RICARDO LARA
INSURANCE COMMISSIONER
California Department of Insurance

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

UCLA School of Law Emmett Institute on Climate Change & the Environment

BerkeleyLaw UNIVERSITY OF CALIFORNIA
Center for Law, Energy & the Environment

# **California Climate Risk:** Insurance-Based Approaches to Mitigation and Resilience

**July 23, 2019**

UCLA School of Law

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# Welcome

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# Keynote Address:

# California Insurance Commissioner Ricardo Lara

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# Panel 1: Physical Risk Assessment, Impact Mitigation, and Insurance

- **Alex Hall**, UCLA Center for Climate Science
- **Alice Hill**, Hoover Institution
- **Kristen Torres Pawling**, County of Los Angeles
- **LeRoy Westerling**, UC Merced School of Engineering

Moderator: **Sean Hecht**, UCLA School of Law

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# Break

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# Panel 2: Nature-based Solutions

- Secretary of Ecology and Environment **Alfredo Arellano**, State of Quintana Roo, Mexico
- **David BurtonPerry**, Swiss Re
- **Deborah Halberstadt**, UC Davis Coastal and Marine Sciences Institute
- **Raghuveer Vinukollu**, Munich Re

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QUINTANA ROO
GOBIERNO DEL ESTADO
2016-2022

MÁS Y MEJORES OPORTUNIDADES

SEMA
SECRETARÍA DE ECOLOGÍA Y MEDIO AMBIENTE

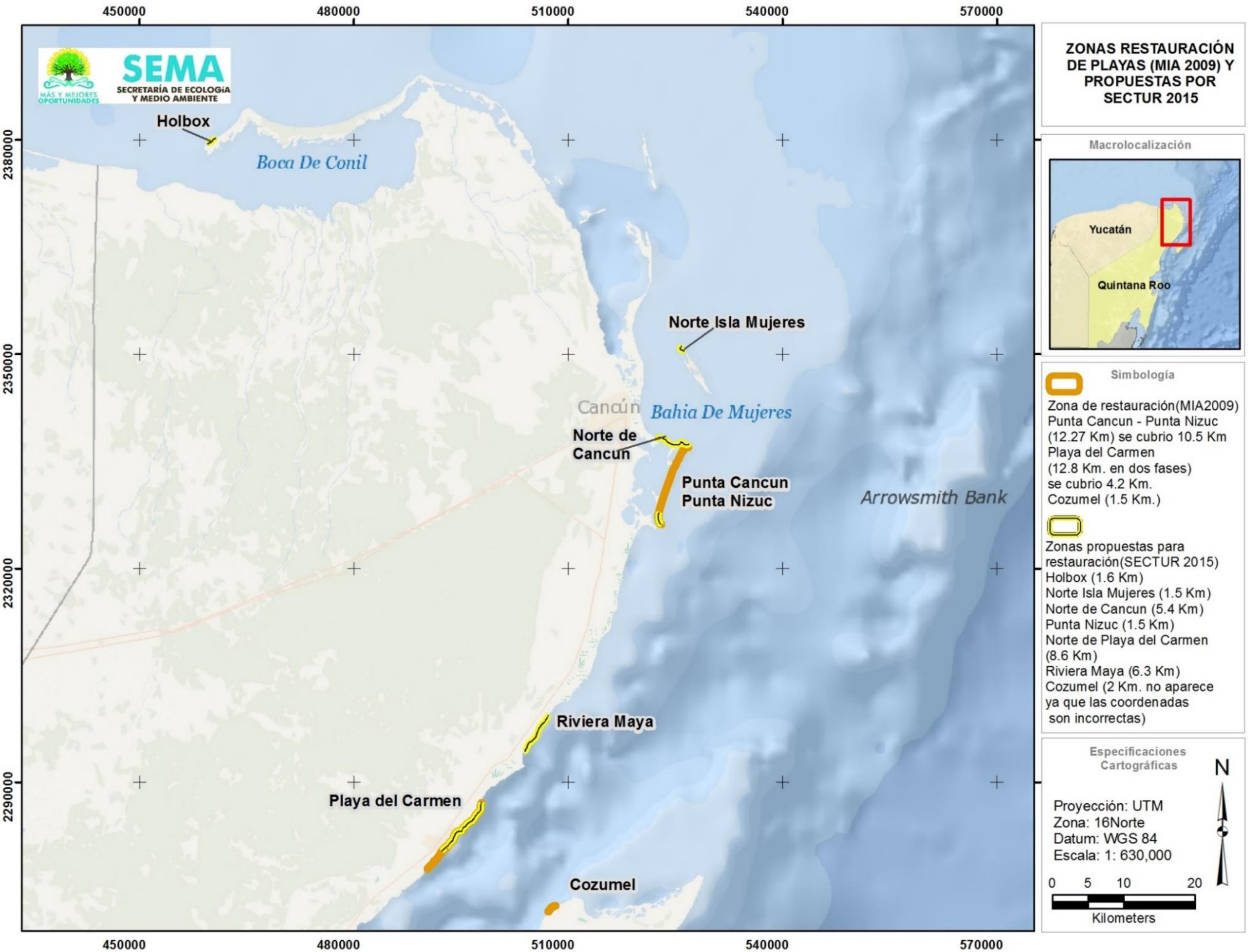
# Parametric Insurance Policy to Cover Beaches Recovery and Coral Reefs Quintana Roo, México

California Climate Risk: Insurance-Based Approaches to Mitigation and Resilience

Panel 2: Nature-based Solutions

July, 23, 2019

Alfredo Arellano Guillermo
Ministry of Environment
State Government of Quintana Roo, México
alfredo.arellano@qroo.gob.mx



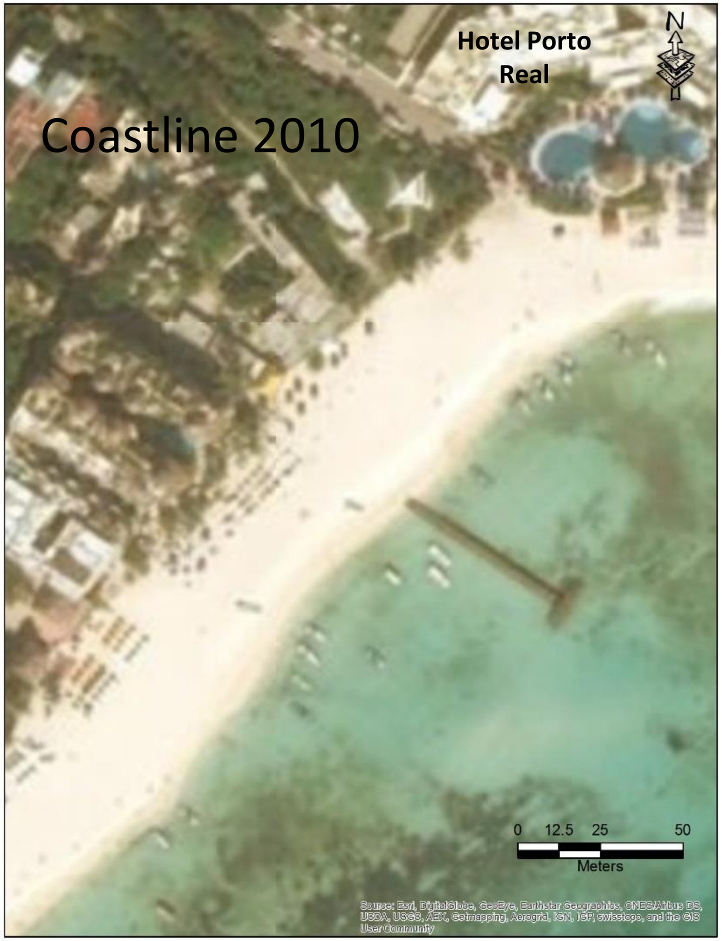
ZONAS RESTAURACIÓN DE PLAYAS (MIA 2009) Y PROPUESTAS POR SECTUR 2015
SEMA
SECRETARÍA DE ECOLOGÍA Y MEDIO AMBIENTE
MÁS Y MEJORES OPORTUNIDADES
450000
480000
510000
540000
570000
2380000
2350000
2320000
2290000
Holbox
Boca De Conil
Norte Isla Mujeres
Cancún
Bahia De Mujeres
Norte de Cancun
Punta Cancun
Punta Nizuc
Arrowsmith Bank
Riviera Maya
Playa del Carmen
Cozumel
Macrolocalización
Yucatán
Quintana Roo
Simbología
Zona de restauración(MIA2009)
Punta Cancun - Punta Nizuc
(12.27 Km) se cubrio 10.5 Km
Playa del Carmen
(12.8 Km. en dos fases)
se cubrio 4.2 Km.
Cozumel (1.5 Km.)
Zonas propuestas para restauración(SECTUR 2015)
Holbox (1.6 Km)
Norte Isla Mujeres (1.5 Km)
Norte de Cancun (5.4 Km)
Punta Nizuc (1.5 Km)
Norte de Playa del Carmen
(8.6 Km)
Riviera Maya (6.3 Km)
Cozumel (2 Km. no aparece
ya que las coordenadas
son incorrectas)
Especificaciones Cartográficas
Proyección: UTM
Zona: 16Norte
Datum: WGS 84
Escala: 1: 630,000
N
0 5 10 20
Kilometers

# Beach Erosion

**Playa del Carmen**

2010

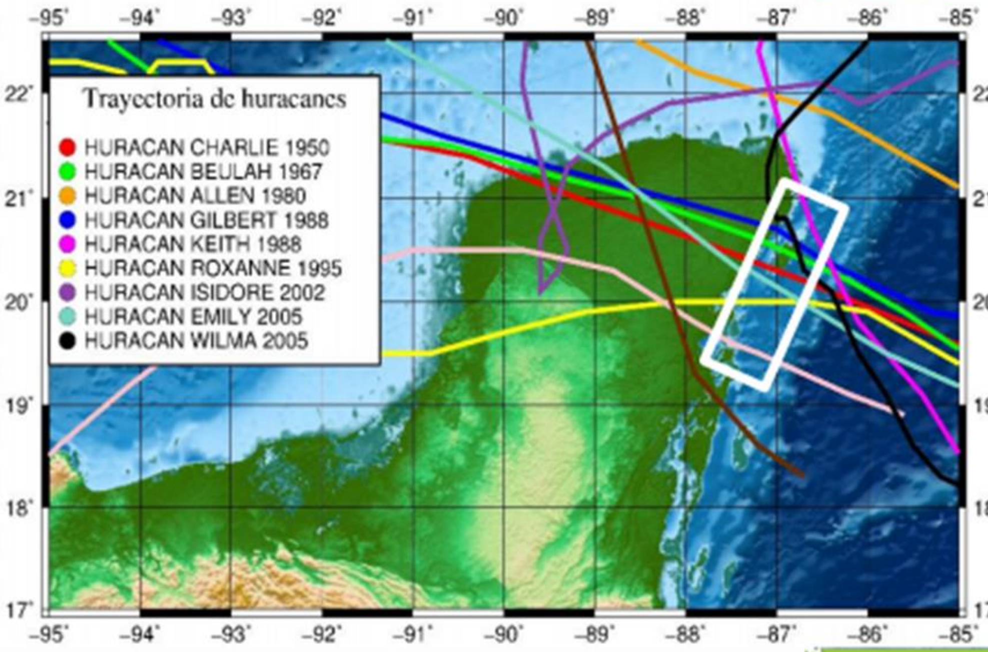
2017




# Coral Reefs on Risk

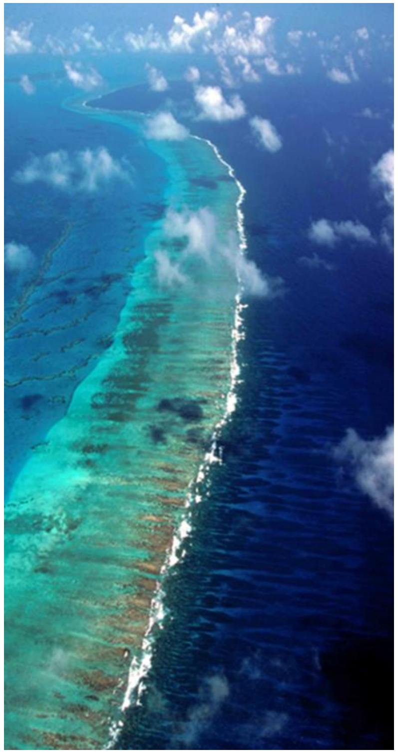
Coral Reefs are affected by:

- Diseases
- Water Pollution
- Bleaching
- Recreational activities
- Hurricanes:



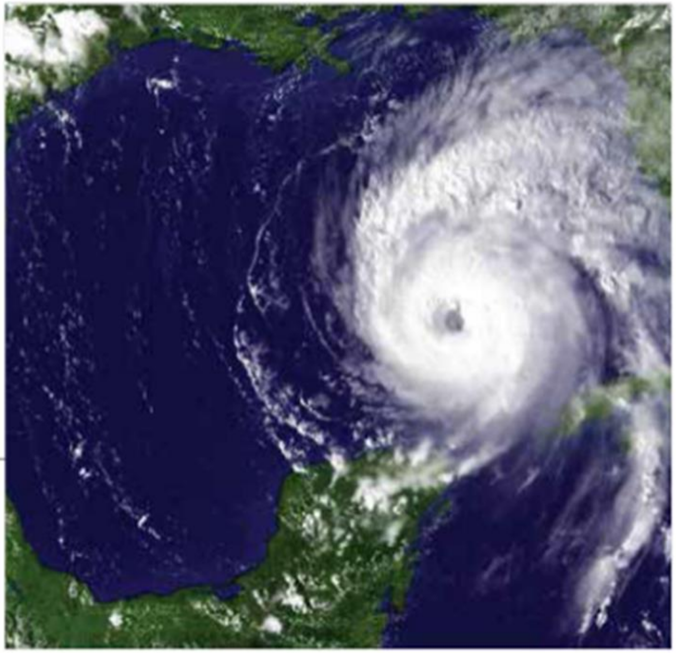

Experts consider that hurricanes category 4 and 5 passing less than 65 km from the reefs are very likely to damage it (Alvarez-Filipp, et.al. 2011).

