

SUSTAINABILITY FOR INSURERS – LAUNCH CONTENT

Course introduction

Module 1: What Sustainability Means for Insurers

1.1 Sustainability 101: The Science & the Solutions (10 min)

A brief introduction to the key threats posed to society and nature by climate change, resource depletion and overconsumption, and the economic solutions needed to secure a habitable, just and resilient future world.

- Explore the latest consensus on the threats posed by climate change as outlined by the IPCC
- Understand the interconnected threats to planetary boundaries, natural capital, the economy and society
- Identify the systemic changes needed to address these threats and role the private sector can play

1.2 The Role of Insurance in the Sustainability Transition (6 min)

Why should sustainability matter to insurers, and why do insurance companies have such an important role to play in building a more sustainable future?

- Understand why insurance has an influential role in the sustainability transition
- Identify five ways insurers can accelerate progress on sustainability
- Identify three reasons why insurers should take sustainability seriously

1.3 Global Goals, Industry Initiatives & the Role of Collaboration (13 min)

A basic introduction to cornerstone global sustainability initiatives including the UN Sustainable Development Goals and Paris Agreement; insurance initiatives including the Principles for Sustainable Insurance and Net Zero Insurance Alliance; and other ways insurers can collaborate on sustainability.

- Identify the key temperature thresholds the world is working towards
- Be able to explain the purpose of:
 - The UN Sustainable Development Goals
 - The Paris Agreement
 - The UN Deal for Nature
- Identify the goals of at least three major insurance sustainability initiatives
- Understand why the Net Zero Insurance Alliance has faced challenges from US states
- Identify at least four ways insurers can collaborate to accelerate progress on sustainability

1.4 Climate-related Legislation Landscape (5 min)

An overview of key emerging climate legislation in the UK, European Union and US.

- Identify key climate & sustainability legislation emerging in the UK, EU and US
- Be able to explain the core purpose of:

- The UK PRA's supervisory statement 3/19
- The EU Taxonomy
- The EU's Corporate Sustainability Reporting Directive (CSRD)
- The EU's Sustainable Finance Disclosure Regulation (SFDR)
- The SEC's proposed climate disclosure rules
- The NAIC Climate Risk Disclosure Survey
- The International Sustainability Standards Board

1.5 Opportunities & Drivers for Insurers (14 mins)

An overview of some of the game-changing opportunities sustainability presents insurers, as well as the sustainability-related threats driving the need for action.

- Consider how sustainability can unearth opportunities including:
 - Innovating new products and solutions
 - Supporting clients as they develop sustainable business models
 - Attracting and retaining talent
- Identify key drivers for insurers including:
 - Regulation
 - Reputation
 - Protecting the balance sheet
 - Future-proofing the business

Module 2: Implementing Sustainable Insurance

2.1 Introduction: Three Levers of Sustainable Insurance (7 min)

An introduction to the three key levers insurers have at their disposal through which to implement sustainability: operations; investments and underwriting.

- Identify two key action areas for implementing sustainability in insurance operations
- Learn where to find guidance to build on the work already going on in the investment world
- Learn where to start to assess your current underwriting-related emissions
- Understand how sustainability offers opportunities to innovate and add value for customers

2.2 Lever 1: Operations (14 min)

Exploring the various ways insurers can make their own operations and claims processes more sustainable.

- Explore various generic actions insurers can take to improve operational sustainability
- Understand the concept of 'repair over replace' and making sustainable choices as businesses
- Identify multiple ways of implementing sustainability in the claims process
- Learn how to drive sustainability and engage employees within a diverse organisation
- Learn how a carbon fund works

2.3 Lever 2: Investments (10 min)

An overview of how insurers incorporate ESG and sustainability into their investment processes, both in their core strategies and via sustainable investment products and impact investments.

- Understand the levers insurers have to implement sustainability in investment processes
- Identify how insurers embed ESG criteria in asset and manager selection
- Learn the difference between exclusionary and positive ESG screening
- Identify a range of sustainable investment strategies available to insurers
- Identify different types of impact investment
- Establish criteria for choosing an impact investment

2.4 Lever 3: Underwriting (6 min)

An introduction to the complex task of making underwriting portfolios more sustainable, including assessing and measuring ESG risks, rebalancing portfolios and - at some point in the future - bringing sustainability considerations into the risk selection and pricing process.

