

"Let's Talk About Green Insurance (Part 2)"

In Part 1 of our running series on Green Insurance, NIACE shared and stressed the importance of providing consumers with green policies to incentivise the “green switch”. In Part 2, we will be taking a closer look at the influential and pivotal role that the insurance industry plays in the global quest for a greener and more sustainable future.

Fundamentally, insurance companies are in the business of assessing and managing risk. ESG risk is no different from conventional risks like health, liability, life, and property which is unequivocally linked to the insurance business.

According to a survey done by PWC in 2022, 75% of global investors have stated that addressing ESG issues at the expense of short-term profitability should be the way forward for companies. Additionally, there is an increasing expectation among stakeholders on companies to be ESG compliant. Evidently, a structured ESG framework is no longer an option as an increasing number of insurance companies are incorporating ESG principles into their investments, operations, and policies.

In the same survey conducted by PWC, 80% of global investors have also expressed that an important investment decision factor is how companies manage ESG risk. Insurance companies are uniquely positioned to directly and indirectly drive change among companies. Through the investment mandates for ESG and green insurance products, insurance companies can positively affect change from the management (of companies) and the retail client perspective.

Recognising the unique position that the insurance industry is in, NIACE is currently working with our clients, corporate stakeholders and management team to progressively roll out and implement green initiatives for asset