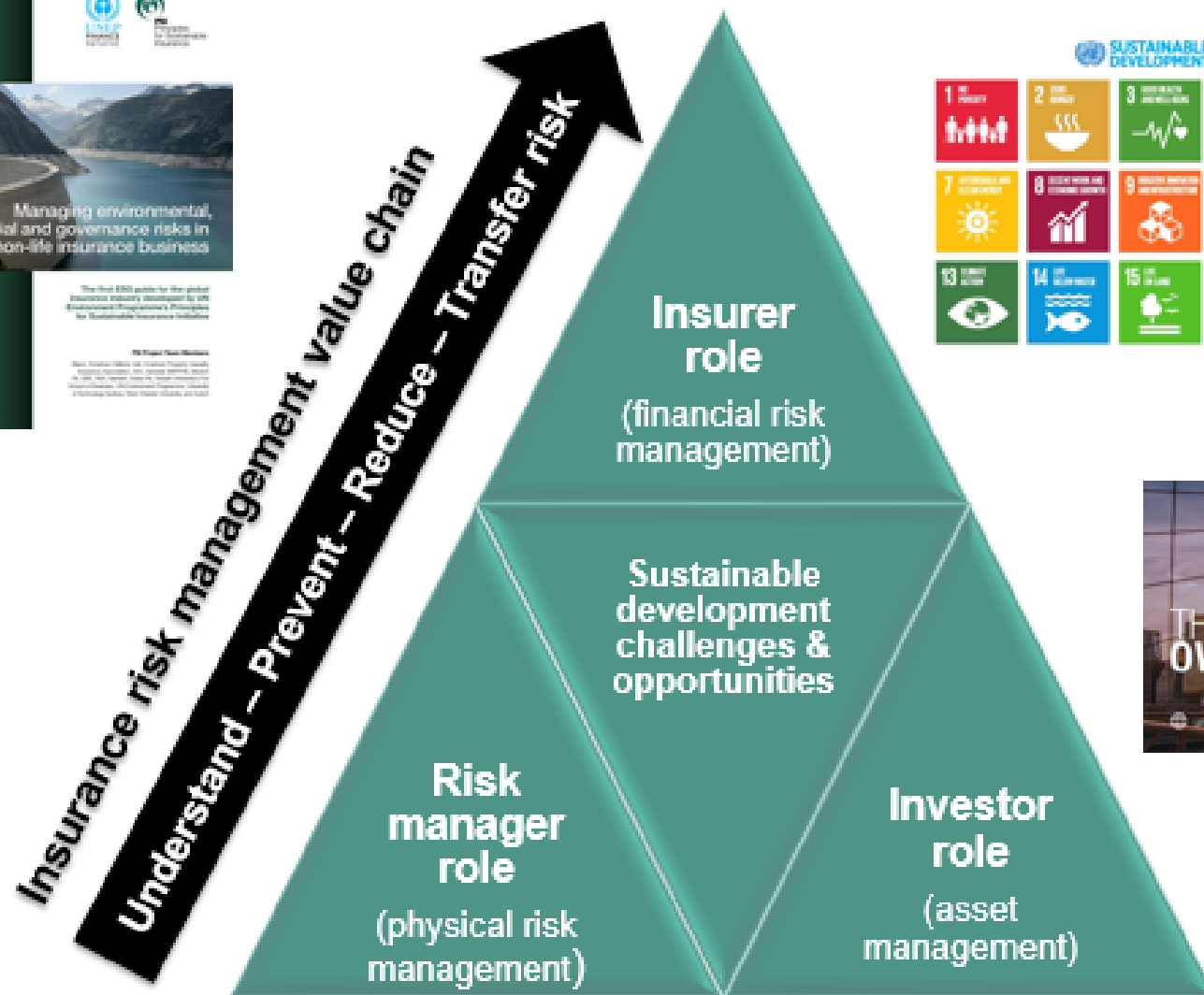
- Transition investment portfolios to net-zero GHG emissions by 2050 consistent with 1.5°C target
- Take into account best available scientific knowledge including IPCC findings
- Regularly report on progress, establish intermediate targets every 5 years in line with Paris Agreement
- Commitment embedded in holistic ESG approach, incorporating climate change, and emphasize GHG emissions reduction outcomes in real economy
- Advocate for and engage in corporate and industry action, as well as public policies, for low-carbon transition of economic sectors in line with science, and considering social impacts
- Commitment made with expectation that governments will follow through on their own commitments to ensure objectives of Paris Agreement are met

# The triple role of the insurance industry in sustainable development in practice (examples)

PSI guide to better prevent and reduce ESG/sustainability risks in insurance business



PSI TCFD insurance pilot to better understand and manage climate risks



PSI “Insurance SDGs” initiative to develop and increase penetration of insurance products & solutions that support the SDGs



