SUSTAIN

FESTIVAL

2026 ACTION PLAYBOOK

The Pollinator

How insurance can enable the climate transition and be a catalyst for resilience

BETTER INSURANCE NETWORK

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Introduction

Risk is evolving faster than our traditional ways of managing it. Climate change, biodiversity loss, energy transition, geopolitics, technological disruption and widening protection gaps are not isolated challenges – they are systemic risks that interact, compound and test the resilience of businesses, communities and economies. Meanwhile, climate-related losses continue to escalate and insurability challenges intensify.

The ideas in this Action Playbook, which were captured at the 2026 SUSTAIN Festival, reflect a growing recognition that insurance must change in response. Insurance is more than a transaction; it is a catalyst for resilience and an enabler of transition. Encouragingly, we're starting to see this play out in real world innovations, from products for emerging tech to incentives for clients to invest in resilience and adaptation. The next frontier is how insurance can support anticipatory action before events even occur.

Recent conversations also acknowledge an uncomfortable reality. In a highly polarised olpitical environment and softening insurance market, the insurance industry's ambitions around decarbonisation and stewardship have become more measured. While existing fossil fuel exclusions remain in place, these tend to sit at the margins of energy portfolios and most insurers continue to insure clients whose business models directly contribute to losses in other parts of the underwriting book. This is a paradoxical business model, however, the annual renewal cycle, competition, energy security challenges and the reality that exclusions alone will not solve the climate crisis create legitimate commercial constraints for insurers.

What is encouraging, however, is insurers recognising they can enable the transition in ways that offer real long-term value: bringing new business models to market, facilitating the scale-up of renewables and the transition to low carbon approaches and, as major investors, directing capital to solutions that restore nature and build long-term resilience.

We're also seeing a broader evolution as sustainability is increasingly embedded into core business functions - a trend which I see as both healthy and timely. In a softening market, and with geopolitics, energy security and the rise of AI dominating discussion, sustainability must compete for executive attention and can now only be articulated through a clear commercial business case. The language of sustainability must increasingly become the language of commercial success: loss ratios, insurability, capital efficiency, long-term profitability.

The future belongs to insurers that embrace their role not only as risk carriers, but as risk and resilience partners - helping customers, communities and economies adapt and thrive in an increasingly uncertain world while also driving long-term commercial value.

Insurers cannot solve the climate crisis alone, but the climate transition cannot happen without insurance. In this sense, insurers are financial pollinators: keeping capital flowing, ensuring businesses and households survive, enabling innovation to flourish; quietly maintaining a resilient financial ecosystem. We must rise to this role both for the good of society and our future competitiveness.

I hope the insights shared in this Playbook encourage further collaboration, fresh thinking and practical action.

Antony Ireland, Founder, Better Insurance Network

About SUSTAIN Festival

Launched in 2025 by Better Insurance Network, SUSTAIN Fetsival is a coordinated annual global programme of events aimed at mobilising risk and insurance to build a more resilient and sustainable world, while equipping insurers to profit into the future.

SUSTAIN events spotlight the various roles insurance can play as an enabler of the energy transition and climate adaptation, as well as building a nature-positive economy, delivering social impact and supporting the UN Sustainable Development Goals.

Crucially, all events focus on the commercial business case and competitive opportunities for businesses that innovate in these areas, and deliver practical insights to drive action.

The second edition of the festival featured 18 events from 9-26 March, primarily in London and online. Thanks to all the host organisations, speakers and the 1000+ professionals who took part in the festival.

A list of SUSTAIN 2026 events and hosts can be found on page 24.

SUSTAIN 2026 sponsors

Special thanks to the festival sponsors for supporting this initiative:

Executive summary

This playbook synthesises key themes and action areas surfaced during the 2026 SUSTAIN Festival. Across multiple events, insurers were urged to think longer term, integrate sustainability within commercial decisions, incentivise risk prevention and collaborate beyond the sector.

Leading insurers are reimagining themselves as long-term risk partners and enablers of climate resilience and transition. Political, competitive and technical challenges remain. However, SUSTAIN revealed that insurers are poised to innovate to meet customer needs in a rapidly changing risk landscape.