# Hurricans damages



- Hurricanes with wind speeds of 50 to 100 knots caused the loss of live coral cover in a range between 0 and 10%, with an average loss of around 2-3%.

- However, hurricanes with a wind speed above 110 knots caused serious or catastrophic damage to coral reefs. Losses in live coral cover ranged from 10 to 30% at 110 knots and from 20% to 50% at 160 knots (Gardner, T, et al, 2005).



# Coral Reefs Economic Benefits

Coral reefs reduce more than 90% of wave energy during storms protecting the coastline. If the reefs are degraded, the losses to the infrastructure caused by a storm could triple (Beck, M. et al, 2017). The reefs also reduce 60% of the wave energy under normal conditions (Mariño, I. and Acevedo C. 2017) protecting the beaches from erosion.

Cozumel, Puerto Morelos, Punta Nizuc and Punta Cancun, attracting more than one million visitors per year that leave an economic income of approximately USD $ 60 million

Without reefs there would be no beaches; both, reefs and beaches, support the tourist economy of Quintana Roo estimated at more than USD 9 billion

# Background

2015. In his political campaign, the Governor of Quintana Roo offered the "planting" of one coral for each vote received


2016. Signing of the Collaboration Agreement between the Government of Quintana Roo and the National Fisheries Institute to carry out the reproduction and sowing program.

2017. Creation of the Trust Fund for the Coastal Zone Integrated Management, Security and Social Developent of the Quintana Roo State.

PERIÓDICO OFICIAL

DEL ESTADO DE QUINTANA ROO

LAS LEYES Y DEMÁS DISPOSICIONES OBLIGAN POR EL SOLO HECHO DE PUBLICARSE EN ESTE PERIÓDICO

Chetumal, Q. Roo a 08 de Marzo de 2018

Tomo I | Número 33 Extraordinario | Novena Época

REGISTRADO COMO ARTÍCULO DE SEGUNDA CLASE EN LA OFICINA LOCAL DE CORREOS

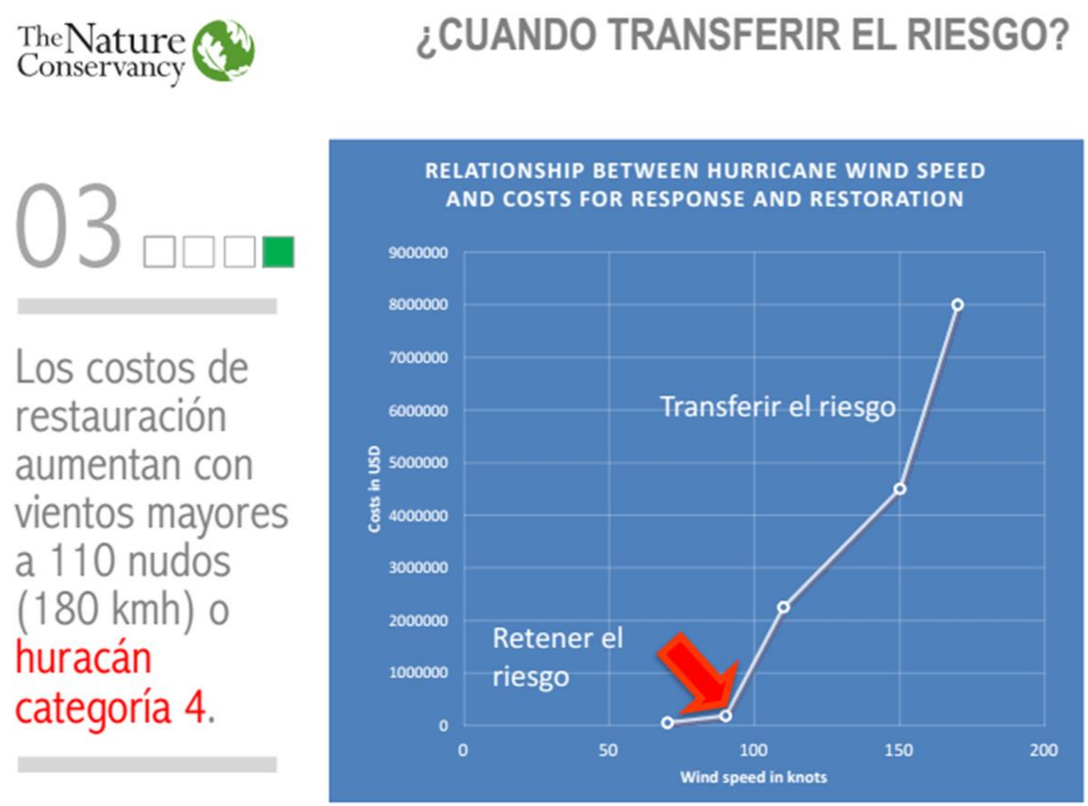
EDICION DEL ESTADO LIBRE Y SOBERANO DE QUINTANA ROO

ÍNDICE

1.- ACUERDO MEDIANTE EL CUAL SE AUTORIZA LA CONSTITUCIÓN DEL "FIDEICOMISO PARA EL MANEJO INTEGRAL DE LA ZONA COSTERA, DESARROLLO SOCIAL Y SEGURIDAD PARA EL ESTADO DE QUINTANA ROO.----------- Pag. 2

# Why a Parametric Insurance?

It is important to have insurance coverage to repair the damage to the reefs since it can be very expensive. The cost of the immediate response varies from 100,000 to 150,000 USD, for an area of 20 km long and requires 20 to 30 days of work, according to estimates made for the Arrecife National Park of Puerto Morelos. The cost of replenishing coral colonies over 2 to 5 years can be in the order of millions of dollars depending on the extent of the damage and the extent of the repair.



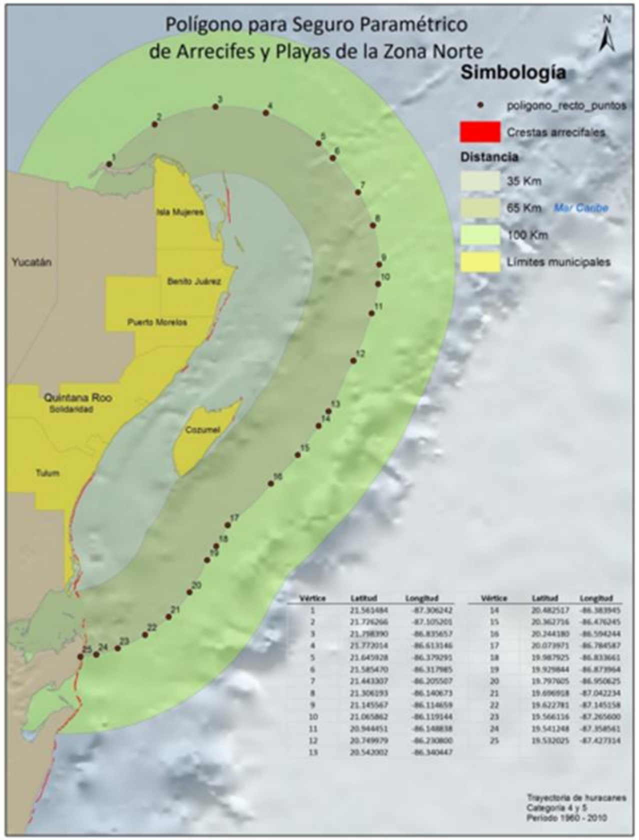
# Area Coverage

Parametric insurance is defined by three elements:

1) One parameter (wind speed),
2) Polygon where wind speed must occur, and
3) Compensation.

This parametric insurance will be activated
if a wind speed higher than 100 knots
is registered within the predefined polygon.

| Vértice | Latitud | Longitud |
|---|---|---|
| 1 | 21.5615 | -87.30624 |
| 2 | 21.7263 | -87.10520 |
| 3 | 21.7984 | -86.83566 |
| 4 | 21.7720 | -86.61315 |
| 5 | 21.6459 | -86.37929 |
| 6 | 21.5855 | -86.31799 |
| 7 | 21.4433 | -86.20551 |
| 8 | 21.3062 | -86.14067 |
| 9 | 21.1456 | -86.11466 |
| 10 | 21.0659 | -86.11914 |
| 11 | 20.9445 | -86.14884 |
| 12 | 20.7500 | -86.23080 |
| 13 | 20.5420 | -86.34045 |
| 14 | 20.4825 | -86.38395 |
| 15 | 20.3627 | -86.47625 |
| 16 | 20.2442 | -86.59424 |
| 17 | 20.0740 | -86.78459 |
| 18 | 19.9879 | -86.83366 |
| 19 | 19.9298 | -86.87396 |
| 20 | 19.7976 | -86.95063 |
| 21 | 19.6969 | -87.04223 |
| 22 | 19.6228 | -87.14516 |
| 23 | 19.5661 | -87.26560 |
| 24 | 19.5412 | -87.35856 |
| 25 | 19.5320 | -87.42731 |



# Limits of Liability

The cost of the insurance policy was $ US 500 thousand (50 % contribution of The Nature Conservancy) and 50 % contribution of State Government of Quintana Roo).

The Maximum Limit of Liability during the 12 months of validity of the policy will be approximately $ USD 3.8 million:

The payment varies according to the registered wind speed;
The higher the speed, the greater the damage, and therefore the greater the compensation:

- Moderate damage: from 100 knots to less than 130 = 40% maximum payment.
- Severe damages: from 130 knots to less than 160 = 80% maximum payment.
- Catastrophic damage: greater than 160 knots = 100% maximum payment.

# Governance

The Quintana Roo State Trust is the beneficiary of the insurance

The Trust has a transparent and solid governance structure led by a Technical Committee, which has the support of the Subcommittee for Coastal Zone Management and its Advisory Committee. The Trust will decide how to invest the payment in case of an event

# BENEFICIOS DEL INSTRUMENTO DE TRANSFERENCIA DE RIESGO

## Posicionarse como pionero e innovador en cambio climático y reducción de riesgo

- Es el primer seguro sobre sistemas naturales jamás puesto en el mundo.
- Es innovador al usar instrumentos de mercado para reducir riesgos a sistemas naturales.

## Reduce la vulnerabilidad de finanzas públicas y de la economía.

- Los fondos del seguro se invierten en Quintana Roo generando empleo y derrama económica.
- Se reduce la pérdida de ingresos a los empresarios turísticos por la degradación del arrecife.
- Se evita que el Gobierno tenga que lanzar programas de recuperación alternos.

# LA INICIATIVA DE RESILIENCIA COSTERA ALINEADA CON OTROS COMPROMISOS

GLOBAL PLATFORM FOR DISASTER RISK REDUCTION
22-26 May 2017
FROM SENDAI TO CANCUN | FROM COMMITMENT TO ACTION
#MEXICOGP2017
UNISDR

NACIONES UNIDAS
ACUERDO DE PARÍS
SOBRE CAMBIO CLIMÁTICO

ASPY
2030

OBJETIVOS DE DESARROLLO SOSTENIBLE
17 OBJETIVOS PARA TRANSFORMAR NUESTRO MUNDO
13 ACCIÓN POR EL CLIMA
14 VIDA SUBMARINA
17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

QUINTANA ROO
GOBIERNO DEL ESTADO
2016 - 2022

MÁS Y MEJORES OPORTUNIDADES

PLAN ESTATAL DE DESARROLLO
2016 • 2022

Así atenderemos la desigualdad en nuestro estado.
Conoce nuestro #PlanDesarrolloQRoo

- Promover un crecimiento económico sustentable
- Prevención y combate de delitos
- Rendición de cuentas medibles
- Desarrollo social y reconstrucción tejido social
- Planear un crecimiento urbano sustentable

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**California Climate Risk:**
Insurance-Based Approaches to Mitigation and Resilience

July 23, 2019 | UCLA School of Law

Swiss Re

# California Climate Risk: Insurance-Based Approaches to Mitigation and Resilience

David BurtonPerry
Swiss Re Public Sector Solutions
July 23, 2019

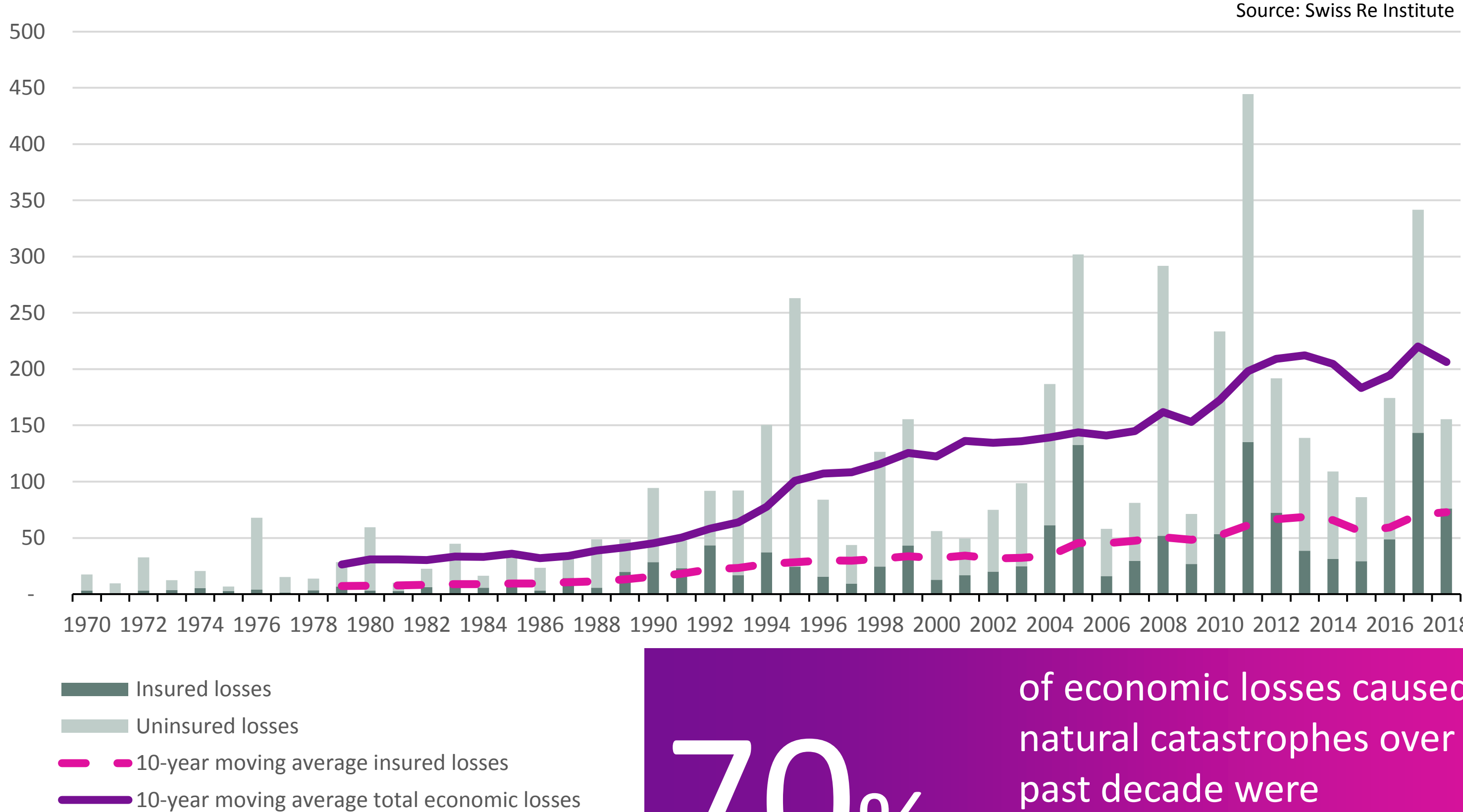
# Only a small portion of catastrophe risks is insured

