

UN Environment convenes world's insurers to assess intensifying climate change impacts in bid to protect communities and economies

13 November 2018—UN Environment's Finance Initiative (UNEP FI) announced today a partnership with 16 of the world's largest insurers—representing around 10% of world premium and USD 5 trillion in assets under management—to develop a new generation of risk assessment tools designed to enable the insurance industry to better understand the impacts of climate change on their business. This understanding is vital for an industry whose core business is to manage risk.

The pilot group will develop analytical tools that they will use to pioneer insurance industry climate risk disclosures that are in line with the recommendations of the [Financial Stability Board's Task Force on Climate-related Financial Disclosures \(TCFD\)](#). This will require them to make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available.

“For generations, the insurance industry has served as society’s early warning system and risk manager by understanding, reducing, pricing and carrying risk. Its message now is loud and clear: climate change risk is intensifying and is a serious threat to the insurability of communities and economies around the world,” said **UN Environment chief, Erik Solheim**. *“An uninsurable world is a price that society could not afford. This is why UN Environment is working with leading insurers to understand and reduce risk, to seize unprecedented business opportunities in climate action, and to ensure an insurable, resilient and sustainable world.”*

The recent report of the Intergovernmental Panel on Climate Change (IPCC) highlights the rapid, far-reaching and unprecedented changes needed to limit global warming to 1.5°C. As rising temperatures accelerate sea level rise and catalyse extreme weather events, communities, businesses, cities and countries are facing new types and higher levels of risk.

The Financial Stability Board, chaired by Bank of England Governor Mark Carney, mandated its Task Force to develop voluntary and consistent climate-related financial disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force's final recommendations

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were submitted to the G20 in June 2017 and have four key pillars—governance, strategy, risk management, and metrics and targets.

The tools and indicators that will be jointly developed and piloted by the Insurer Group will incorporate the latest scenario analysis to assess climate-related physical and transition risks in insurance portfolios. Insurance coverage incentivises risk reduction, puts a price tag on risk, de-risks investments, and serves as a financial shock absorber for communities, businesses and governments. While insurers are also major investors—with global assets under management of over USD 30 trillion—this initiative will focus on the assessment of climate risks in their core insurance portfolios and products.

"The more insurers understand climate risks facing the economy, the more they can make prudent decisions in managing risk and serving their clients, and the more efficient and stable our markets will become," said **Michael Bloomberg, Chair of the Task Force and UN Special Envoy for Climate Action**. *"The pioneering work of this group will pave the way for greater climate risk transparency and climate action by the global insurance industry, and it's great to see that it's consistent with our Task Force's recommendations."*

Reliable information on insurers' exposure to climate risks will strengthen the stability of the financial system, encourage more and better disclosures from client companies across sectors, and help boost insurance products and investments needed to transition to low-carbon, climate-resilient communities and economies.

The Insurer Group's work follows equivalent work by leading banks and investors, all convened by UNEP FI for the purpose of advancing financial sector know-how on climate change and the adoption of the Task Force's recommendations. Its outputs aim to support key platforms and initiatives, including the UN Secretary-General's Climate Summit in New York in September next year to drive ambitious climate action needed to achieve the goals of the Paris Agreement on Climate Change.

Member companies of the Insurer Group

The leading insurers that will work together with the UN are all signatories to UNEP FI's [Principles for Sustainable Insurance \(PSI\)](#), a global best-practice sustainability framework and the largest collaborative initiative between the UN and the insurance industry. The Insurer Group includes: *Allianz (Germany), AXA (France), IAG (Australia), Intact Financial Corporation (Canada), Länsförsäkringar Sak (Sweden)*,

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MAPFRE (Spain), MS&AD (Japan), Munich Re (Germany), NN Group (Netherlands), QBE (Australia), Sompo Japan Nipponkoa (Japan), Storebrand (Norway), Swiss Re (Switzerland), TD Insurance (Canada), The Co-operators (Canada), and Tokio Marine & Nichido (Japan).

CEO quotes from member companies of the Insurer Group

Oliver Bäte, Chairman of the Board of Management, Allianz SE

“Climate change and economic instability are amongst the biggest challenges we will face in the coming decades. We have no time to waste. It’s not a question of getting the wheels turning, but rather how fast we can drive the change.”

Thomas Buberl, CEO, AXA Group

“We all know climate change requires global collective action, such as supporting the Task Force on Climate-related Financial Disclosures. At AXA we practice what we preach by publishing our climate risks analyses based on the TCFD guidelines since 2016. Ultimately, our goal is to strive to align our business and our investments with the ‘2°C’ trajectory that science and the Paris Agreement are calling for. Rather than seeing climate change only as a burden, we should reframe it as an opportunity to rise to a challenge that is worthy of our best efforts.”

Peter Harmer, Managing Director & CEO, IAG

“The insurance industry has long understood the risk of climate change on our communities and customers, and it is vital that the financial sector works collectively to share our knowledge and create a framework for transparent and sustainable operations and reporting. We look forward to working with our global industry peers in the UNEP FI PSI pilot, and contributing to the development of a set of standards to give investors and customers the ability to make informed decisions in the context of what IAG and our industry are doing to help combat climate change.”