Resilience and insurability
To overcome rising insurability challenges insurance must become a catalyst for climate resilience. Actions areas:

- **Identify and close protection gaps** in supply chains and underserved markets.
- **Raise awareness of climate risk** by translating modelling metrics into tangible implications and actions in language stakeholders understand.
- **Lobby for policy change** to improve planning and design in high-risk locations.
- **Position insurance as a resilience enabler** by leveraging the industry's unique risk capabilities.
- **Quantify and manage supply chain risk** more effectively.
- **Create stronger incentives** for clients to invest in adaptation and risk reduction.
- **Develop a common commercial language** between insurers and other financial actors to align the business case for investing in resilience.
- **Develop multi-year insurance products** to support long-term resilience efforts.
- **Frame adaptation as competitive** advantage, driving profit and growth.
- **Collaborate across sectors** to build public -private and community-level solutions.
- **Resist the soft market trap** and invest in resilience before conditions harden again.

Humanitarian insurance
Closing protection gaps and supporting anticipatory action can make insurance a key humanitarian tool. Actions areas:

- **Design solutions around customer outcomes**, meeting specific needs with measurable impact.
- **Scale parametric and anticipatory insurance** to reduce the impact of events and improve disaster preparedness.
- **Encourage proactive risk management** through incentives and investment.
- **Embed insurance into development finance** by engaging development finance institutions and multilateral organisations.
- **Map opportunities to target specific Sustainable Development Goals**, leveraging the insurer's capabilities to maximise commercial value and impact.
- **Build stronger local partnership** to build trust in insurance, understand local risks and deliver tailored solutions.
- **Improve insurance literacy**, simplify product communication and improve transparency to build trust and adoption.
- **Strengthen impact measurement** through consistent frameworks and use outputs to demonstrate the value of insurance.
- **Leverage technology** to deepen distribution, improve efficiency and reduce insurance costs.

Nature risks and opportunities
Insurers recognise nature as financial risk and are beginning to operationalise nature strategy. Action areas:

- **Apply the LEAP Framework** to get started on nature risk assessment.
- **Identify relevant nature data sources** and supplement with geospatial intelligence.
- **Quantify nature risk materiality**, focusing on high priority sectors and translating ecosystem loss into insurance metrics like revenue at risk and projected claims.
- **Embed nature data in decision-making** and adapt models to nature's varied and evolving risk profiles.
- **Build awareness and capacity** through client and cross-function engagement.
- **Harness nature as risk mitigation** to reduce hazard intensity and claims.
- **Explore nature-focused product innovation** such as coverage for regenerative agriculture, water or nature restoration projects.
- **Help scale the nature capital market,** de-risk investment and collaborate with other financial actors to refine nature-focused metrics and valuation methods.

Aligning investment and underwriting
Investment strategy can be more closely aligned with sustainability strategy and underwriting goals, creating a whole balance sheet approach. Action areas:

- **Leverage core portfolios** by investing in high quality bonds that support the climate transition.
- **Identify assets that support underwriting** by reducing physical risk or supporting resilience in insured sectors, for example.
- **Align with sustainability frameworks** like the Principles for Responsible Investment and Science-Based Targets Initiative.
- **Align sustainability and investment teams** to build shared understanding of challenges, goals, metrics and trade-offs.
- **Develop longer-term insurance policies** to support investment in longer-dated sustainable assets.
- **Lobby for improved capital treatment** on certain assets that support the transition.

