



UNEP Finance Initiative
Innovative financing for sustainability

**EU Environmental Regulations –
Risk or Opportunity for the Finance Sector?**

Bucharest, 9 October 2007

Insuring for Sustainability

Why and how the leaders are doing it

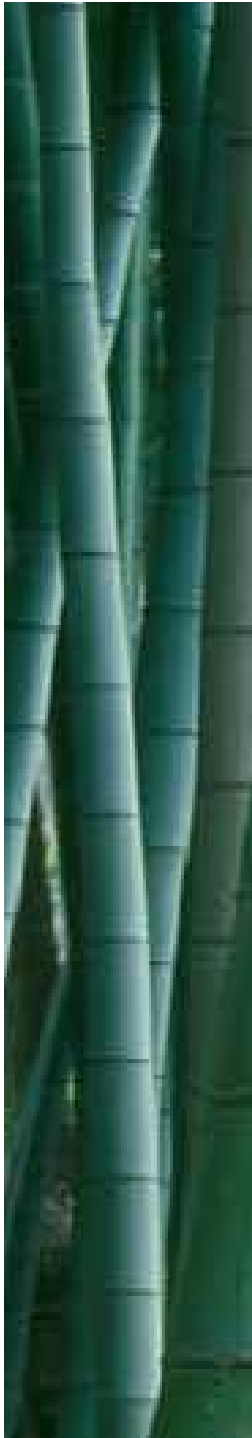
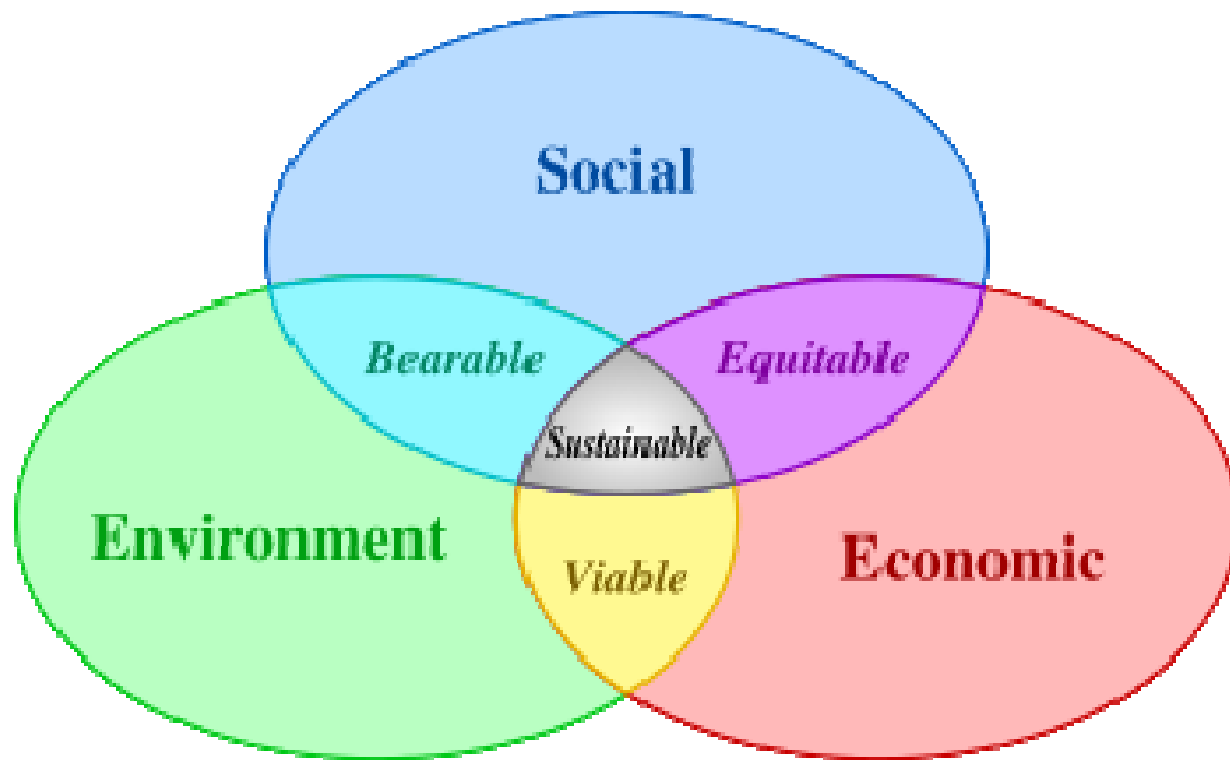
Costas Tsolakidis

Assistant Manager, Environment & New Technologies
Interamerican Hellenic P & C Insurance Company
Member, UNEP FI Insurance Working Group

Sustainability: an imperative

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

(Bruntland Commission, 1987)





A question from the U.N.

How about the global insurance industry?