## Long-term effect on a countries' economies can be massive

### Insured vs uninsured losses

1970-2018, in USD billion at 2018 prices

Source: Swiss Re Institute




**70%** of economic losses caused by natural catastrophes over the past decade were **uninsured**

# Governments are exposed to manifold risks

## Contingent liabilities for the public sector are significant

± Impact

### ECONOMIC

- Fiscal crises
- Failure of financial mechanism
- Asset bubbles in major economies
- Un/der-employment
- Failure of critical infrastructure
- Energy price shock

### SOCIETAL

- Water crises
- Spread of infectious diseases
- Large-scale involuntary migration
- Food crises
- Profound social instability
- Failure of urban planning

### TECHNOLOGICAL

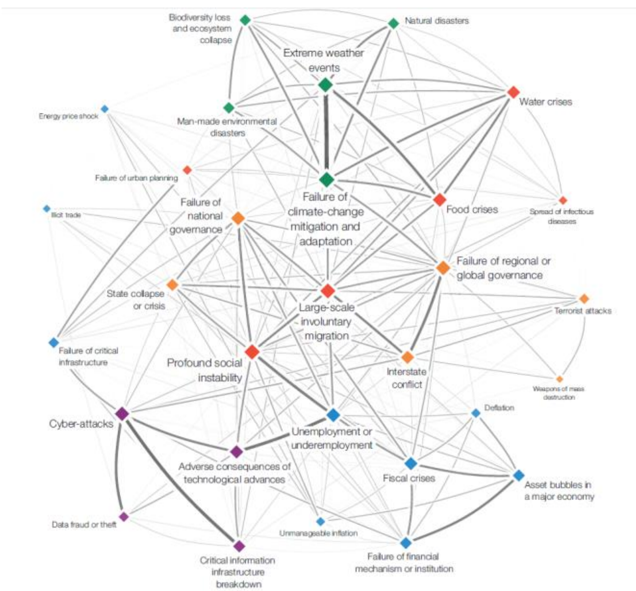
- Cyber attacks
- Critical information infrastructure breakdown
- Data fraud/theft
- Adverse consequences of advances

### GEOPOLITICAL

- Interstate conflict
- Failure of regional / global governance
- Terrorist attacks
- Failure of national governance
- State collapse/crisis

### ENVIRONMENTAL

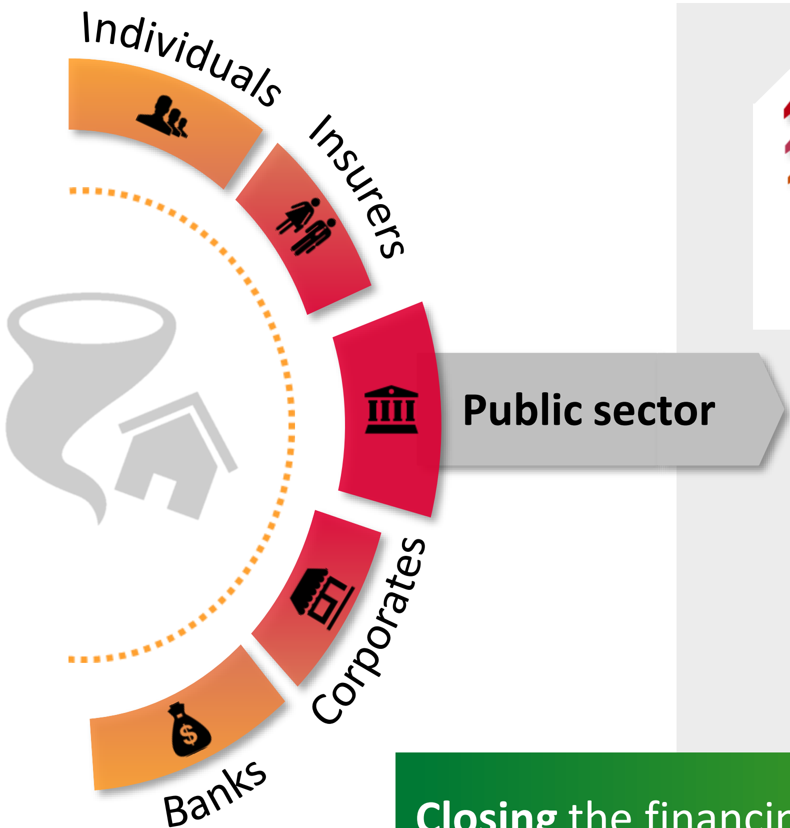
- Extreme weather events
- Failure of mitigation/adaptation
- Natural disasters
- Biodiversity loss & ecosystems collapse
- Man-made environmental disasters




Source: WEF, The Global Risks Interconnections Map 2019

# Public sector bears a large portion of the risks

## Public budgets are put under twofold strain




IMPACT ON PUBLIC BUDGETS:

### Higher costs

**Emergency** response costs
Reconstruction of **public** property & infrastructure
Support for **non-insured** households
Cost of **replacements** (e.g. higher imports)

Lower **tax** income
Lower **tourism** income
Lower **export** revenues
Loss of **investor** confidence

### Lower revenues

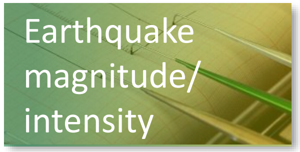
**Closing** the financing gap between insured and uninsured losses is thus in the public sector's **vital interest**

# Insurance solutions provide distinctive advantages

- ✓ **Efficient way** to cope with financial consequences of natural catastrophes
- ✓ **Guaranteed access** to required funds for recovery, up to agreed cover limits
- ✓ **Speedy delivery**, especially with innovative instruments such as parametric solutions
- ✓ **Pre-determined premium allows for budget planning certainty**, particularly in multi-year contracts
- ✓ **No payback obligation** (in contrast to loans)
- ✓ **Reduction of a country's contingent liabilities** to acceptable levels (positive implications for sovereign rating and currency)
- ✓ **Limits the pressure** to divert own funds from other projects to affected areas

# Parametric insurance is an innovative risk transfer tool for the public sector

Insurance relies on **measurement** of a natural phenomenon or index, such as:







Payout of pre-defined amount is made when contractually agreed **threshold** of parameter/index is **exceeded** (e.g. intensity of EQ or amount of rainfall)

## Advantages

- **Fast** payout (2-6 weeks)
- Otherwise **uninsurable** risks can be insured (e.g. emergency costs, loss of revenues)
- No loss **assessment** required
- **Flexibility** in the use of funds
- **Transparency** to both insurer and insured
- Avoids **adverse risk** selection

## Disadvantages

- Need **Basis risk** (insurance payout may deviate from actual loss)
- for objective and accurately measured **historical data**

Swiss Re

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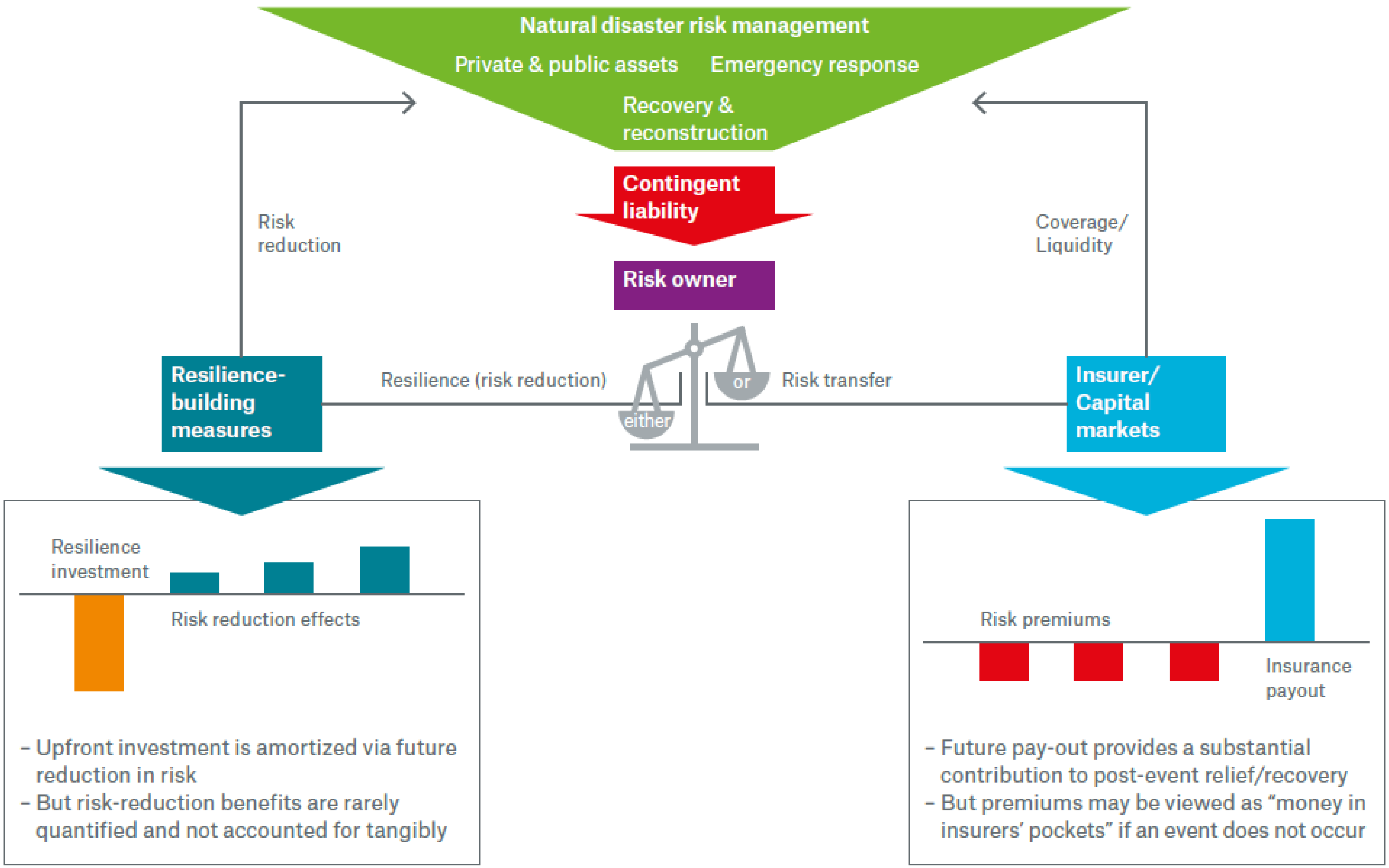
# A Sustainable and Integrated Approach to Risk Transfer and Risk Reduction

