



World's insurers and UN Environment Programme launch first global insurance industry guide to tackle sustainability risks

June 2020—After a multi-year global consultation process, leading insurers from around the world and the UN Environment Programme (UNEP) launched last 3 June the first global insurance industry guide to tackle a wide range of sustainability risks—from climate change, ecosystem degradation, pollution and animal welfare and testing; to child labour, controversial weapons, and bribery and corruption.

The guide, [Managing environmental, social and governance \(ESG\) risks in non-life insurance business](#), outlines 8 areas comprising possible actions for insurers to manage ESG risks—also known as sustainability risks—in non-life insurance transactions, focussing on risk assessment and insurance underwriting. These areas include developing a company's ESG approach and risk appetite, integrating ESG issues into the organisation, establishing roles and responsibilities for ESG issues, escalating ESG risks to decision-makers, detecting and analysing ESG risks, and decision-making and reporting on ESG risks.

The guide is one of the flagship projects of [UNEP's Principles for Sustainable Insurance Initiative \(PSI\)](#), the largest collaboration between the UN and the global insurance industry. Developing the guide was co-led by the global insurer, [Allianz](#), and UNEP, and involved other leading insurers, insurance associations, and academic institutions from across the globe.

[“Managing environmental, social and governance risks in the insurance business is an indispensable part of good risk management, and is crucial to harnessing insurance to help achieve the UN Sustainable Development Goals,”](#) said **Butch Bacani, who leads the PSI at UNEP and who co-led the development of the guide.** [“Every insurer should have a strategy and framework to systematically manage sustainability risks in its insurance and investment activities. This pioneering PSI guide puts sustainability at the heart of insurers’ core business to manage risk.”](#)

The guide includes two high-level, optional “heat maps” indicating the potential level of ESG risk across economic sectors and lines of insurance business. The heat maps break down ESG issues into specific themes and risk criteria and provide examples of risk mitigation and good practice. Further references to various standards and technical guidelines are included in the guide to support decision-making on a range of ESG issues.

The guide raises awareness of the potential benefits of ESG integration in the insurance business model, including mitigating reputation risk, managing societal expectations, understanding the financial benefits of clients with strong ESG performance, and engaging and supporting clients and employees.

[“By underwriting for sustainability, insurers can overwrite unsustainable practices that cause global warming, destroy life-supporting biodiversity and ecosystems, pollute the environment and violate human rights, and be part of the solution to building healthy, resilient and sustainable communities and economies,”](#) added **Bacani.** [“However, adopting sustainable insurance thinking and practices cannot be an effort of a few. The entire insurance industry needs to be part of this effort. This is why this PSI guide is an important, galvanising step to make such an industry-wide effort a reality.”](#)



Co-led by Allianz and UNEP, other members of the PSI project team that developed the guide include American Hellenic Hull, American Property Casualty Insurance Association, AXA, Generali, MAPFRE, Munich Re, QBE, RSA, Santam, Swiss Re, Temple University's Fox School of Business, University of Technology Sydney, West Chester University, and Zurich.

The guide was launched at the second event of the [international virtual event series](#) this year convened by the PSI and Swiss Re to advance sustainability leadership in insurance. The series seeks to catalyse an ambitious, collaborative and actionable global agenda to harness insurance to help achieve the UN Sustainable Development Goals.

The guide was developed through a comprehensive global consultation process that included interviews with insurance experts and key stakeholders, the first global ESG survey on non-life insurance underwriting, discussions at PSI events across all regions, and a public consultation on the draft guide. It is intended to be iterative—seeking feedback from the insurance industry and its key stakeholders—and will be reviewed regularly and updated as necessary.

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