- Understand the key roles ESG data plays in the underwriting process
- Explore the multiple levers insurers can pull to make their underwriting more sustainable
- Identify three types of fossil fuel project that a growing number of insurers now refuse to insure
- Be able to explain the benefits of responsible stewardship over blanket exclusions
- Learn how insureds' ESG credentials may impact pricing and capacity decisions in the future
- Identify why sustainability presents an opportunity for insurance businesses

2.5 What's holding us back? Implementation Challenges to Address (7 min)

An overview of some of the key challenges insurers must overcome to implement sustainability more effectively and accelerate positive change.

- Understand the difference between the tragedy of the commons and tragedy of horizons
- Identify at least five key challenges for slowing insurers' implementation of sustainability
- Identify some of the steps needed to address these challenges
- Recognise the important role collaboration must play

Module 3: Sustainability Risks, Impacts and Opportunities

3.1 Introduction to the Sustainability Risk Landscape (8 min)

Learn how climate change, energy transition and the adoption of more sustainable practices create physical, transition and liability risks and opportunities for insurers.

- Explain the concepts of sustainability-related physical, transition and liability risks
- Explore how the physical impacts of a warming world are likely affect insurance losses

- Identify three lenses through which to assess catastrophe risks
- Identify at least five risks created by the sustainability transition
- Understand how transition risks create challenges and opportunities for underwriters
- Learn about the rising volume and scope of climate litigation
- Identify how climate litigation creates liability risks for insurers

3.2 Conducting a Materiality Assessment (6 min)

How to design and implement a materiality assessment to identify and manage key sustainability risks, opportunities and impacts.

- Determine the role of a materiality assessment in an insurer's sustainability strategy
- Learn how to design and execute a materiality assessment
- Be able to explain the concept of double materiality
- Identify a range of material ESG factors for insurers

3.3 Linking ESG to Underwriting Performance (7 min)

Discover the latest research linking the ESG credentials of insureds with insurance loss performance - and how this may influence underwriters' risk selection and pricing decision in the future.

- Learn why some insurers believe better client ESG ratings = better risk
- Discover the findings of recent research linking insureds' ESG credentials to underwriting losses
- Consider how a link between ESG and losses may affect pricing and risk selection in the future
- Understand how these findings can inform an underwriting sustainability strategy
- Identify first steps to conducting your own internal assessment

3.4 Innovating Sustainable Products (8 min)

The sustainability transition is a multi-billion-dollar opportunity but how do we approach the development of sustainable products and solutions?

- Discover a wide array of opportunities for product development in the sustainability transition
- Consider how products could be formed specifically around ESG
- Explore the key considerations when innovating sustainable products & solutions
- Identify three factors that determine the feasibility of a new insurance product
- Consider the role of collaboration in accelerating innovation

3.5 Advisory Service Opportunities (6 min)

Exploring some of the ways insurers and brokers can support clients through the sustainability transition, from risk modelling to unlocking capital.

- Determine how brokers and insurers can help insureds quantify their climate related risks and align these with their overall risk appetite and strategy
- Identify how brokers and insurers can provide advisory services to help businesses navigate the sustainability transition
- Understand the role insurance plays in unlocking capital for innovation and transformation

- Consider the importance of programme structure and policy wording reviews

Module 4: Understanding ESG Ratings and Data

4.1 Introduction to ESG Data (8 min)

Explore the complexities of the ESG data landscape and start developing an effective ESG data strategy relevant for your organisation.

- Learn about the complexities, challenges and blind spots in the ESG data landscape
- Identify a variety of common environmental, social and governance issues
- Consider which ESG issues matter most to you and determine what data you need
- Explore a variety of available ESG data sources
- Start developing an ESG data strategy relevant to your business

4.2 Public ESG Data & Disclosures (5 min)

Learn about the wide array of publicly available ESG data sources underwriters can use to build a picture of insureds' ESG credentials. Includes a brief introduction to key climate-related disclosure frameworks.