Raghuveer Vinukollu

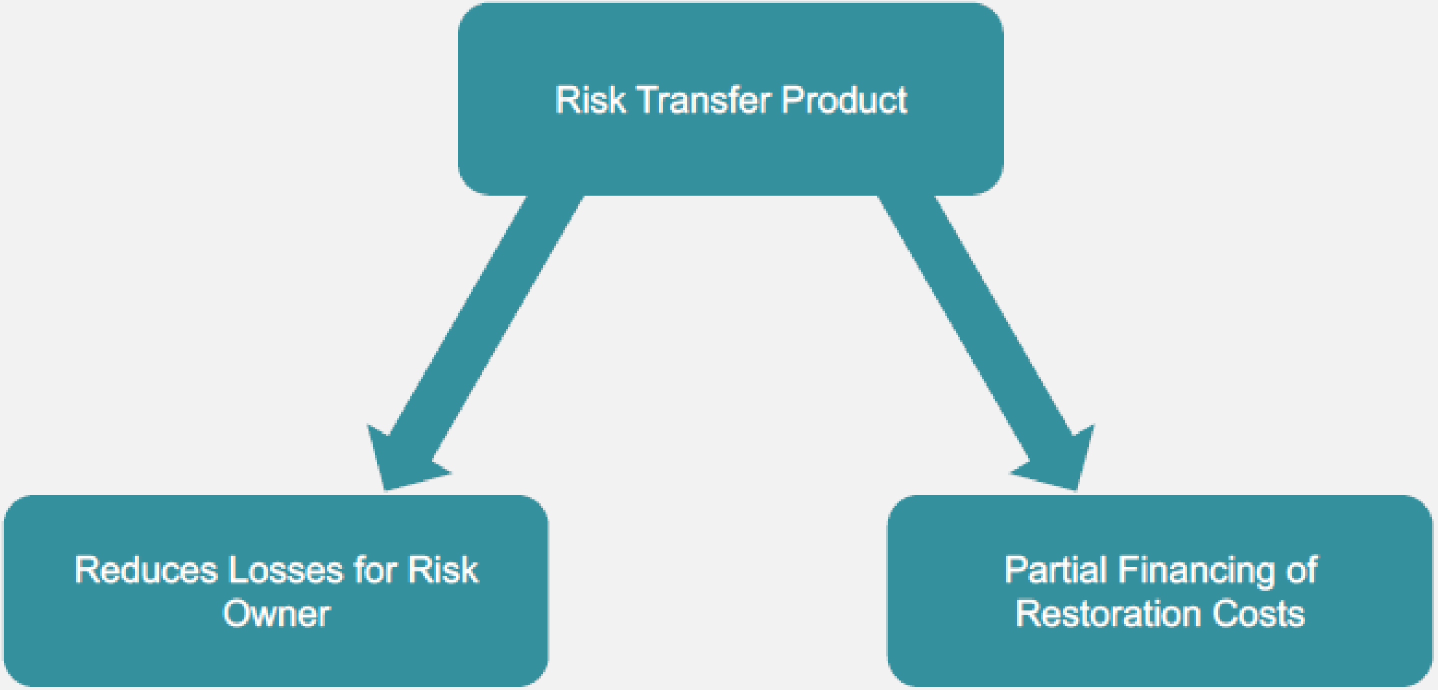
23 July 2019

Munich RE

# Trade off: Risk Transfer and Resilience Building Measures

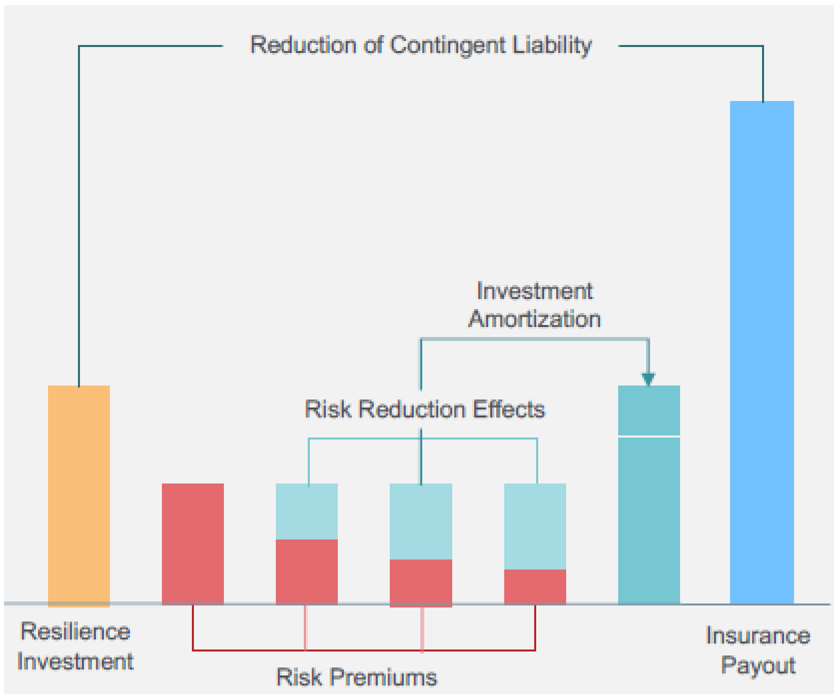


Dual function of insurance:



# Combined Insurance Solution: Coupling of Risk Reduction and Risk Transfer

Munich RE




- A resilience insurance solution aims to overcome the trade-off between risk reduction and risk transfer, linking the risk reduction effect with an insurable risk within a combined solution:
  - ✓ A resilient investment at the beginning of the period reduces the underlying risk
  - ✓ The risk mitigating impact is monetized via reduced premiums
  - ✓ An incentive is created both for risk reducing infrastructure as well as for risk transfer resulting in increased community resilience

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# Remarks on Climate Policy Opportunities:

**Dave Jones**, The Nature Conservancy and Climate Risk Initiative, Center for Law, Energy & the Environment and former California Insurance Commissioner

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# Lunch:
# Shapiro Courtyard

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# Afternoon Keynote: Insurance Markets, Climate Risk, and Sustainability

**Butch Bacani**, Global Leader, UN Environment's Principles for Sustainable Insurance Initiative

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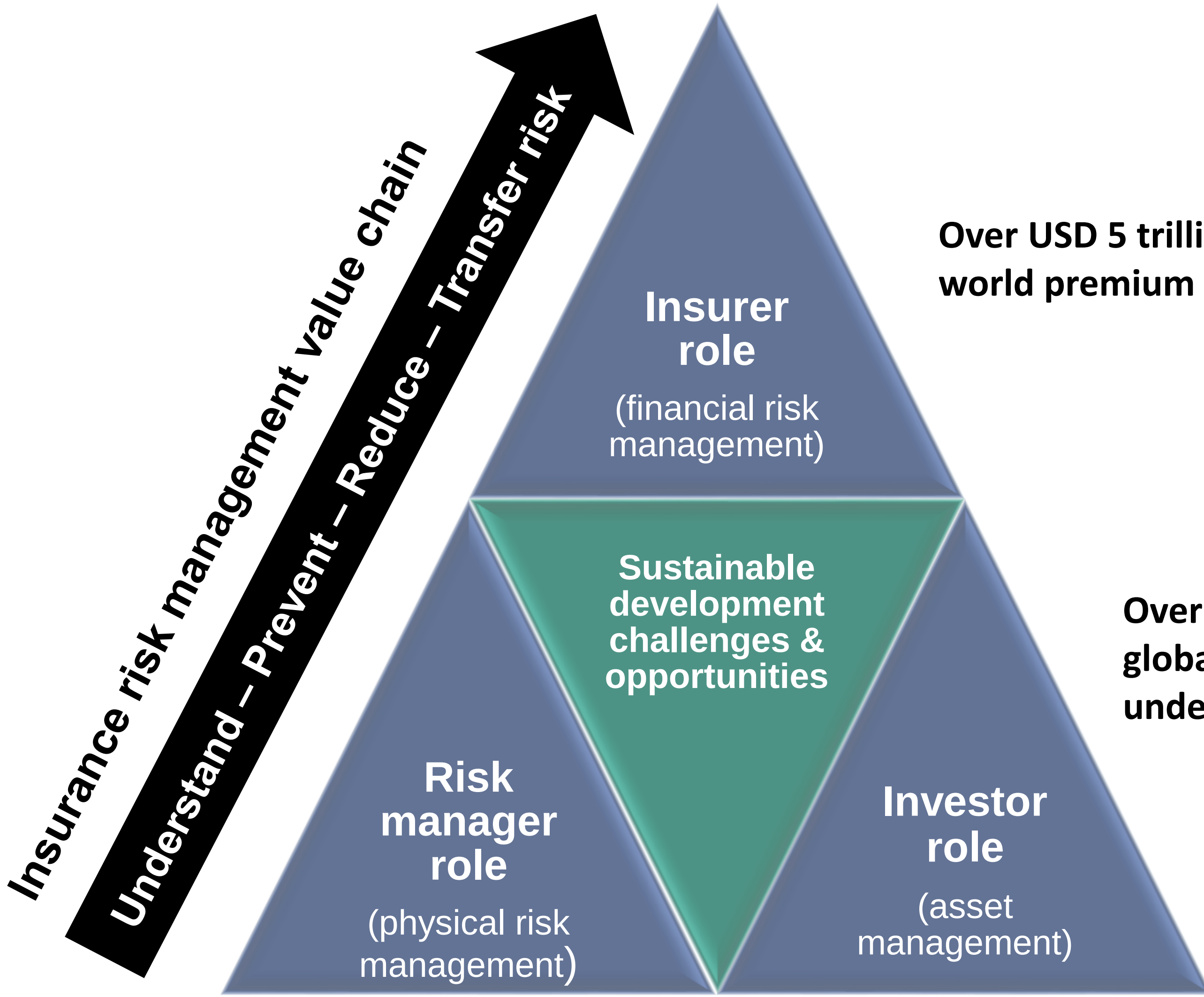
# Insurance Markets, Climate Risk and Sustainability

July 23, 2019, Los Angeles, California, USA

Butch Bacani
UN Environment's Principles for Sustainable Insurance Initiative

# The triple role of the insurance industry in sustainable development




**Over USD 5 trillion world premium volume**

**Over USD 30 trillion global assets under management**

# Pioneering global studies by the UN and the insurance industry on ESG issues and sustainable development

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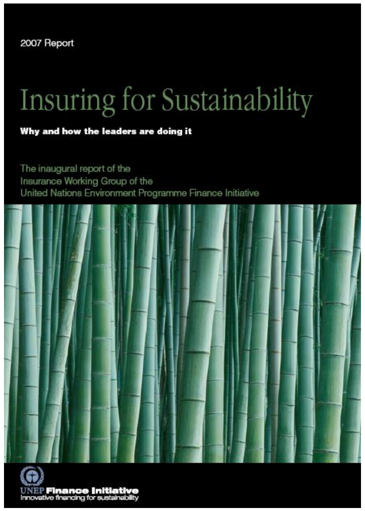
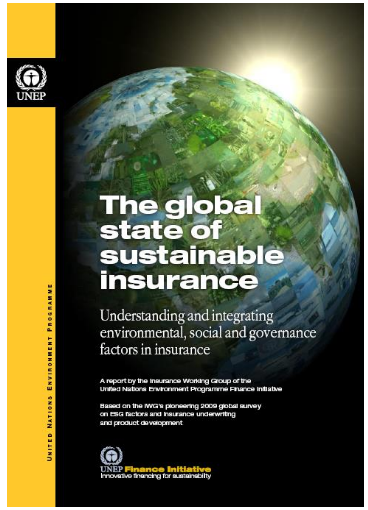
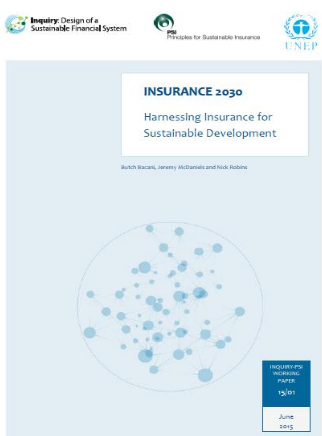
**2007: 1st sustainable insurance study**




**2009: 1st global sustainability survey of insurance industry**




**2015: 1st global consultation on insurance policy, regulatory & supervisory frameworks and sustainable development**




## Examples of key environmental, social and governance (ESG) issues (or "sustainability issues")

- Climate change & extreme weather events
- Natural disasters
- Biodiversity loss & ecosystem degradation
- Water scarcity
- Food insecurity
- Environmental pollution
- Violation of human rights & labour standards
- Social inequality & financial exclusion
- Emerging health risks & pandemics
- Ageing populations & demographic change
- Technological risks including big data
- Accountability & transparency issues
- Trust & reputation issues
- Unethical business conduct & practices
- Corruption
- Unfair treatment of customers

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# Sustainable insurance defined

**"Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues.**

**"Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability."**

(Source: Principles for Sustainable Insurance, UN Environment, 2012)

# The Principles for Sustainable Insurance: A global roadmap to drive systemic change

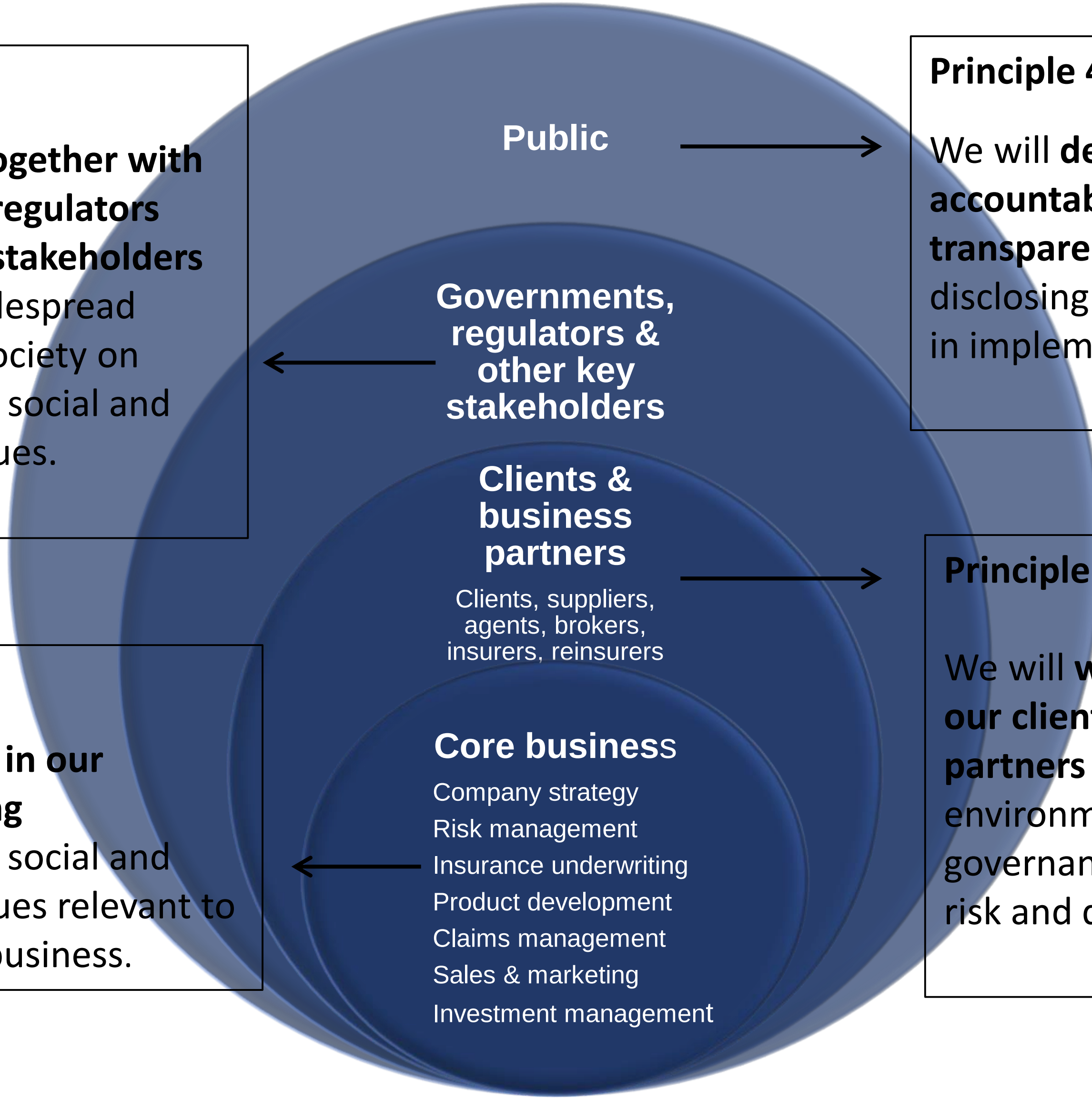
**PSI**
Principles for Sustainable Insurance

**Principle 3:**

We will **work together with governments, regulators and other key stakeholders** to promote widespread action across society on environmental, social and governance issues.