UN-convened Net Zero Asset Owner Alliance to align investment portfolios with Paris Agreement

# UNEP's Sustainable Insurance Forum for Supervisors (SIF)



- SIF → Global network of insurance supervisors and regulators working together to strengthen responses to sustainability challenges facing the insurance industry
- Convened by UNEP, which serves as SIF Secretariat
- SIF members from over 30 jurisdictions around the world
- SIF works closely with the International Association of Insurance Supervisors (IAIS)



Launch of SIF  
Dec 2016, San Francisco, USA



2<sup>nd</sup> SIF meeting  
Jul 2017, Windsor, UK



3<sup>rd</sup> SIF meeting  
Oct 2017, Kuala Lumpur, Malaysia



4<sup>th</sup> SIF meeting  
May 2018,  
Rio de Janeiro, Brazil



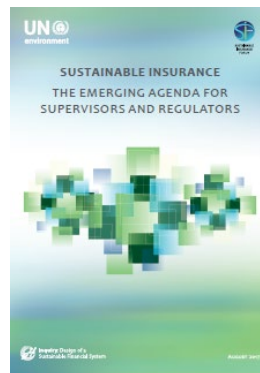
5<sup>th</sup> SIF meeting:  
Nov 2018,  
Luxembourg



6<sup>th</sup> SIF meeting:  
Jun 2019,  
Buenos Aires, Argentina



7<sup>th</sup> SIF meeting:  
Nov 2019,  
Abu Dhabi, UAE



Aug 2017 → SIF publishes global stock-take of how insurance regulators are managing sustainability challenges



Jul 2018: SIF and IAIS collaborate to produce landmark "Issues Paper on Climate Change Risks to the Insurance Sector" spanning the industry's insurance and investment activities

2019 → SIF conducts global climate risk survey of insurance industry

2020 → Issues Paper on TCFD implementation + Applications Paper on climate change & the insurance sector

Will conduct research on climate risk factors in insurance industry stress testing & scenario analysis

Jul 2017 → SIF becomes first group of financial regulators to support FSB-TCFD recommendations



# Developing sustainable insurance roadmaps spanning the industry's risk management, insurance & investment activities

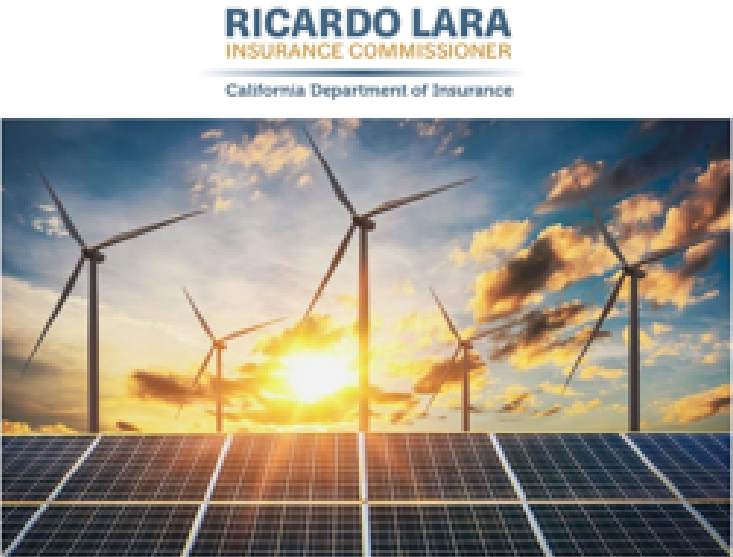
California to develop world's first sustainable insurance roadmap (July 2019)



- Comprehensive climate change strategy & action plan
- Pave way for innovative risk management, insurance & investment solutions that reduce climate risks and protect natural ecosystems



California launches world's first database of green insurance products (July 2020)



California Climate Smart Insurance Products Database

- Lists over 400 products available to consumers and businesses that address climate risks, harness new technologies and build resilience
- Fortified Homes, Green Buildings & Equipment, Nature-Based Solutions, Mileage-Based Insurance, Low-Emissions Vehicles, Microinsurance, Renewables, Carbon Offsets, Super Pollutant Reduction

# PSI events across markets: Shaping the global sustainable insurance agenda



PSI  
Principles for Sustainable Insurance

**The US**



**The UK**



**Luxembourg**



**France**



**Germany**



**Morocco**



**China**



**Switzerland**



**Costa Rica**



**Brazil**



**Nigeria**



**The Philippines**



**Chile**



**Colombia**



**South Africa**



**Egypt**



**Australia**

# Vision of the PSI Initiative

**“A risk-aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society.”**



**PSI**

Principles for Sustainable Insurance

## **Insuring for sustainable development**

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