- Identify multiple public sources of ESG data available to insurers
- Understand the complexity and blind spots that exist in the fragmented ESG data landscape
- Identify some of the most popular climate- and sustainability-related disclosure frameworks
- Learn how insurers use public data as part of an ESG data strategy
- Explore the role of proxy ESG data in the underwriting process and where to find it

4.3 ESG Ratings & Third-Party Data (10 min)

Explore the role of third-party ESG ratings in assessing insureds' sustainability credentials and some key shortcomings to take into consideration.

- Understand the various types of provider of ESG rating
- Explore the differences in methodologies employed by different providers
- Understand how different E, S and G weightings can affect the ratings issued by providers
- Consider the role ESG ratings can play in assessing insureds' sustainability credentials
- Identify key considerations when choosing an ESG rating provider

4.4 Capturing ESG Directly from Clients (10 min)

Explore the reasons for engaging directly with insureds on ESG data, understand the challenges and learn how to develop efficient question sets.

- Learn how to determine what ESG information to ask for from insureds
- Understand client and broker frustrations when fielding ESG data requests
- Learn how to develop efficient, relevant, standardised question sets

- How to manage relationships while optimising the ESG data captured

4.5 Operationalising ESG Data (5 min)

Once you've established an insured's ESG credentials, what do you do with that information? Here are some first steps on implementing ESG data in the underwriting process.

- Identify first steps to operationalise ESG ratings
- Learn how insurers use ESG data now and how they intend to use it in the future
- Explore ways to implement ESG guidelines into the underwriting process
- Consider the role of digitalisation in driving efficiency in ESG risk assessment

4.6 Insurance Data Standardisation Initiatives (4 min)

An introduction to the insurance industry's efforts to standardise the measurement of GHG emissions in the underwriting process.

- Identify the purpose of key insurance-related data standardisation initiatives including:
 - The Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions
 - The NZIA Target Setting Protocol
 - Climate Transition Pathways
 - The Poseidon Principles for Marine Insurance

Module 5: Decarbonisation

5.1 Carbon Accounting for Insurers 101 (9 min)

Introduction to key terms and concepts in carbon accounting for insurers, including Net Zero, Scopes 1-3, carbon metrics and tools to help measure insured emissions and align portfolios with climate targets.

- Define what Net Zero means in an insurance context
- Understand scope 1, 2 and 3 emissions and what they each mean for insurers
- Identify some of the key challenges insurers face in measuring insured GHG emissions
- Recognise how the PCAF standard and NZIA Target Setting Protocol can help insurers in this process

5.2 Navigating a Path to Net Zero (8 min)

Decarbonising underwriting portfolios is a long-term project full of complexity and business challenges. In this course we look at how to get started on the road to Net Zero.

- Acknowledge the different levels of ambition between insurers' stated decarbonisation targets
- Consider the role insurers have to play in supporting clients on the path to Net Zero
- Understand the concepts of portfolio emission baselines and hotspots

- Identify tools to assist insurers in this process
- Consider some of the challenges to get to Net Zero and how to address them

5.3 Engaging with Clients on Transition Plans (7 min)

Decarbonising insurance portfolios requires engagement with insureds to ensure they are on a credible trajectory to reduce their emissions. Here we identify how to get started with client transition plans and manage relationships in the transition.

- Learn how to set a baseline for an insured's current emissions
- Determine the components of a credible client transition plan
- Consider how to manage relationships through the transition
- Find out where to look for best practices, including the UK Transition Plan Task Force framework

5.4 Opportunities in the Carbon Markets (9 min)

An introduction to the fast-growing carbon markets and opportunities for insurers to develop specific coverages for buyers and providers of carbon credits.

- Understand the purpose of carbon markets and how they function
- Note the differences between compliance and voluntary carbon markets
- Identify multiple opportunities for insurance product development
- Identify at least five types of insurable risk related to carbon markets

5.5 The Role of Carbon Offsets (5 min)

Learn how carbon offsetting can be used to complement broader emission reduction efforts, and how to choose the right offset schemes.