**Principle 1:**

We will **embed in our decision-making** environmental, social and governance issues relevant to our insurance business.




**Principle 4:**

We will **demonstrate accountability and transparency** in regularly disclosing publicly our progress in implementing the Principles.

**Principle 2:**

We will **work together with our clients and business partners** to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

# Launch of UN Environment's Principles for Sustainable Insurance Initiative (PSI) in 2012

PSI
Principles for Sustainable Insurance

RIO+20
United Nations
Conference on
Sustainable
Development

**June 2012, Rio de Janeiro, Brazil**

**"The Principles for Sustainable Insurance provide a global roadmap to develop and expand the innovative risk management and insurance solutions that we need to promote renewable energy, clean water, food security, sustainable cities and disaster-resilient communities.**

**"With world premium volume of more than $4 trillion and global assets under management of more than $24 trillion, insurers that embed sustainability in their business operations can catalyze the kinds of financial and investment flows and long-term perspectives needed for sustainable development.**

**"The United Nations looks forward to working with all sectors of society towards the global embrace of this important new initiative as we shape the future we want."**

**Ban Ki-moon, UN Secretary-General**

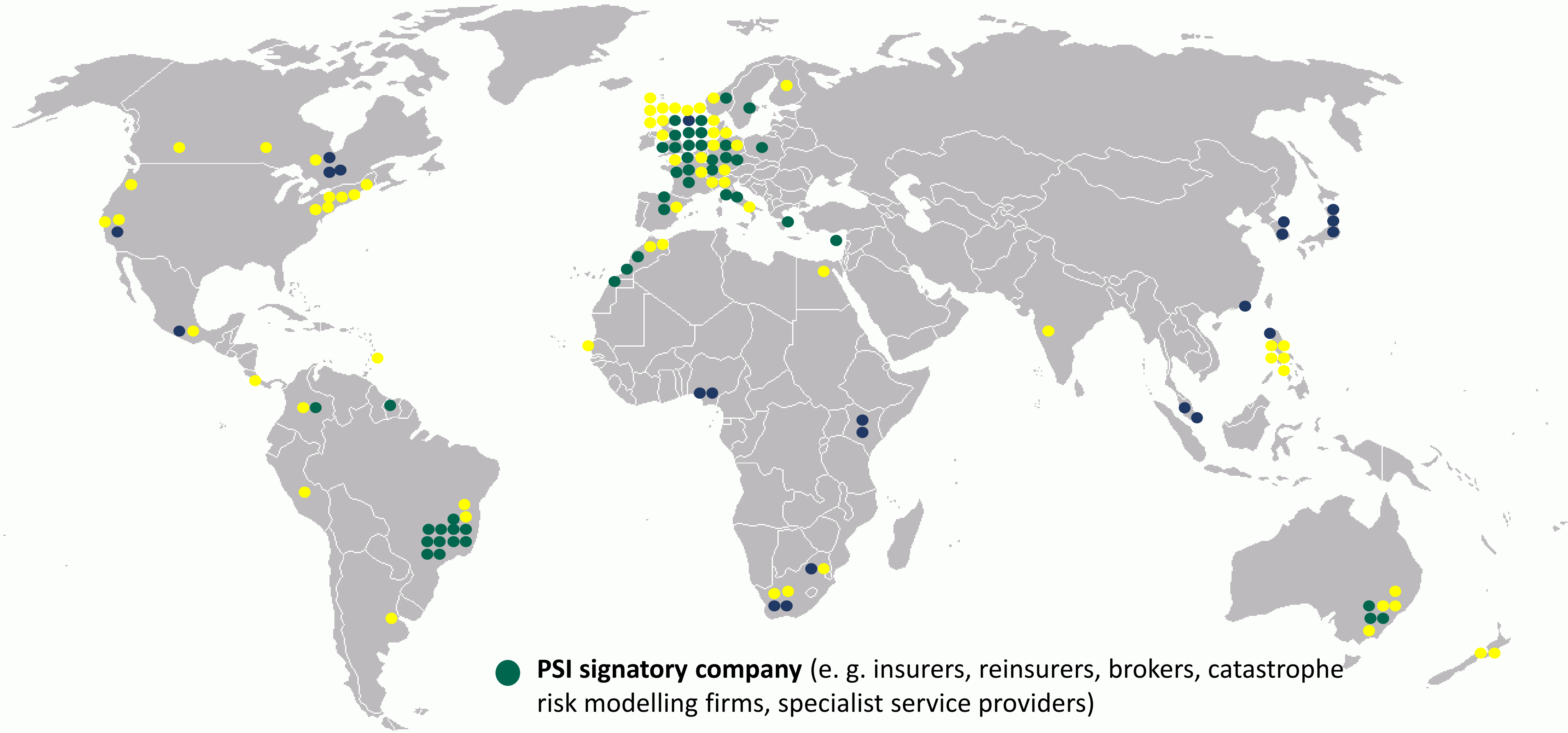
2012
IIS SEMINAR
RIO DE JANEIRO, JUNE 17-20
SOFITEL RIO COPACABANA HOTEL

CNseg
Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização

# PSI membership by country of domicile

PSI
Principles for Sustainable Insurance

- **Over 130 members and growing**
- **Insurers representing about 25% of world premium + USD 14 trillion in assets under management**
- **Largest collaborative initiative between the UN and the insurance industry**



**PSI signatory company** (e. g. insurers, reinsurers, brokers, catastrophe risk modelling firms, specialist service providers)

**PSI supporting institution** (e.g. insurance associations, insurance initiatives, insurance regulators and supervisors, academia, civil society organisations)

# PSI as a global sustainability framework for the insurance industry

PSI
Principles for Sustainable Insurance

Dow Jones Sustainability Indexes

FTSE4Good

Corporate Sustainability Index ISE

**PSI part of insurance industry criteria of sustainability indices**
Dow Jones Sustainability Indices, FTSE4Good, and Brazil's BM&FBOVESPA Corporate Sustainability Index

**2017 & 2018 DJSI rankings: Allianz ranked No.1 insurer**

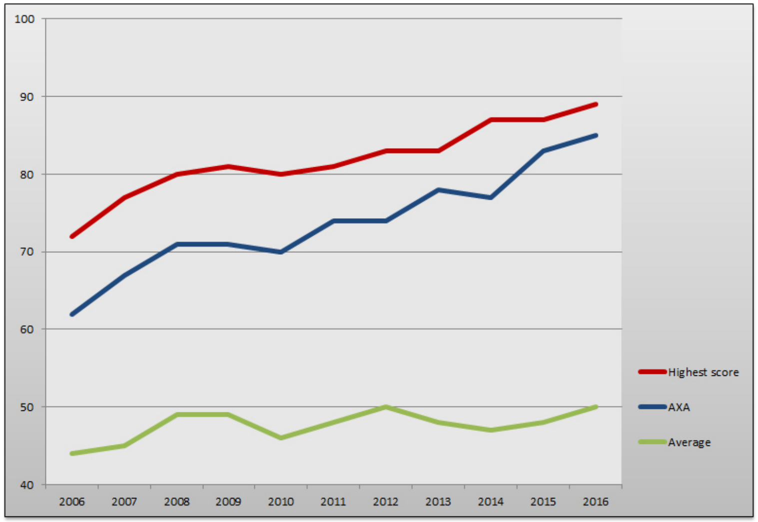

**2018 DJSI rankings: 15 of 16 insurers are PSI signatories**

Source: Allianz

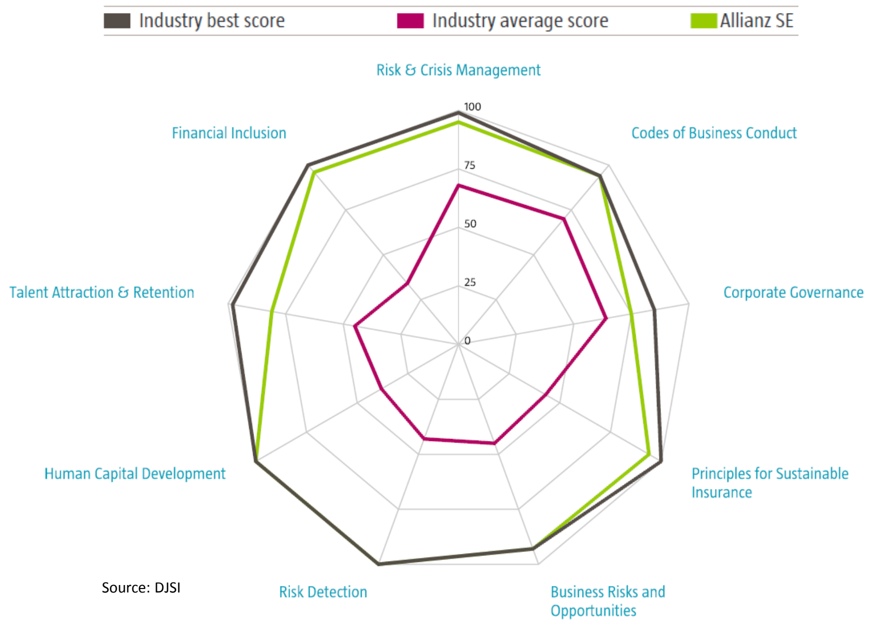
**2016 DJSI: Swiss Re remains insurance industry leader in sustainability**
Swiss Re remains the insurance industry sector leader in the DJSI for the third consecutive year, and the tenth time since 2004

**2017 DJSI: AXA's sustainability performance improves again**
AXA moves from fifth position to second-best player in the insurance industry – the Group's best performance ever

**AXA's historical DJSI performance**




Source: AXA




Source: DJSI

PSI
Principles for Sustainable Insurance

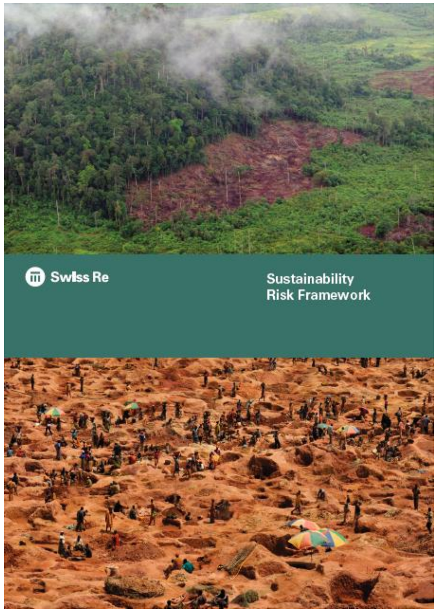
# Principle 1:

# Insurance industry leadership and commitments

# Implementing the Principles: Examples

## A company commitment

PSI
Principles for Sustainable Insurance




### Swiss Re's Sustainability Risk Framework

**Umbrella policies**

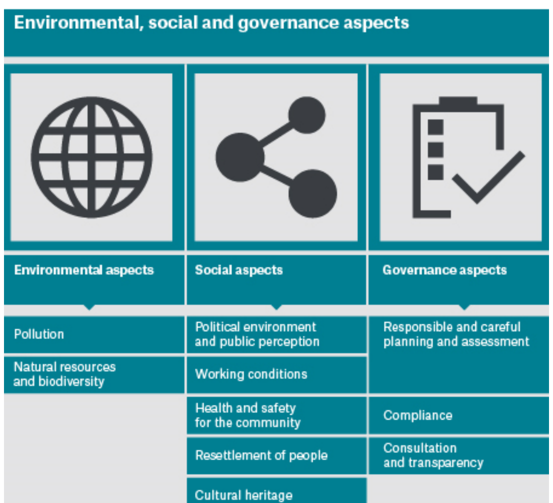
- Human rights & environmental protection

**Guidelines**

- Animal testing
- Dams
- Defence sector
- Forestry, pulp & paper, palm oil
- Mining
- Nuclear non-proliferation
- Oil & gas
- Thermal coal

### Swiss Re among first in insurance industry to integrate environmental, social & governance (ESG) benchmarks into investment decisions (Jul 2017)

- Swiss Re publication explains why ESG integration makes economic sense for long-term investors
- Swiss Re selected benchmarks based on the MSCI ESG methodology for its equities and fixed income portfolios




### Munich Re's processes, guidelines and tools to assess ESG issues in insurance underwriting and investment

### Allianz's screening process for ESG issues in insurance and investment transactions

### SCOR's scoring grid to help insurance and reinsurance underwriters assess ESG practices in sensitive sectors and lines of business

