

Insurance News Blog

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# Embracing ESG: How insurers turn ambition into action

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Nothing has shaped the economy in recent years like ESG. Now it is clear to all: ESG is here to stay. The implications for the insurance world are undisputed. But there are still many uncertainties and ambiguities. The implications and interrelationships are very complex. With our [Insurance ESG Whitepaper “Embracing ESG - How insurers turn ambition into action”](#), we would like to shed some light on this. Our key messages in a nutshell are:

- Understand how to incorporate ESG into your strategy in a way that goes beyond regulatory requirements.
- Confront critical issues and find approaches to implementing ESG in all areas of your business model
- Learn how to overcome hurdles and find solutions to incorporate ESG data into decision-making and performance reporting

With the 1.5°C goal that was agreed in the 2015 Paris agreement the world has now less than 10 years to halve greenhouse gas emissions and reach net zero until 2050. Failure could have catastrophic consequences for the world population and our way of living.

The insurance industry's role as managers of risk within the economy, there is a need to find ways to help businesses to mitigate and understand the risks and uncertainties that come with the move to net zero. Insurers will need to play a key role in the transformation into a green economy with investments, underwriting activities and risk management capacities. This will also allow insurers to bring their own business model to the next level through new business opportunities. The paper will discuss these challenges in more detail within its 5 Chapters for Strategy & Governance, Regulation, Products, Assets & Own Operations, Reporting, Risk & Tax as well as Data.

### **Chapter 1: You are the agent of change – Bringing ESG to the forefront of strategy and governance**

Through underwriting and investment decisions, insurers can greatly influence sustainability strategies and support positive outcomes. This would allow the insurer to become an enabler and accelerator for the development of a sustainable economy. In the first chapter we are exploring how insurers can move forward on this in regards to governance and their strategy.

Key messages:

- Engage and change
- Assess the material impact
- Identify and bridge capability gaps
- Track progress of your strategy
- Firm up governance and accountability

## **Chapter 2: New rules for realities – Getting to grips with ESG regulation**

In the past few years there has been a lot of development when it comes to ESG regulations and policy goals. There are new expectations for businesses which have significant implications on your strategy, reputation, market valuation and compliance capabilities. As rules are still being finalised and new regulations are expected in the future, it is not enough to wait until this is implemented. Action is required now to prepare yourself. This chapter explores all things regulation in more depth.

- Key messages:
- Take a strategic lens
- Make it credible
- Identify and bridge capability gaps
- Embed change in the organization

## **Chapter 3: Be part of the solution – Embedding sustainability into your products, assets and own operations**

ESG ambitions are turned into action through products, assets and own operations. Through this you are able to directly make an impact either as an investor or through products, you can be part of the solution and proof that you practice what you preach. This chapter will teach you all about it.

Key messages:

- Judge how client demands are evolving
- Be innovative and design new products
- Align ESG and investment goals
- Win business buy-in

## **Chapter 4: Delivering on your promises – Turning reporting, risk and tax management into engines of ESG**

Risk, reporting and tax are key instruments for ESG. ESG disclosures can be seen as an opportunity to further convey ambitions and to cater to the growing stakeholder demand. However, sustainability reporting still remains fragmented and at times inconsistent which makes it challenging to use. When it comes to risk, this may be seen as a compliance exercise but with the risk landscape changing so fast, ESG strategy and risk management need to be fully aligned. ESG is also becoming more of a topic in Tax in terms of how much you contribute as a business and in regards to sustainable strategies and investments. All of these issues are explored in the fourth chapter.

Key messages:

- Be clear about the ask
- Identify the gaps
- Judge risk from a holistic perspective
- Consider tax up front
- Strengthen oversight accountability

## **Chapter 5: From data to actionable insights – How data rethink can sharpen insights, innovation and credibility**

This chapter explores all things Data and why this is an important topic for sustainability. Data can help you realize your ESG ambitions, yet there is still a challenge concerning how you can embed this into decision making and performance reporting in a way that it turns information from data into insights and your intentions into actions. Here you will learn all about it.

Key messages:

- Determine what you need
- Bridge the gaps
- Strengthen quality control and assurance

On **February 14th 2023, from 12-13:30 (CET)** we will hold an EMEA-wide (European, Middle East, Africa) **Webcast** that will further discuss the paper and its key insights.

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### **Keywords**

[ESG](#), [Risk Management Insurance](#), [Steuern / Tax](#), [Sustainable Finance \(SF\)](#)

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