The Principles for Sustainable Insurance Initiative

Working together to find solutions to global sustainability risks and ensure a sustainable insurance industry

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The PSI team

Leading global insurance industry players

Achmea
Allianz
Argo International
Aviva
AXA
Chartis International
Folksam
HSBC Insurance
Insurance Australia Group
Interamerican Hellenic Insurance Group
Lloyd’s

MAPFRE
Munich Re
RSA Insurance Group
Santam
Sovereign
Storebrand
Swiss Re
The Co-operators Group
Tokio Marine Nichido
Willis
XL Insurance
Putting the PSI in perspective

The missing link

ESG across industry sectors

UN Global Compact Principles

ESG across financial sectors (banking, insurance and investment)

UNEP Finance Initiative Statements

ESG by financial sector

Proposed UN-backed Principles for Sustainable Insurance

investment framework

UN-backed Principles for Responsible Investment

Climate change by financial sector

Climate Principles

Climate Principles

ClimateWise Principles

Climate Principles
Primary objectives

- Create a global best practice framework that would facilitate the systematic consideration of environmental, social and governance (ESG) risks and opportunities in core insurance company strategies and operations.

- Establish a UN-backed global initiative of insurers proactively addressing ESG risks and opportunities based on their commitment to implement the Principles.
A solid research foundation (2007)

- Landmark report on the insurance industry and global sustainability issues
- Best practices in sustainable insurance strategies, products and services
A solid research foundation (2008-09)

- First-ever global survey on environmental, social and governance issues and the insurance industry
- Supported by leading academic institutions
- Forewords from the UNEP Executive Director & HRH The Prince of Wales
The insurance industry
Uniquely positioned to tackle environmental, social and governance issues
The insurance industry
A global risk sharing system
Overall PSI goals

- Enable holistic risk management to reduce risk and increase business opportunities
- Harness the insurance industry’s capacity to tackle long-term and systemic risks
- Create a global insurance forum to pool information, resources and best practices
- Promote cooperation on ESG issues and stimulate innovative solutions to enhance the value of risk management and insurance
- Engage with policymakers and regulators for appropriate frameworks that consider relevant ESG issues
- Build a sustainable insurance industry to better serve all its stakeholders and accelerate the transition to a sustainable global economy
The PSI and UN goals

- UN Millennium Development Goals
- Hyogo Framework for Action 2005-2015 – Building the resilience of nations and communities to disasters
- ILO’s Declaration of Fundamental Principles and Rights at Work
- Rio Declaration on Environment and Development
- Universal Declaration of Human Rights
- UN Convention against Corruption
- UN Convention on Biological Diversity
- UN Framework Convention on Climate Change
- UN Global Compact Principles
- UNEP Green Economy Initiative
- UNEP and UN Global Compact-backed Principles for Responsible Investment
Key ESG issues for the insurance industry

- Climate change
- Biodiversity & ecosystem services
- Water management
- Pollution
- Disaster risk reduction
- Human rights
- Social and financial inclusion
- Emerging health risks
- Ageing populations
- Regulations
- Disclosure & transparency
- Ethics & business principles
- Alignment of interests
The Principles for Sustainable Insurance

A sneak preview
Designed by and for the insurance industry

- All lines of insurance
  - Agroforestry
  - Casualty/Liability
  - Credit & Surety
  - Engineering
  - Health
  - Life
  - Marine, Aviation & Transport
  - Motor
  - Property

- All insurance market participants
  - Risk carriers (i.e. insurers, reinsurers, retrocessionaires)
  - Risk intermediaries (i.e. agents, brokers)
  - Risk service providers (e.g. catastrophe model vendors, rating agencies, consultants)

- All geographic regions
  - Africa, Asia, Europe, Latin America & the Caribbean, North America, Oceania
Structure of the Principles

Three spheres of influence backed by reporting

Principle 1
Business principles, strategies and operations

Principle 2
Insurance industry value chain

Principle 3
Society

Principle 4
Reporting
Principle 1

We will systematically consider ESG issues in our business principles, strategies and operations.

Actions for success regarding:

- Company-wide business principles, strategies and operations
- Specific business operations
  - Risk management
  - Underwriting
  - Product & service development
  - Claims management
  - Sales & marketing
  - Investment management (via the Principles for Responsible Investment)
The PSI development process: Global, inclusive and consultative

2011 regional consultation meetings involving the insurance industry and its stakeholders

- **Africa** → Cape Town, South Africa hosted by Santam (March)
- **Latin America & the Caribbean** → Sao Paulo, Brazil hosted by HSBC Insurance (May)
- **North America** → Guelph, Canada hosted by The Co-operators Group (June)
- **Middle East & North Africa** → To be confirmed (July)
- **Oceania** → Auckland, New Zealand hosted by Sovereign (August)
- **Asia** → Tokyo, Japan hosted by Tokio Marine Nichido (September)
- **Europe** → Munich, Germany hosted by Munich Re (October)
The PSI launch pad
The insurance industry and sustainable development

2012 UN Conference on Sustainable Development

“Rio+20 Summit”