- Climate Change – the spectre of a perfect storm (*triple hit – underwriting, investment, reputation*)
- Over USD 1 trillion in losses in a single year by 2040 (*UNEP FI report – potential total cost of climate-related damage, if no adaptation*)
- Largest industry in the global economy (*over USD 3.7 trillion in annual premiums and 17 trillion in assets under management*)
- Core strength: risk management (*research & analysis, loss prevention, loss mitigation*)
- Society's early warning system



Sustainable insurance: the way forward

- Strategic business approach; not philanthropy
- Environmental, social and governance (ESG) issues integrated into core processes, products and services that enhance long-term company value, fitting to the “triple bottom line” model: People – Planet - Profit
- Acting sustainably is an integral part of corporate responsibility, elevating the crucial role of the insurance industry to society and growth by providing expertise in the management of risk
- Contributes to sustainable development

The “*Whys*”


- Why does sustainability matter in insurance?
- Why is the industry uniquely positioned to tackle some of the most serious global challenges?
- Why does the industry have an integral role in the economy?
- Why does the insurance industry have a vested interest to encourage sustainable behaviour?





Risks and opportunities

- Will climate change be the ‘perfect storm’ or a golden opportunity?
- What is the macro potential of microinsurance?
- Will ‘baby boomers’ have enough for their retirement years?
- How are modern day health risks being addressed?
- Could nanotechnology be the next asbestos?
- Are there are products to protect the environment and our natural resources?
- How can assets ‘written off’ be disposed off profitably and sustainably?
- How is the industry managing its own carbon footprint?



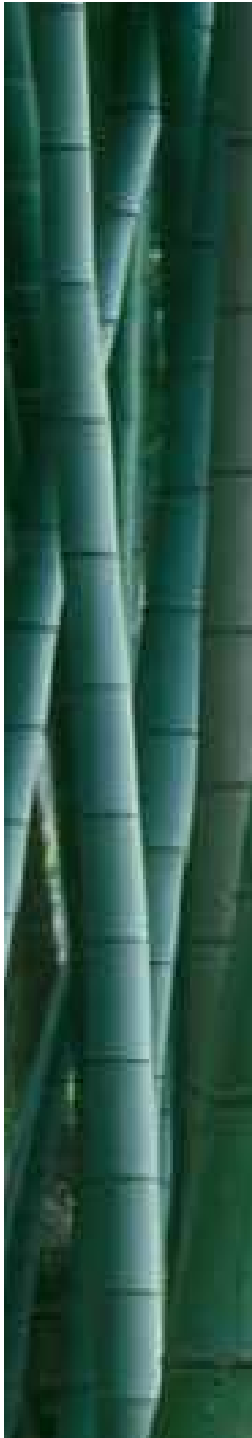
The “Hows”

- Best practice case studies by world's leading insurers
- How can sustainability be embedded in insurance products and core processes?
- How can barriers to insurability and sustainability be diminished?
- How can sustainable insurance markets be developed?



Global sustainability issues

- 1. Climate Change**
- 2. Microinsurance**
- 3. Lifelong Income**
- 4. Health**
- 5. Emerging Manmade Risks**
- 6. Environmental Liability**
- 7. Natural Resources**
- 8. Recycling**
- 9. Internal Efficiency**



2007 Report

Insuring for Sustainability

Why and how the leaders are doing it

The inaugural report of the
Insurance Working Group of the
United Nations Environment Programme Finance Initiative



UNEP Finance Initiative
Innovative financing for sustainability

IWG Membership



**A STRATEGIC
ALLIANCE OF
INSURANCE
INDUSTRY
LEADERS**

**17 Member
Institutions**

14 Countries





IWG Objectives

- Raise awareness on current and emerging sustainability issues
- Promote best practices in sustainability
- Improve knowledge and understanding of environmental, social and governance (ESG) risks and opportunities
- Embed ESG issues in core processes, products and services
- Support the development of sustainable insurance
- Underpin the vital role of the insurance industry in sustainable development



Current Projects

Principles for Sustainable Insurance (PSI)

To develop and promote a set of globally-applicable principles and concomitant action plans which define best practices in sustainability in the insurance industry

- Sustainability guidelines for the global insurance industry
- Underlying premise – ESG issues are material in enhancing long-term company value
- Framework to embed ESG in core processes, products & services (e.g., underwriting, product design, claims handling, sales & marketing)
- Global network of sustainable insurers
- Envisioned to be complementary to the UN Principles for Responsible Investment



Current Projects

Principles for Sustainable Insurance (PSI)

Sub-Project I:

Recommendations for Sustainable Insurance Underwriting

Objectives

- To establish a solid business case for the development of “Principles for Sustainable Insurance”
- To provide input for Sub-Project II which will produce “Recommendations for other sustainable core insurance processes” (i.e. product design, claims handling, sales & marketing and investment)



Current Projects

Study on Microinsurance, Natural Catastrophe Insurance & Alternative Risk Transfer (MNA)

- Link innovative insurance products and mechanisms
- Optimise business opportunities
- Recognise climate change and geo-hazards
- Emphasise social dimension addressed
- Help the poor escape the poverty trap
- Insurance – a vital tool for sustainable development
- Consistent with UN Millennium Development Goals (*i.e. eradicate extreme poverty and hunger, ensure environmental sustainability*)



UNEP Finance Initiative
Innovative financing for sustainability

**EU Environmental Regulations –
Risk or Opportunity for the Finance Sector?**

Bucharest, 9 October 2007

Thank you!

<http://www.unepfi.org/insurance>

insurance@unepfi.org