The UNEP FI Principles for Sustainable Insurance Initiative

A response to UNEP FI’s ‘10 urgent needs for change’ by the UNEP FI Insurance Commission

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The UNEP FI Insurance Commission’s PSI Team
Primary aims of the UNEP FI Principles for Sustainable Insurance

- Create a **global best practice framework** to facilitate the systematic consideration of environmental, social and governance risks and opportunities in core insurance company business strategies and operations.

- Establish a **United Nations-backed global initiative of insurers to drive adoption and implementation** of the principles.
Designed by and for the insurance industry

- **All lines of insurance**
  - Accident & Health
  - Agroforestry
  - Aviation
  - Casualty/Liability
  - Credit & Surety
  - Engineering
  - Life
  - Marine Cargo
  - Marine Hull
  - Motor
  - Property

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

- **All regions**
  - Africa, Asia, Europe, Latin America & the Caribbean, Middle East & North Africa, North America, Oceania
The UNEP FI
Principles for Sustainable Insurance

Risk management
Innovation
Transparency
Stakeholder engagement
Sustainable development
Structure of the Principles

Three spheres of influence backed by reporting

- Principle 4
  - Reporting
- Principle 3
  - Society
- Principle 2
  - Insurance industry value chain
- Principle 1
  - Business principles, strategies and operations
The UNEP FI Principles for Sustainable Insurance

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

2. We will engage with insurance industry participants to raise awareness on ESG issues, reduce risk and develop solutions.

3. We will work together with society to enhance our effectiveness in implementing the Principles.

4. We will be transparent by reporting on our activities in implementing the Principles.
### UNEP FI’s ‘10 urgent needs for change’ and the PSI

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<tr>
<th>10 urgent needs</th>
<th>PSI</th>
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<tr>
<td>Step up financial institution engagement with the broader policymaking community</td>
<td>Principle 3</td>
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<td>Adjust the policy and regulatory frameworks in which the financial sector operates to be more conducive long-term stability, sustainability and accountability</td>
<td>Principle 3</td>
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<td>Seek appropriate governance frameworks for the global financial sector to operate in more stable, sustainable and transparent conditions</td>
<td>Principles 3 &amp; 4</td>
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<td>Establish time-bound, end-impact based targets and commitments for the policymaking community</td>
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<tr>
<td>Step up financial institution engagement with business &amp; industry</td>
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<td>Adjust structural incentives inside financial institutions away from short-termism and towards longer-term targets</td>
<td>Principles 1, 2 &amp; 3</td>
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<tr>
<td>Establish time-bound, end-impact based targets and commitments for the financial sector</td>
<td>All Principles</td>
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<tr>
<td>Drive the establishment of mandatory and integrated sustainability reporting</td>
<td>Principles 3 &amp; 4</td>
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<td>Enhance financial institution understanding of the materiality, scale and interconnectedness of environmental and social risks, to enable holistic risk management and uncover new opportunities</td>
<td>All Principles</td>
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<td>Scale up capacity building to operationalise sustainability management across business units and functional responsibilities</td>
<td>Principles 1 &amp; 2</td>
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The PSI development process:
Global, inclusive, consultative, insurance industry-led and multi-stakeholder

Over 500 insurance industry players and stakeholders
Support and engagements via the PSI development process

- **Chief Risk Officers Forum** ➔ Leading professional group developing and promoting insurance industry best practices in risk management

- **National insurance associations** ➔ Australia, Bermuda, Brazil, Canada, Germany, Japan, Mauritius, New Zealand, Nigeria, Philippines, South Africa, South Korea


- **UN system and governments** ➔ UNEP, UN Framework Convention on Climate Change and its loss and damage work programme

- **Service providers, NGOs, academia and others** ➔ AM Best, Standard & Poor’s, oekom, Sustainalytics, Risk Management Solutions, Institute for Catastrophic Loss Reduction, IFC, International Integrated Reporting Committee, The Prince’s Accounting for Sustainability Project, WWF, Oxfam, universities, accounting firms, investors
Global launch of the UNEP FI Principles for Sustainable Insurance

The insurance industry and sustainable development

June 2012, Rio de Janeiro, Brazil
Turning principles into practice
A United Nations-backed global insurance initiative to drive adoption and implementation of the principles

- Innovative partnership with UNEP and the UN system
- Global insurance research and training centre
- Engagement with governments and other stakeholders
- Regional networks, academic network
- World's insurance industry players as signatories
- Implementation of Principles across lines of insurance and geographies

Mainstream sustainable insurance
A glimpse of our vision for the next 5 years

- 1000 signatories globally and at least 50% of world premium volume

- Sustainability standards, guidelines, research and training across geographies and lines of insurance → Accident & Health, Agroforestry, Aviation, Casualty/Liability, Credit & Surety, Engineering, Life, Marine Cargo, Marine Hull, Motor, Property

- Global standard for sustainability reporting by the insurance industry including key performance indicators → engage with Global Reporting Initiative, International Integrated Reporting Committee and others

- Global hub for long-term dialogue and collaboration between the insurance industry and governments → local, national, international

- Global hub for long-term dialogue and collaboration between the insurance industry and the UN system → UNEP, UN Framework Convention on Climate Change, UN International Strategy for Disaster Reduction, World Health Organization, World Meteorological Organization and others

- Active support from and engagement with insurance associations, insurance regulators, business & industry, NGOs, academia & scientific community
The UNEP FI Principles for Sustainable Insurance

A dynamic global sustainability framework and initiative for the insurance industry to respond to UNEP FI’s ‘10 urgent needs for change’ and the next set of urgent needs in a proactive, strategic, systemic and systematic way.