# Implementing the Principles: Examples
## A company commitment

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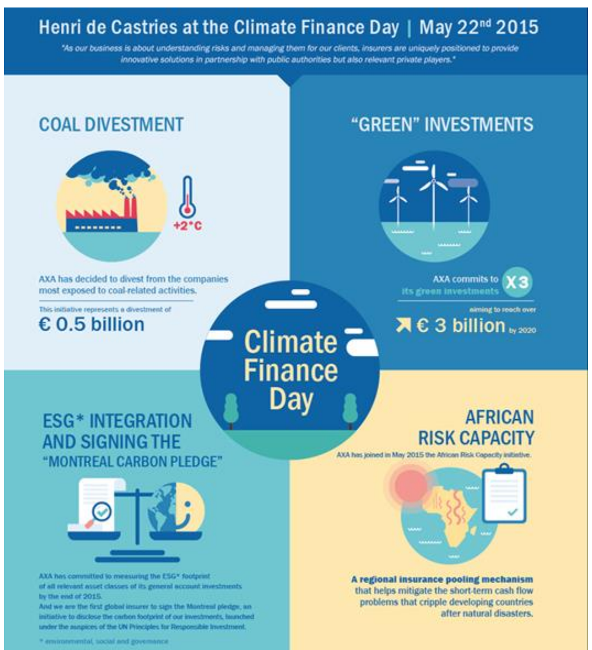
Principles for Sustainable Insurance


**"The debate is no longer about whether, it's about when.**

"As an insurer, I have personally witnessed many times humanity's capacity for resilience. This gives me hope that we will learn from the errors of the past and set ourselves on a path towards a more sustainable future, beginning here today and resulting in a comprehensive, fair and ambitious agreement this December.
**In any case, we have no choice: a 2°C world might be insurable, a 4°C world certainly would not be."**

**Henri de Castries, Chairman & CEO, AXA Group**
22 May 2015, Climate Finance Day, Paris




**Various PSI members have made commitments to disengage from coal-intensive business through their investments and/or insurance underwriting, and to increase green investments**

Allianz
AVIVA
AXA
GENERALI
Munich RE
QBE
SCOR The Art & Science of Risk
Swiss Re
ZURICH

PSI
Principles for Sustainable Insurance

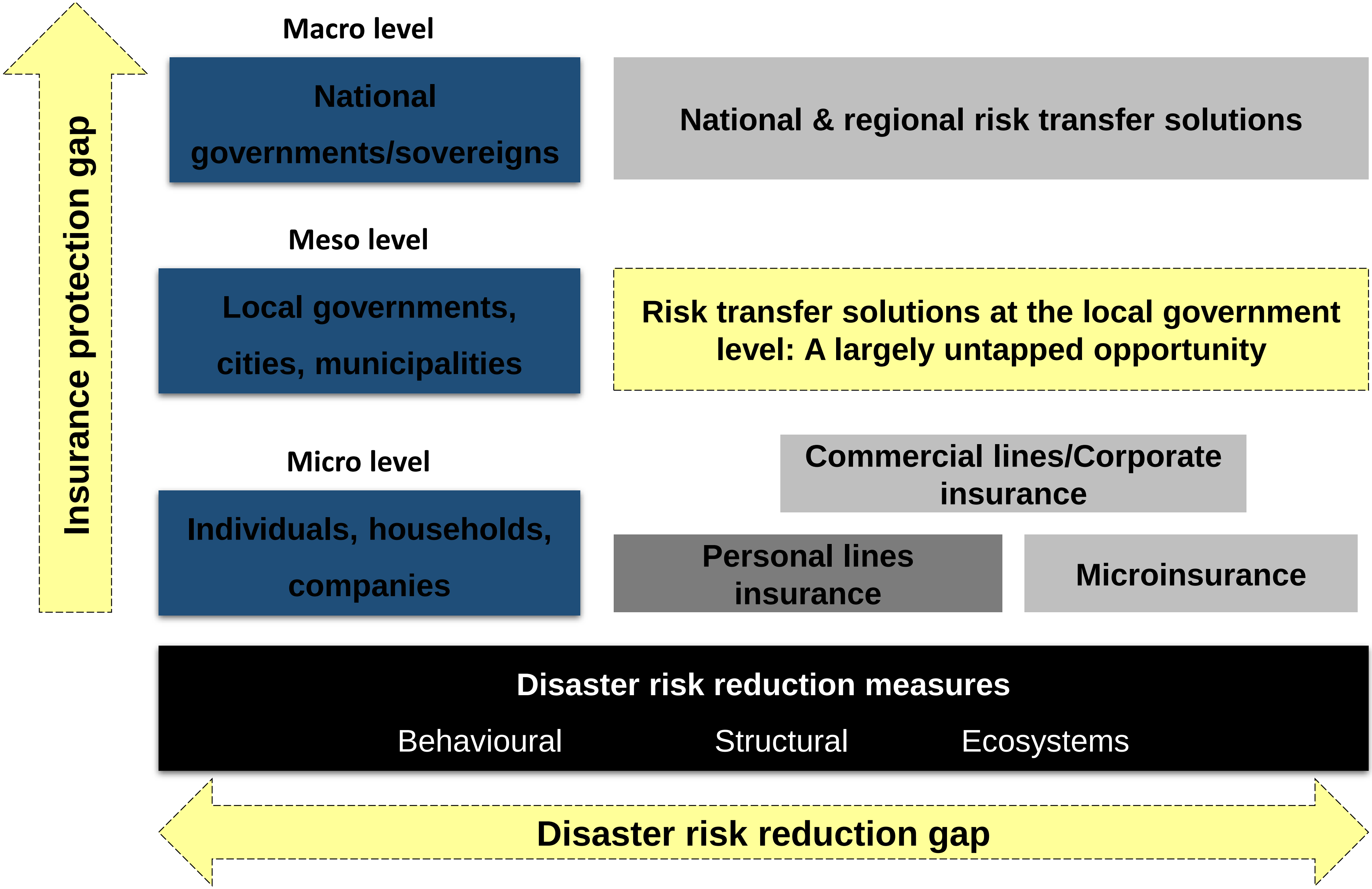
# Principle 2:

# Insurance industry partnerships

# PSI Global Resilience Project led by IAG

## Building disaster-resilient communities and economies

PSI
Principles for Sustainable Insurance



# AXA-PSI international climate resilience survey of cities & SMEs

PSI
Principles for Sustainable Insurance

- **Over 40 city/urban leaders** (e.g. mayors) in developed and developing countries
- **Over 1,100 small-to-medium-sized enterprises** (SMEs) in Europe, Asia & the Americas
- **Cities** emphasising need to **combine adaptation with mitigation** in climate change response
- Cities need to be **well prepared** to withstand climate impacts, including a **resilient economy**
- **Only 27% of SMEs are well prepared** for consequences of climate change; **only 27% adapting their business** to be more resilient
- **79% of SMEs** think insurers should do more to **help businesses adapt** to the consequences of climate change
- Adaptation and resilience should be **proactive and integrated** into business strategies. **Private sector engagement** is key

# A call for collective action to tackle climate change

PSI
Principles for Sustainable Insurance

## UNEP FI Global Roundtable, 26 Nov 2018, Paris


**"To tackle climate change, we must use every lever possible. This means implementing an ambitious strategy everywhere we can. This is why I am very proud to onboard AXA XL into adopting our sustainability strategy. Above all, our conviction has always been that the fight against climate change requires collective action, therefore AXA is happy to support the future UN PSI Climate Ambition Coalition."**

**Thomas Buberl, CEO, AXA Group**

## Insurers piloting the recommendations of FSB Task Force on Climate-related Financial Disclosures (TCFD)

PSI Principles for Sustainable Insurance

FSB FINANCIAL STABILITY BOARD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

**21 leading insurers: > 10% of world premium & USD 5 trillion assets**

**Will develop new generation of tools to assess climate-related physical, transition and liability risks**

Allianz · AXA · AVIVA · GENERALI · iag · ICEA LION GROUP · intact INSURANCE · LLOYDS BANKING GROUP · MAPFRE · MS&AD · Länsförsäkringar · Sompo Japan Nipponkoa · Munich RE · NN · Postevita GruppoAssicurativoPostevita · QBE · storebrand · Swiss Re · TD · the co-operators A Better Place For You · TOKIO MARINE

# Brazil becomes first insurance market in the world to commit to climate risk transparency (May 2018)

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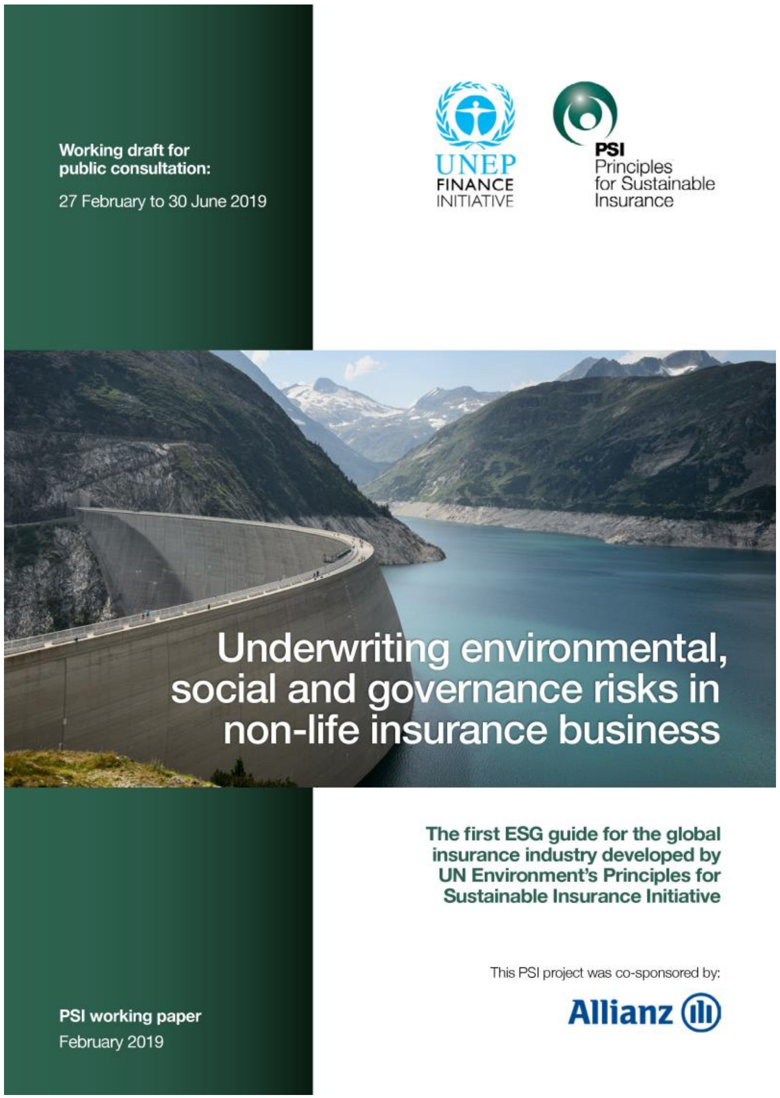
**Latin America's largest insurance market declares support for promoting dialogue on practical and effective ways to meet recommendations of Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD)**

**"Rio Declaration on Climate Risk Transparency by the Brazilian Insurance Industry" signed by Brazilian insurance association (CNseg) and Brazilian insurance regulator (SUSEP)**

- Brazil insurance industry **fully supports aims of Paris Agreement on Climate Change** and insurance industry has important role to play as **risk managers, underwriters and investors**
- Managing risk is core business of insurance industry → includes **understanding and reducing climate-related physical, transition and liability risks** associated with **underwriting and investment activities**
- Brazilian insurance industry believes **climate risk transparency essential to better managing impact of climate-related risks on the insurance industry**, and **to promoting sustainable insurance markets**
- Brazilian insurance industry **supports dialogue on practical and effective ways to meet TCFD recommendations** → should consider **particularities of local insurance and financial markets and materiality of climate-related risks across lines of insurance business and asset classes**

# First-ever global insurance industry guide to manage environmental, social and governance (ESG) risks in non-life insurance (Feb 2019)

PSI
Principles for Sustainable Insurance




**Objectives of the guide:**

- Provide guidance to insurance industry participants in developing **approaches to assess ESG risks in non-life insurance, particularly industrial & commercial insurance**
- **Support clients, intermediaries and other stakeholders in facilitating ESG-related info** which might be required during ESG due diligence of transactions
- **Highlight materiality of ESG risks to various lines of business and economic sectors**, including characteristics which might affect ability to assess and mitigate such risks
- **Address growing concerns by stakeholders (e.g. NGOs, investors, governments) on ESG risks** and articulate peculiarities of insurance business
- Demonstrate valuable role insurance industry plays in global economy and society, and **strengthen industry's contribution to sustainable development**