Charles Brindamour, CEO, Intact Financial Corporation

“Climate change is one of the most pressing public policy issues facing Canada and the world for the foreseeable future. Being part of the TCFD insurer pilot will help us take informed measures to evaluate the impacts of climate change in a more standardized and transparent way—to help us build a stronger, more prosperous and resilient society.”

Ann Sommer, CEO, Länsförsäkringar Sak

“To be included in this international pilot project involves participating in the creation of a new standardization of climate risk information and climate risk modelling in the financial sector. The opportunity to exchange experiences and get a better understanding of the TCFD recommendations and climate risks in a global perspective together with other leading insurance companies is of course very valuable to us.”

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Fernando Mata, Chief Finance Officer (CFO) and Member of the Board, MAPFRE

“As a global insurer, MAPFRE plays its part in contributing to defining a technical-financial action framework for the overall sector that would facilitate helping, from the insurance side of things, to manage the risks and opportunities presented by the transition to a low-carbon economy, thereby reducing the impact of climate change on society in general.”

Yasuyoshi Karasawa, President & CEO, MS&AD Insurance Group Holdings

“Our participation in the UNEP FI insurance pilot group on implementing the TCFD's recommendations in insurance sector reinforces our mission ‘to contribute to the development of a vibrant society and help secure a sound future for the planet, by enabling safety and peace of mind through the global insurance and financial services business.’ We look forward to working collaboratively with other insurers.”

Lard Friese, CEO, NN Group

“As a financial company, investing responsibly is important for our business and our stakeholders. In support of our societal and environmental commitments, and to further promote transparency, NN Group endorses the TCFD recommendations. We took steps to implement them in our 2017 annual report, and we look forward to working with the Pilot Group to advance disclosures on climate change risks, and to explore options to improve the understanding of risks and opportunities associated with a changing climate.”

Pat Regan, Group CEO, QBE Insurance Group Ltd.

“Climate risk is a priority issue for QBE. We support the strong framework provided by the TCFD for enhancing climate related management and disclosure and believe this important pilot will help us further progress our approach to climate scenario analysis modelling. We look forward to collaborating with our peers on this collective challenge.”

Masaya Futamiya, Director & Chairman, Sompo Japan Nipponkoa Insurance Inc.

“As climate change would cause insurance companies significant risks and opportunities, top managements are required to develop leadership creating positive and concrete impact. I hope this working group will serve the society by enhancing strategies to climate change and contribute to realizing an inclusive, resilient and sustainable society.”

Odd Arild Grefstad, CEO, Storebrand Group

“Sustainability is an integral part of Storebrand's business activities. We believe that rapid adaption to growing climate risks and increased focus on solutions to mitigate climate risks is key to long-term economic growth and stability. By joining this initiative, Storebrand hopes to contribute to faster and more tangible action on climate change.”

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Christian Mumenthaler, Group CEO, Swiss Re

"Swiss Re has a long-standing commitment to being a responsible company. We first identified the potential mid- to long-term impact of climate change on our business — and on society in general — some 30 years ago. In response, we declared it a priority issue and introduced a comprehensive climate change strategy. Supporting the TCFD and its agenda is another highly relevant step and contributes to our vision of making the world more resilient. We look forward to enabling sustainable progress in collaboration with the UNEP, others in our industry, and public and private partners from around the world."

Kenn Lalonde, President & CEO, TD Insurance

"The effects of climate change are real for our industry and the people our products are designed to protect. At TD, it is our responsibility to continually assess climate change risks and identify opportunities to help create a more sustainable tomorrow. Taking part in this pilot program is the right thing for us to do for our customers and our business."

Rob Wesseling, President & CEO, The Co-operators

"Climate change is the defining issue of our times. It has and will continue to pose increasing risks that impact the financial, social and environmental prosperity of current and future generations. As risk experts, we cannot turn a blind eye to this issue. Through the TCFD pilot, we are collaborating with global insurance leaders to incorporate climate-related risk into our governance, strategy, products and services, seize low-carbon opportunities, and design solutions that will enable communities to be more resilient in the midst of a changing climate."

Toshifumi Kitazawa, CEO, Tokio Marine & Nichido Fire Insurance Co. Ltd.

"In the age of transition to a low-carbon society, Tokio Marine fully supports the United Nations Environment Programme Finance Initiative and will contribute to the creation of effective climate-related disclosure methodologies through proactively participating in the discussion of TCFD Insurer Pilot Working Group."

Notes to editors

About UN Environment

UN Environment is the leading global voice on the environment. It provides leadership and encourages partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations. UN Environment works with governments, the private sector, the civil society and with other UN entities and international organizations across the world.

www.unenvironment.org

About UN Environment Finance Initiative (UNEP FI)

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The UN Environment Finance Initiative is a partnership between UN Environment and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. Over 200 financial institutions, including banks, insurers and investors, work with UN Environment to understand today's environmental challenges, why they matter to finance, and how to actively participate in addressing them.

www.unepfi.org

About UN Environment's Principles for Sustainable Insurance Initiative (PSI)

Endorsed by the UN Secretary-General and insurance industry CEOs, the Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities—and a global initiative to strengthen the insurance industry's contribution as risk managers, insurers and investors to building resilient, inclusive and sustainable communities and economies. Developed by UN Environment Finance Initiative, the PSI was launched at the 2012 UN Conference on Sustainable Development, and is the largest collaborative initiative between the UN and the insurance industry.

www.unepfi.org/psi

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