

The Net-Zero Insurance Alliance

Statement of commitment by brokers

My company is pleased to join the Net-Zero Insurance Alliance (NZIA) convened by the UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI), contributing to the goals and activities of the UN Race to Zero campaign and the Glasgow Financial Alliance for Net Zero (GFANZ), by endorsing the following statements:

My company commits to:

- Transitioning all operational and attributable greenhouse gas (GHG) emissions¹ from its insurance and reinsurance underwriting placements² and portfolios³ to net-zero emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100 in order to contribute to the implementation of the COP21 Paris Agreement. How to achieve such an outcome⁴ through a 1.5°C net-zero transition pathway⁵ will be left to my company's discretion based on the latest available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change (IPCC).
- Establishing, to the extent permissible by applicable laws and regulations, its intermediate, science-based targets every five (5) years in line with Article 4.9 of the Paris Agreement. The first intermediate target will be based on one or more scientific metrics that build upon recognised methodologies, to be defined within eighteen (18) months of the official launch of the NZIA through the publication of an NZIA target-setting protocol, will be consistent with a 1.5°C net-zero transition pathway by 2050 and will be applicable by 2030⁶. NZIA members will make their respective first individual intermediate targets public within six (6) months of the publication of the NZIA target-setting protocol, or within six (6) months of joining the NZIA if such protocol already exists when they join the NZIA, and will independently report publicly on an annual basis in whatever form and detail they consider appropriate on the progress

¹ GHG emissions here refer to insurers' and reinsurers' Scope 1, 2 and 3 emissions. Insurers' and reinsurers' Scope 3 emissions should include their clients' Scope 1 and 2 and Scope 3 emissions, where significant, and where data allow

² Insurance and reinsurance underwriting placements refer to insurance and reinsurance business placed by brokers with insurance and reinsurance companies. Brokers therefore act as intermediaries

³ Some brokers can also be managing general agents (MGAs). An MGA is a specialised type of intermediary that has been granted underwriting authority by an insurer or reinsurer. In this regard, brokers who are also MGAs can have insurance and reinsurance underwriting portfolios as well, not just insurance and reinsurance underwriting placements

⁴ In implementing and reaching targets for all Scopes of emissions, offsets can play a role to supplement decarbonisation in line with climate science. The reliance on carbon offsetting for achieving end-state net zero should be restricted to carbon removals to balance residual emissions where there are limited technologically or financially viable alternatives to eliminate emissions. Offsets should always be additional and certified

⁵ Use decarbonisation scenarios such as the P1, P2 and P3 scenarios from the Intergovernmental Panel on Climate Change (IPCC) which are from credible and well-recognised sources; are no/low overshoot; do not rely on overstating the impact from negative emissions technologies; and to the extent possible, minimise misalignment with other UN Sustainable Development Goals

⁶ See for example the key findings of the IPCC Special Report on Global Warming of 1.5°C, which highlights the need for a 50% global reduction in GHG emissions by 2030

against such individual intermediate targets. In any event, members will refrain from disclosing competitively sensitive information and be particularly careful in not reporting information that may negatively affect competition in the concerned markets.

- Supporting the implementation of corporate disclosure frameworks relevant to the net-zero transition and the insurance industry, such as the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and considering emerging frameworks such as the Task Force on Nature-related Financial Disclosures (TNFD).
- Supporting the implementation of global policy frameworks relevant to the net-zero transition and the insurance industry, such as the UN Sustainable Development Goals (SDGs) and the Post-2020 Global Biodiversity Framework, including nature-based solutions to climate change that absorb GHG emissions and build climate resilience.
- Signing the UN Principles for Sustainable Insurance prior to or upon joining the NZIA, or at the latest within one year of joining the NZIA.