# Using the PSI global ESG guide

# ESG heat maps across economic sectors and lines of business

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| CRITERIA | THEME | RISK CRITERIA | RISK MITIGATION EXAMPLES & GOOD PRACTICE | ECONOMIC SECTORS | | | | | | | | | | | | | | | | | | | | | | Principles | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Agriculture / Livestock | Agriculture / Fishing | Agriculture / Paper & Forestry | Chemicals | Defense | Electronics / Technology | Energy Operation | Construction / Coal | Construction / Hydro Dams | Construction / Nuclear | Exploration & Construction / Oil & Gas | Production of Fuels / Derivatives from Oil & Gas | Finance (depending on client and/or transaction) | Gambling | Healthcare / Pharma / Biotech / Life Science | Infrastructure / Construction | Food/Beverage Manufacturing | Garment Manufacturing | Real Estate | Utilities (Waste & Water) | Mining | Transport / Shipping | SDGs | UNGC | PSI | PRI |
| Environment | Climate change | Air pollution, greenhouse gas emissions, and transition risks | Disclosure of climate-related emissions in operations and/or products (e.g. CO2, CH2, N20, HFCs, PCFs, SF6) | | | | | | | | | | | | | | | | | | | | | | | 13 | 8 | 4 | 6 |
| | | | Breakdown of fuel/material/carbon intensity mix relevant to the client or transaction (e.g. power generating mix or by economic sector intensity) | | | | | | | | | | | | | | | | | | | | | | | 7, 12 | 7, 8, 9 | 1, 2, 3 | 3 |
| | | | Environmental & social impact assessment (ESIA) covering negative health impacts, mitigation and decommissioning where relevant | | | | | | | | | | | | | | | | | | | | | | | 3.1 | 7, 8, 9 | 1, 2, 3 | 1, 5 |
| | | | Decarbonisation transition plan/targets | | | | | | | | | | | | | | | | | | | | | | | 7 | 7, 8, 9 | 1, 2, 3 | 1, 5 |
| | | Physical risks (e.g. heat, wildfire, extreme precipitation, flood, windstorm, tropical cyclones, sea level rise, water stress) | Nature-based solutions (e.g. sustainable flood or coastal defence management, broader climate resilience adaptation plans) | | | | | | | | | | | | | | | | | | | | | | | 9, 13 | 7, 8, 9 | 1, 2, 3 | 2 |
| | Environmental degradation | Exposure to unconventional mining practices (e.g. mountain top removal, riverine tailings dumping, deep sea mining) | Involvement in initiatives: Extractive Industries Transparency Initiative, International Council on Mining & Metals, Kimberley Process (diamonds) | | | | | | | | | | | | | | | | | | | | | | | 7, 9, 12, 13 | 7, 8 | 1, 2 | 2, 5 |
| | | Deforestation or controversial site clearance (e.g. palm oil on peatlands or fragile slopes, illegal fire clearance/logging, biodiversity loss, dam construction) | Certification for palm oil, paper, etc. Dam construction standards: IHA Hydropower Sustainability Assessment Protocol, UNEP Dams & Development, Equator Principles | | | | | | | | | | | | | | | | | | | | | | | 12, 15 | 7, 8 | 1, 2 | 4, 5, 6 |
| | | Soil pollution | ESIA covering possible negative health impacts, mitigation measures and decommissioning plans where relevant | | | | | | | | | | | | | | | | | | | | | | | 3.1 | 7, 8 | 1, 2, 3 | 1.5 |
| | | Water pollution | Water management practices (e.g. quality, scarcity, overconsumption). Effective ESIA process covering water pollution. External audits/certification | | | | | | | | | | | | | | | | | | | | | | | 6, 13 | 7, 8 | 1, 2, 3 | 3, 6 |
| | Protected sites/species | Impacts on World Heritage Sites or other protected areas | ESIA that covers impacts on endangered species and sites including mitigation. Specialist lists: Ramsar, UNESCO World Heritage Sites | | | | | | | | | | | | | | | | | | | | | | | 11, 15 | 7, 8 | 1, 2, 3 | 2, 5 |
| | | Impacts on species on IUCN Red List of Threatened Species | ESIA that covers impacts on endangered species and sites including necessary mitigation measures | | | | | | | | | | | | | | | | | | | | | | | 14, 15 | 7, 8 | 1, 2, 3 | 2, 5 |
| | Unsustainable practices | Exposure to unconventional energy practices (e.g. Arctic oil, hydraulic fracturing, tar sands, deep sea drilling) | Various energy initiatives: IPIECA, IFC EH&S Guidelines, Energy & Biodiversity Initiative for Oil & Gas, Arctic Council, Oil Sands Leadership Initiative | | | | | | | | | | | | | | | | | | | | | | | 9 | 7, 8, 9 | 1, 2, 3 | 4 |
| | | Illegal fishing vessels, controversial fishing practices or aquaculture techniques | PSI-Oceana guide on illegal, unreported & unregulated (IUU) fishing, IUU fishing lists, Aquaculture Stewardship Council certification | | | | | | | | | | | | | | | | | | | | | | | 12, 14, 17 | 7, 8 | 1, 2, 3 | 5, 6 |
| | Animal welfare/testing | Live transport over 8 hours or poor conditions | Live transport over 8 hours must hold certificate including training on ventilation/temperature. Good conditions on food, water, spacing, lighting, etc | | | | | | | | | | | | | | | | | | | | | | | 2, 12, 15 | 7, 8 | 1, 2, 3 | 2 |
| | | Controversial living conditions or use of chemicals/medicines (e.g. overuse of antibiotics) | Relevant certification for farming or ethical animals treatment during clinical treatments | | | | | | | | | | | | | | | | | | | | | | | 12, 15 | 7, 8 | 1, 2, 3 | 2, 5 |
| | | Lack of anaesthetic or distress reducing techniques | Compliance with Guiding Principles on Replacement, Reduction & Refinement | | | | | | | | | | | | | | | | | | | | | | | 12, 15 | 7, 8 | 1, 2, 3 | 2, 5 |
| | | Use of wild subjects or Great Apes in testing | | | | | | | | | | | | | | | | | | | | | | | | 12, 15 | 7, 8 | 1, 2, 3 | 2, 5 |
| Social | Human rights | Child labour | Policy/statement on protecting and promoting human rights, prohibits child labour, shared with suppliers, regular audits and public findings | | | | | | | | | | | | | | | | | | | | | | | 4, 8, 10, 12 | 1, 2, 5 | 1, 2, 3 | 2, 3, 5 |
| | | Human trafficking | Human rights policy that includes a statement on protecting and promoting human rights and prohibits human trafficking | | | | | | | | | | | | | | | | | | | | | | | 8, 10, 12 | 1, 4 | 1, 2, 3 | 2, 3, 5 |
| | | Forced labour | Human rights policy that includes a statement on protecting and promoting human rights and prohibits forced labour | | | | | | | | | | | | | | | | | | | | | | | 8, 10, 12 | 1, 4 | 1, 2, 3 | 2, 3, 5 |
| | | Forced resettlement (including land/water rights for native people, land grabbing) | Free, prior & informed consent (FPIC) achieved. Effective environmental & social impact assessment (ESIA) process covering consultation, resettlement, compensation aspects | | | | | | | | | | | | | | | | | | | | | | | 3, 16 | 1, 2 | 1, 2, 3 | 6 |
| | | Poor worker safety record (e.g. worse than sector average record on accidents) | Effective occupational health & safety policy that defines safety responsibilities and prevention measures to minimise fatalities, injuries and health impacts | | | | | | | | | | | | | | | | | | | | | | | 3, 12, 16 | 1, 3 | 1, 2, 3 | 2, 3, 5 |
| | | Violation of worker rights (e.g. discrimination, collective bargaining) | Code of conduct that outlines company's commitment to respect workers' rights | | | | | | | | | | | | | | | | | | | | | | | 8, 10, 12 | 1, 4 | 1, 2, 3 | 2, 3, 5 |
| | | Misconduct of security personnel (e.g. physical harm to people, human rights abuses) | Whistle-blower channel to report such violations | | | | | | | | | | | | | | | | | | | | | | | 3, 16 | 1 | 1, 2, 3 | 6 |
| | Controversial weapons | Controversial weapons exposure (e.g. UN conventions) | Anti-Personnel Mine Ban Convention, Convention on Cluster Munitions | | | | | | | | | | | | | | | | | | | | | | | 11 | 1 | 1, 3, 4 | 2, 3 |
| Governance | Bribery & corruption | Illegal and unethical payments | Code of conduct and anti-bribery training programme for all employees. Whistle-blower channel to report cases of bribery & corruption | | | | | | | | | | | | | | | | | | | | | | | 16, 17 | 10 | 4 | 3, 4 |
| | Poor corporate governance | Anti-competitive practices, violations of antitrust laws, unethical conduct | Code of conduct that outlines compliance with antitrust laws | | | | | | | | | | | | | | | | | | | | | | | 10, 16, 17 | 10 | 4 | 2, 5 |
| | Poor product safety & quality | Unethical conduct or negative health impact on customers | | | | | | | | | | | | | | | | | | | | | | | | 3, 16 | 1, 7 | 1, 2, 3 | 2, 5 |

# Leaders’ perspectives on the PSI global ESG guide

PSI
Principles for Sustainable Insurance

**Oliver Bäte**
**CEO, Allianz Group**

“Managing risks is at the heart of any insurer. **The sustainability guide for non-life underwriting transactions raises the industry’s ambition to manage environmental, social and governance risks and helps to achieve the UN Sustainable Development Goals and the climate target of the Paris Agreement.**

“We are proud to share our long-standing expertise in integrating sustainability into daily business with peers and partners, who might stand at the beginning of this important development. **Driving a low-carbon and inclusive economy to secure our future only will succeed if all players are truly committed and create measurable contributions.”**

**Christiana Figueres**
**Convenor, Mission 2020 & former Executive Secretary, UN Climate Change**

“The latest Intergovernmental Panel on Climate Change (IPCC) report shows that there’s a world of a difference—in terms of adverse economic, social and environmental impacts—between a world with an average temperature increase of 2 degrees since pre-industrial levels, and one with 1.5 degrees. **As risk managers, insurers and investors, no industry has the capacity to keep us safe other than the insurance industry.**

**“The PSI’s global sustainability guide is a clarion call for the ambitious action needed in the run up to the UN Secretary-General’s Climate Summit and the 2020 climate turning point.**

**“As financial scientists, we need the insurance industry to complete the IPCC report by translating the latest climate change science into the language of risk that the world can fully understand and tackle with radical collaboration and stubborn optimism.”**

# Brazilian market collaboration on sustainable insurance goals

PSI
Principles for Sustainable Insurance

**2015 environmental, social and governance (ESG) goals by the Brazilian insurance industry**

**Through the work of the Brazilian Insurance Confederation's (CNseg) Sustainability & Innovation Committee**

CNseg
Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização

**Goal 1:**
40% of insurers will integrate environmental, social and governance criteria into their risk underwriting policy

**Goal 2:**
30% of insurers will have an environmental, social and governance engagement programme targeted at brokers

**Goal 3:**
50% of insurance industry will integrate official public policy from municipal, state and federal governments into their social responsibility policy

**Goal 4:**
50% of insurers will report on environmental, social and governance criteria

**CNseg monitoring progress through surveys since 2014**

**CNseg has developed a "Balanced Scorecard" to measure progress in achieving strategic objectives on sustainability, including the ESG goals**

# Insurers protecting World Heritage Sites

PSI
Principles for Sustainable Insurance

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

WWF

In support of

United Nations
Educational, Scientific and
Cultural Organization

World
Heritage
Convention

- Nearly 1,100 natural, cultural, and mixed World Heritage Sites across the globe.
- Natural World Heritage Sites provide economic, social and environmental benefits → but almost half are threatened by harmful industrial activities
- Commitment to protect World Heritage Sites across risk management, insurance and investment activities of the insurance industry
- Launched at 42nd Session of UNESCO World Heritage Committee in Bahrain (July 2018)
- PSI and WWF developing first-ever insurance industry guide to protect UNESCO World Heritage Sites across risk management, insurance and investment activities

# Insuring and investing in a sustainable ocean economy

PSI
Principles for Sustainable Insurance

## PSI-Oceana global guide to tackle illegal, unreported & unregulated fishing


- Pirate fishing—or illegal, unreported & unregulated (IUU) fishing—costing global economy USD 10 to 23.5 billion yearly
- About 1 in 5 fish caught illegally, posing serious threats to environment and global fish supplies
- IUU fishing risks: Increased claims, other crimes (e.g. human trafficking, slavery, transport of illegal arms or drugs), fraud, legal liabilities, reputational damage
- IUU fishing contributes to overfishing and destruction of marine habitats and ecosystems, and marine pollution

## PSI-UNEP global study on plastic pollution, marine plastic litter & microplastics

- Only 9% of 9 billion tonnes of plastics ever produced have been recycled; plastic packaging about half of world's plastic waste
- Rapidly increasing levels of marine litter negatively affecting marine biodiversity, ecosystems, animal well-being, societies, livelihoods, fisheries, maritime transport, recreation and tourism, and economies
- Microplastics added into products or generated during their lifecycle are found along the food chain; potential to negatively affect human health and food safety

## Sustainable Blue Economy Finance Initiative

SUSTAINABLE BLUE ECONOMY FINANCE PRINCIPLES

- If the ocean were a country, it would have the world's 7th largest economy
- Value added of world's ocean economy estimated to grow to > USD 3 trillion by 2030 and employ > 40 million
- Sustainable finance for all ocean-based industries: from shipping, fisheries and tourism; to aquaculture, energy and biotechnology
- Founding partners: European Commission, European Investment Bank, WWF, World Resources Institute and UNEP FI

# The Insurance Industry Development Goals for Cities

**A global action framework for the insurance industry to help make cities inclusive, safe, resilient and sustainable in line with UN Sustainable Development Goal 11**

## Key urban challenges and opportunities

| | |
|---|---|
| **Goal 1:** | **Build climate and disaster-resilient communities and economies** |
| **Goal 2:** | **Promote healthy lifestyles and prevent pollution** |
| **Goal 3:** | **Develop solutions for unserved people and enterprises** |
| **Goal 4:** | **Protect natural and cultural heritage sites** |
| **Goal 5:** | **Promote sustainable energy and resource efficiency** |

## Enabling factors

| | |
|---|---|
| **Goal 6:** | **Leverage data, risk analytics and technology** |
| **Goal 7:** | **Promote risk management, insurance and financial literacy** |
| **Goal 8:** | **Help develop climate and disaster risk management strategies and plans** |
| **Goal 9:** | **Help develop sustainable insurance roadmaps for cities** |
| **Goal 10:** | **Promote the Insurance Industry Development Goals for Cities** |

# The Insurance Industry Development Goals for Cities

PSI
Principles for Sustainable Insurance

"This landmark initiative by the insurance industry and cities is an excellent example of the type of ambition and leadership needed to achieve the goals of the Paris Climate Change Agreement."

**– Patricia Espinosa, Executive Secretary, UN Climate Change**

"Through its risk management services, insurance solutions and investments, the insurance industry can strengthen its contribution to the global agenda of building resilient and sustainable cities. The Insurance Industry Development Goals for Cities provide a global framework to guide collaboration between insurers and local governments, and to accelerate action."

