Where next for sustainable insurance?

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Grantham Research Institute on Climate Change and the Environment
Centre for Climate Change Economics and Policy
ESRC Economic & Social Research Council
The Grantham Foundation for the Protection of the Environment
University of Leeds
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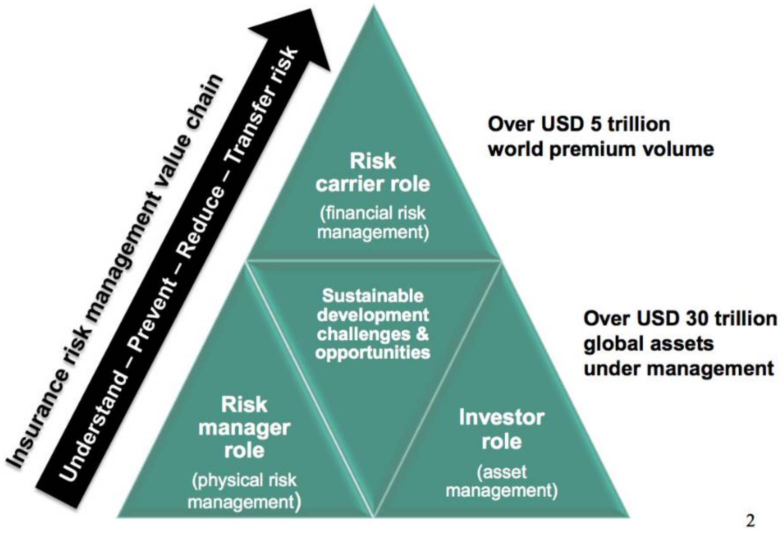
Triple role of the insurance industry and climate change implications



UNEP – Principles of Sustainable Insurance

Sustainability is a strategic issue, with material implications for insurers, their customers and investors.

Example climate change: it can impact assets, liabilities and advisory services to clients through:

1. Physical risks
2. Transition risks
3. Liability risks

Strong today and fit for the future?

➢ Reducing physical risk and increasing resilience

The modelling suggests that adaptation measures help reduce the Average Annual Loss from floods to properties in UK mortgage portfolios

Flood Resilience Alliance

Home › News & commentaries › Insurers disclosing climate risk need to remember their customers

Insurers disclosing climate risk need to remember their customers

Commentary 2 August, 2019

Credit: iStock

By Swenja Surminski, Head of Adaptation Research, and Sam Unsworth, Policy Analyst, Grantham Research Institute on Climate Change and the Environment

Extending climate risk disclosure to customers could yield a range of benefits for insurers, customers and the climate, but the industry will need to deepen the relationships that it holds with customers in order to achieve this, write Swenja Surminski and Sam Unsworth in this post for the **Sustainable Finance Leadership** *series.*

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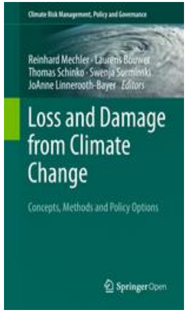
➢ Identifying and managing liability risks:

How are insurers reporting and disclosing climate risks? Banking sector seems more advanced in applying TCFD guidance.



Global trends in climate change litigation: 2019 snapshot

Policy publication 4 July, 2019

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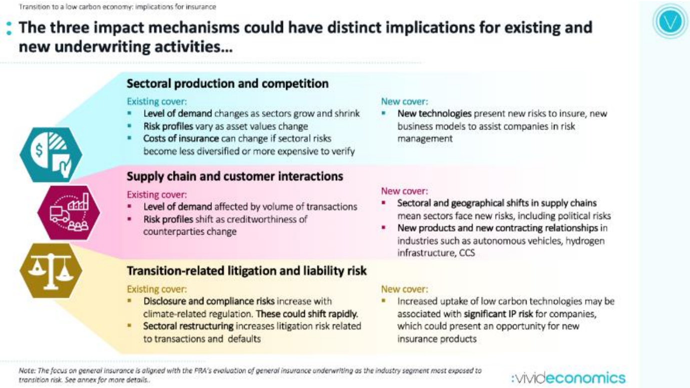
GRI_Global trends in climate change litigation 2019 snapshot (PDF)

This policy report provides an overview of current issues in climate change litigation, focusing on selected cases and developments from May 2018 to May 2019. The report draws on the Climate Change Laws of the World database and the U.S. Climate Change Litigation database.

➢ Assessing impact of transition to low carbon economy: **Lloyds of London, Vivid Economics, Grantham Research Institute: Transition to a low carbon economy - implications for insurance (report forthcoming Dec 2019**



Strategic questions that need to inform the next phase of the sustainable insurance journey:

1. **Closing the protection and resilience gap:** How can the industry build trust, capacity and long-term solutions where no markets currently exist or where rising risks threaten the availability of insurance?
2. **'Building back better':** Why are not all insurance repairs conducted with a low-carbon and climate-resilient future in mind?
3. **Investing in sustainable assets:** How can the industry address the disconnect between risk know-how on the underwriting side and investment decisions on the asset side? How can insurers play a market-shaping role in terms of driving demand for green and sustainable assets, not least for sovereign bonds, often the largest asset class?
4. **Make resilience an investable proposition:** Why are we not able to attach monetary returns to investments in resilience?
5. **Engaging with clients and customers through better risk signalling:** How could insurers set out requirements for their clients to demonstrate sustainable behaviour? How can insurers use risk signalling to inform other sectors and governments about the urgency of changing to more sustainable practices and policies?

Thank you!

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