My company will:

- Seek to meet this Commitment through net-zero approaches relevant to insurance and reinsurance underwriting placements and portfolios, in such a manner that is at the discretion of my company and in accordance with applicable laws and regulations, including but not limited to:
 - Setting independently underwriting criteria and guidelines for activities where my company has, or can have, the most significant impact, particularly the most GHG-intensive and GHG-emitting activities within its underwriting placements and portfolios, in order to be aligned with a 1.5°C net-zero transition pathway
 - Engaging with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonisation strategies and net-zero transition pathways
 - Developing and offering insurance and reinsurance products, solutions and arrangements for low-emission and zero-emission technologies and nature-based solutions that are key to the net-zero transition
 - Improving claims management in an environmentally sustainable manner to promote a net-zero economy
 - Integrating independently-determined, company-specific net-zero and decarbonisation-related risk criteria into risk management frameworks (e.g. ESG/sustainability risk management frameworks) applicable to underwriting placements and portfolios⁷ and promoting human rights, including the right to Free, Prior and Informed Consent (FPIC)⁸

⁷ For example, see: UNEP (2020): Managing environmental, social and governance risks in non-life insurance business: The first ESG guide for the global insurance industry developed by UN Environment Programme's Principles for Sustainable Insurance Initiative

⁸ As articulated in the UN Declaration on the Rights of Indigenous Peoples and as outlined in the PSI guide mentioned above

- Advocating for and engaging in governmental policies for a science-based and socially just transition of economic sectors to net zero
- Carry out the net-zero approaches outlined above taking into consideration the latest available scientific knowledge and associated social impacts, and the findings of recognised reports such as the International Energy Agency's (IEA) *Net Zero by 2050* report⁹
- Aim to transition its investment portfolio and investment business to net-zero GHG emissions by 2050 and consider joining relevant initiatives (e.g. Net-Zero Asset Owner Alliance, Net-Zero Asset Managers Initiative, Net-Zero Investment Consultants Initiative) in order to achieve, within my company, a consistent approach to net zero
- Work together with insurance associations, insurance and financial regulators and supervisors, governments, trade bodies, policymakers, the UN and other intergovernmental organisations to promote the goals of the NZIA, and to seek consistency of regulatory, supervisory and governmental policy frameworks with the net-zero transition
- Engage with non-member insurance industry, financial sector peers and trade bodies; leading scientific methodological and data-related organisations; academia; non-governmental organisations; and other key stakeholders on the goals of the NZIA

My company makes this Commitment with the expectation that:

- Governments will follow through on their own net-zero commitments to ensure that the goals of the Paris Agreement are met
- Achieving the NZIA's net-zero ambition for insurance and reinsurance underwriting placements and portfolios is dependent on action by the insurance industry, policyholders, and insurance and financial regulators and supervisors

In addition, my company commits to:

Playing an active role in the NZIA by:

- Participating in a majority of NZIA interactions, including one in-person meeting per year at the level of CEO, Chief Underwriting Officer, Chief Risk Officer or equivalent positions
- Considering joining the NZIA's Steering Committee and/or at least one of the NZIA's work streams, based on the NZIA's governance framework
- Designating a staff member to serve as focal point on all matters related to my company's participation in the NZIA and ensuring her/his participation in all related interactions as needed
- Reviewing and potentially managing the development of draft research outputs, draft metrics, draft guidelines and other materials provided by NZIA members, the NZIA Secretariat and partner organisations

Supporting the NZIA by:

⁹ International Energy Agency (2021): Net Zero by 2050: A roadmap for the global energy sector

- Making an annual monetary contribution to the NZIA's budget based on the following scale for brokers:

Total revenue (USD)	Annual contribution (EUR)
From 1 billion and above	20,000
From 100 million to less than 1 billion	10,000
From 10 million to less than 100 million	5,000
Below 10 million	2,500

- Supporting the NZIA publicly and carrying out other promotional roles in an appropriate, prudent and reasonable manner, hosting NZIA meetings, translating NZIA materials, and other contributions that add value to the work of the NZIA

These commitments set out a general framework, the detailed implementation of which has yet to be determined, and which will be developed in accordance with competition laws and other applicable laws and regulations. This may include consultation with appropriate regulatory authorities on how these commitments can be implemented.

(Signature)
 Name of CEO
 Company
 Date