**– Dr Joachim Wenning, CEO, Munich Re Group**

"The insurance industry's core business is to manage risk, so it's well-positioned to support urban resilience and sustainability. We encourage our peers in the insurance industry to work together with local governments in promoting the adoption of the Insurance Industry Development Goals for Cities."

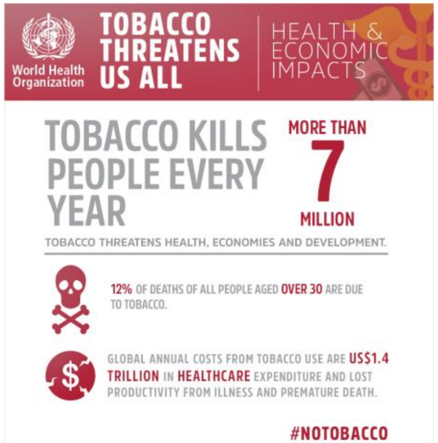
**– Eric Andersen, Co-President of Aon**

"Montréal is proud to host the ICLEI World Congress and the launch of the Insurance Industry Development Goals for Cities. These goals are a shared ambition between the insurance industry and local governments, and a shining example of leadership, innovation and collaboration for sustainable development."

**– Valérie Plante, Mayor of Montréal**

# Insurers and investors supporting tobacco-free finance

PSI
Principles for Sustainable Insurance






UN General Assembly Week (Sep 2018, New York)

- Tobacco a primary driver of dramatic rise in chronic non-communicable disease, killing > 7 million people per year, expected to rise to 8 million by 2030
- Without urgent action, tobacco-related disease forecast to result in 1 billion premature deaths in 21st century
- Smoking costs global economy > USD 1 trillion a year, far outweighing global revenues from tobacco taxes
- UN Sustainable Development Goal 3 (Health) has target to strengthen implementation of WHO Framework Convention on Tobacco Control

<u>The Tobacco-Free Finance Pledge</u>

> 150 investors, insurers, banks and key stakeholders have signed the Pledge

- USD 7.5 trillion in assets under management
- USD 2 trillion in corporate loan books
- USD 190 billion in gross premiums written

Pledge developed by Tobacco-Free Portfolios, PSI, PRI, UNEP FI, AXA, BNP Paribas, Natixis and AMP Capital

# Shaping the global agenda for the life & health insurance industry and sustainable development

PSI
Principles for Sustainable Insurance

## Developing the PSI Life & Health Work Stream

- PSI Life & Health Advisory Group
- Life & health sessions at PSI events
- 1st PSI life & health event in 2019
- Webinars on key topics for life & health business
- Collaborative PSI activities on life & health business

## Examples of topics proposed:

- ESG guidance for life & health insurance business
- Climate change and mortality
- Primary prevention
- Tobacco
- Air pollution
- Mental illness
- Integrating health issues into investment decisions
- Inclusive life & health insurance, and insurtech
- Urban planning for healthy lifestyles
- Reaching vulnerable populations and SMEs
- Changing demographics
- Social impact measurement and rating agencies
- Antibiotic resistance
- Behavioural economics and new lifestyles
- Disclosure and reporting in life & health insurance

## Collaborating to close the insurance protection gap and build climate and disaster resilience

PSI
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micro insurance network

InsuResilience

V20

Vulnerable Twenty Group of Ministers of Finance

V20 Sustainable Insurance Facility

International Labour Organization

IMPACT INSURANCE

UNEP FINANCE INITIATIVE

PSI
Principles for Sustainable Insurance

IDF Insurance Development Forum

UN Climate Resilience Initiative A2R
Anticipate, Absorb, Reshape

UNFCCC Clearing House for Risk Transfer

# PSI events across markets:
# Shaping the global sustainable insurance agenda

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**The US**

**The UK**

**Switzerland**

**Germany**

**Morocco**

**Costa Rica**

**Brazil**

**Nigeria**

**China**

**The Philippines**

**Colombia**

**South Africa**

**Egypt**

**Australia**

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# Principle 3:

# Financial policy & regulatory frameworks

# European Commission (EC) High-Level Expert Group on Sustainable Finance (HLEG)

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**HLEG final report (Jan 2018):**
**Recommendations for comprehensive EU strategy on sustainable finance as part of the Capital Markets Union**

**EC will draw on recommendations to determine how to integrate sustainability considerations into EU's rules for the financial sector**

**EC Action Plan to Finance Sustainable Growth (Mar 2018)**

## European Commission's proposal for European Supervisory Authorities to promote sustainable finance (Sep 2017)

## 5th Global Insurance Supervision Conference (Jul 2017, Frankfurt)

EBA European Banking Authority
European System of Financial Supervision

eiopa
EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

esma European Securities and Markets Authority

**PSI invited by EIOPA to speak about "Sustainable insurance: Turning environmental, social and governance challenges into sustainable opportunities"**

**"European Supervisory Authorities will promote sustainable finance, while ensuring financial stability. They will take account of environmental, social and governance-related factors and risks in all the tasks they perform"**

# California's pioneering scenario analysis to assess climate-related transition risks in insurers' investments

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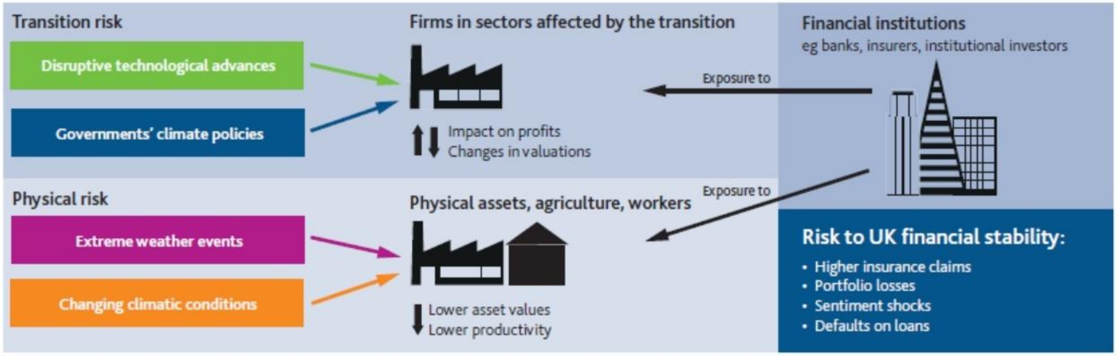
**Primary channels for climate-related financial risks**




**Source: Bank of England**

**Transition risks** → Transition to a lower-carbon economy (e.g. developments in climate policy, new disruptive technology, or shifting investor sentiment)

**Physical risks** → Physical impacts of climate change (e.g. increasing frequency and severity of droughts, floods and storms due to rising global temperatures)

- **Scenario analysis** covers insurers with **> $100 million in annual premiums** doing business in California
- Arguably **most comprehensive financial stress-test analysis** ever conducted for the insurance industry
- Insurers analysed have **> $500 billion in fossil fuel-related securities** issued by power and energy companies, with **$10.5 billion being investments in thermal coal enterprises**
- **Individual insurer reports available to all 672 insurers** with > $100 million in annual premiums and **sent for response to top 100 insurers** (investment portfolio size), representing > 80% of assets analysed
- Reports explain **how investment plans align with climate scenarios, where individual insurer ranks among its peers, and which securities are driving climate risk exposure** of their investment portfolios
- Results help insurers apply **Financial Stability Board's climate risk disclosure recommendations**

## Actions by the Bank of England's Prudential Regulation Authority (PRA) on climate change: Supervisory statement (Apr 2019) & assessment framework (May 2019)

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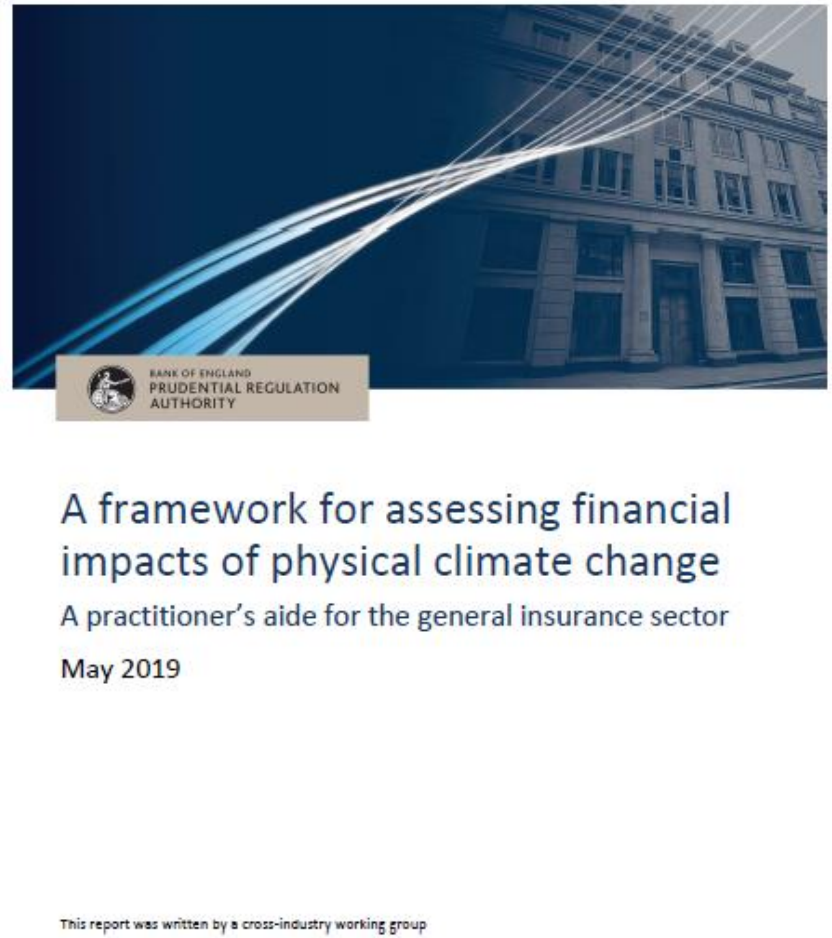
Supervisory Statement | SS3/19

Enhancing banks' and insurers' approaches to managing the financial risks from climate change

April 2019







A framework for assessing financial impacts of physical climate change

A practitioner's aide for the general insurance sector

May 2019

This report was written by a cross-industry working group

# Developing national and city sustainable insurance roadmaps spanning the industry's risk management, insurance & investment activities

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**Australia & New Zealand to develop national sustainable finance roadmaps (Jul 2018)**

**Egypt to develop national sustainable insurance roadmap (Apr 2019)**

**Lagos to develop a city sustainable insurance roadmap (Apr 2019)**

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# Principle 3:

# Intergovernmental initiatives & global policy frameworks

# The insurance industry and sustainable development: A UN system-wide agenda

UN Global Compact

UN Framework Convention on Climate Change

UN Environment

International Labour Organization

UN Dept. of Economic & Social Affairs

World Health Organization

Office of the UN High Commissioner for Human Rights

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UN Human Settlements Programme

UN Office for Disaster Risk Reduction

UN Development Programme

Food & Agriculture Organization

World Food Programme

UN Educational, Scientific & Cultural Organization

World Meteorological Organization

UN Conference on Trade & Development

# Launch of UN Secretary-General's Global Investors for Sustainable Development (GISD) Alliance (Apr 2019, New York)

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+IMPACT

UN DESA

UNITED NATIONS UNCTAD

SUSTAINABLE DEVELOPMENT GOALS

THE GLOBAL COMPACT

UN CDF

PRI Principles for Responsible Investment

# Examples of how the PSI is addressing ESG issues and contributing to the UN Sustainable Development Goals through risk management, insurance and investment

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Global partnership with the world's microinsurance community on inclusive insurance

Shaping the global sustainable insurance agenda through PSI market events

Developing national sustainable insurance & finance strategies & roadmaps

Insurance Industry Development Goals for Cities across risk management, insurance & investment

First global tobacco-free finance pledge

Supporting the G7, G20 and V20-backed InsuResilience Global Partnership


First global insurance industry statement to protect UNESCO World Heritage Sites

Supporting the UN Secretary-General's Climate Resilience Initiative (A2R)

Sustainable Blue Economy Finance Initiative

Piloting the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD)

First global insurance industry initiative to tackle plastic pollution, marine plastic litter & microplastics

First global guide to manage ESG risks in insurance underwriting

UN Secretary-General's Global Investors for Sustainable Development Alliance

PSI Life & Health Advisory Group

First global insurance industry statement and risk management guidelines to tackle illegal, unreported & unregulated fishing

First national insurance market commitment to climate risk transparency

UN Environment's Sustainable Insurance Forum for Supervisors

# Vision of the PSI Initiative

PSI
Principles for Sustainable Insurance

**"A risk-aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society."**

UNEP FINANCE INITIATIVE

# PSI
# Principles for Sustainable Insurance

**Insuring for sustainable development**

**www.unepfi.org/psi** **butch.bacani@un.org**
**psi@unepfi.org**

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UCLA School of Law Emmett Institute on Climate Change & the Environment

BerkeleyLaw UNIVERSITY OF CALIFORNIA
Center for Law, Energy & the Environment

# Panel 3: Managing Physical and Transition Risks and Opportunities

- **Karen Lockridge**, Mercer
- **Jeremy McDaniels**, UN Environment
- **Clare Murray**, 2° Investing Initiative

Moderator: **Cynthia McHale**, Ceres

**California Climate Risk:**
Insurance-Based Approaches to Mitigation and Resilience

July 23, 2019 | UCLA School of Law

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# Break

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# Panel 4: California Policy Innovations

- **California State Senator Ben Allen**
- **Kate Gordon**, California Governor's Office of Planning and Research
- **California State Senator Nancy Skinner**
- **California State Senator Henry Stern**

Moderator: **California Insurance Commissioner Ricardo Lara**

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# Closing remarks

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# Reception:
# Shapiro Courtyard

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