- Consider the role carbon offsetting can play within a decarbonisation strategy
- Identify ways to structure a robust carbon offsetting strategy
- Learn how to verify the credibility of carbon offset schemes

Module 6: Nature Risks & Solutions

6.1 Next Frontier: Why Nature is Rising Up the Agenda (8 min)

Nature degradation has to date been overlooked as a global threat compared to climate change, but is now agenda. Here we explore the concept of natural capital and nature-related threats and challenges for insurers.

- Learn the concept of natural capital and its importance to the economy
- Identify multiple types of risk related to nature degradation
- Consider some of the challenges in quantifying these risks
- Learn how nature is gathering momentum among global policymakers
- Identify at least six threats nature degradation poses for insurers

6.2 Emerging Nature-related Legislation & Disclosures (7 min)

How to start preparing for a new era of nature-based reporting requirements.

- Learn about key nature-related disclosure legislation on the horizon

- Identify the core elements of the TNFD LEAP framework
- Determine six practical steps to prepare for enhanced nature disclosures

6.3 Assessing Nature Risks & Impacts (8 min)

How to get started on mapping nature risks, impacts and dependencies within your underwriting portfolio.

- Learn how to create a heat-map of nature-related risks and impacts
- Identify helpful resources to support this process
- Establish a checklist for assessing client exposures
- Consider how risk assessment can unearth potential opportunities

6.4 Developing Nature-Based Insurance Solutions (11 min)

Explore how nature can play a bigger role in underwriting and how some insurers are already developing nature-based products and solutions.

- Learn how some insurers are embedding nature in the underwriting process
- Explore nature-based solutions already being developed by insurers
- Consider the business case for building resilience with nature-based solutions
- Learn about two research-based projects being undertaken by insurers

Module 7: Building a More Resilient Society

7.1 The Business Case for Climate Adaptation (9 min)

An introduction to the pivotal role climate adaptation must play in tackling climate change and the compelling economic benefits of building adaptation into insurance underwriting and investments.

- Understand why climate adaptation is vital in a warming world
- Explore a range of initiatives and partnerships insurers can support
- Identify the key economic benefits of climate adaptation
- Discover the value of losses saved per dollar invested in adaptation

7.2 Adaptation & Mitigation: Key Actions for Insurers (12 min)

Exploring practical steps insurers can take to drive climate adaptation through risk engineering, underwriting and claims.

- Consider the value-add services insurers can develop to support companies with climate adaptation
- Identify at least five ways to build risk engineering into products and services
- Consider multiple actions underwriters can take to keep climate risk insurable
- Understand the concept of Building Back Better, and Building Forward

7.3 The Role of Parametrics in Building Resilience (7 min)

An introduction to the ways parametrics - a fast, simple alternative to traditional insurance - are increasingly being applied to protect communities from financial shocks.

- Understand the differences between parametric and indemnity coverage

- Identify the resilience benefits parametrics offer vulnerable communities
- Learn about the widening scope of risks covered by parametrics

7.4 The Role of Public-Private Partnerships (13 min)

Exploring the ways insurers can collaborate with international governments, public entities and other organisations to build resilience through insurance-related solutions.

- Understand the common goals of PPPs and how they are structured
- Discover examples of successful insurance-related PPPs
- Identify criteria for designing a robust, effective PPP
- Consider the motivations for insurers to participate in PPPs

7.5 Addressing UN SDGs through Insurance (11 min)

Beyond climate action, how can insurance play a bigger role in fulfilling the social and economic aims set out in the UN Sustainable Development Goals?

- Learn about the core goals of the UN SDGs
- Consider the interconnections between social, economic and climate-related goals
- Explore how insurance can practically support at least five societal SDGs
- Determine which SDGs could be most relevant to your business

7.6 Tackling Modern Slavery (15 min)

Learn about the risk of human rights abuses within the insurance value chain, plus two industry initiatives to help insurers identify and avoid modern slavery.

- Understand modern slavery and the threats it poses people and insurers
- Identify three lines of insurance particularly exposed to modern slavery risk
- Learn how to spot and avoid modern slavery in the underwriting process
- Consider the actions you can take as an insurer to tackle modern slavery

Total Learning Hours: Approx. 6

Phase Two of the learning content will include an ongoing build-out of Class of Business modules from Q4 '23.

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