Enabling the transition
Insurers are waking up to the value they can offer clients as long-term risk partners and enablers of transition. Linked to this, the market is shifting from exclusion-led approaches towards de-risking innovation and transition planning. Action areas:

- **Understand transition risk materiality**, thinking holistically and considering a range of scenarios
- **Leverage non-traditional data** when underwriting with limited loss history.
- **Build common industry language** between insurers, regulators, investors, developers and other stakeholders.
- **Ramp up accountability on transition plans**, educate underwriters and establish clear underwriting responses.
- **Hold treaty portfolios to account** by extending exclusions to these portfolios.
- **Move upstream in project development** by engaging clients and prospects during project design and financing.
- **Build deeper technical expertise** through upskilling and hiring engineers.
- **Collaborate with engineers and experts** to improve risk assessment and pricing.
- **Support continuous learning** across the organisation on climate risk and its strategic implications.
- **Deploy experimental capital** to build confidence in new risks.
- **Instigate cross-sector collaboration** to innovate and communicate the role of insurance in the transition.
- **Consider transition impact** when assessing growth opportunities.
- **Improve build back greener mechanisms** to accelerate the adoption of cleaner technologies and lower-carbon replacements.

EVENT SPOTLIGHT
PRA SS5/25 - What do insurers need to achieve, and how much by 3 June 2026?

"Insurers are not strangers to climate risk. There is a lot of good practice out there, but a comprehensive approach now needs to be taken across all business functions." - *Aidan Thomson, Partner, Weightmans*

To overcome rising insurability challenges, insurance must become a catalyst for climate resilience

EVENT SPOTLIGHT
Addressing Insurability Challenges
Online | Guy Carpenter

“We must shift from a reactive, recovery-driven model to a proactive, resilience-driven model. True resilience isn't just about bouncing back after a disaster; it’s about planning for disruption through purposeful design from the get-go. This ultimately reduces the impact of disasters, speeds up recovery times and frees up critical funds for vital social services, building long-term capability rather than dependency” *-Amir Sethu, MS Amlin*

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Climate change is no longer a future risk - it is already driving higher loss frequency and severity, business interruptions, supply chain disruption and widening protection gaps.

Worryingly, MSCI estimates that losses from physical hazards could rise almost fourfold by 2050 compared with 2024. Regulators have taken note, with insurers facing growing requirements to embed climate risk and scenario analysis into decision-making frameworks.

Tackling the emerging insurability crisis is critical to preserve not just the availability and affordability of insurance, but also broader economic stability. A key message from SUSTAIN was that the insurance industry must move beyond simply pricing risk and become a catalyst for resilience.

The insurance industry's greatest untapped asset may be its risk intelligence, which can help shape broader understanding and financial-system resilience.

In addition to harnessing the industry’s unique risk assessment, modelling and management capabilities, the sector must also innovate financing structures that incentivise proactive climate risk management and adaptation.

Climate resilience should be framed not as a cost, but as an investment that improves insurability, economic stability and long-term financial performance. Action areas for insurers identified during SUSTAIN include:

Identify and close protection gaps
Large portions of climate-related losses remain uninsured, particularly in developing economies with startlingly low insurance penetration. Many supply chains depend on companies in vulnerable and underinsured geographies, which threatens cascading losses. Improving risk management and developing risk transfer solutions to close these protection gaps is critical for global resilience but also represents an opportunity worth billions for insurers.

Raise awareness
The concept of climate resilience is poorly understood by many customers and stakeholders. Even when risk information exists, it may fail to drive behavior change because models and technical insurance language may be difficult to interpret or associate with practical actions. Insurers must better communicate climate risks, solutions and the financial implications of both.

Lobby for policy change
Insurers should also educate lawmakers to update policy and planning frameworks which are not sufficiently integrating climate risk. For example, significant proportions of new housing continue to be built in flood-prone areas and long-term resilience considerations are often absent from planning decisions.

Position insurance as a resilience enabler
Insurers can move beyond transactional risk transfer to become strategic resilience partners, offering risk intelligence, climate modelling, scenario analysis and adaptation advisory services across sectors. If done well, this can create new sources of customer engagement and differentiation. Some global insurance players have already established dedicated resilience advisory arms to monetise their unique risk capabilities.

EVENT SPOTLIGHT
Addressing Insurability Challenges
Online | Guy Carpenter

“We are currently in a softening market which can temporarily mask underlying changes in weather-related loss trends, which is why organisations and market participants benefit from looking beyond short-term pricing signals and using deeper analysis to understand evolving risk.” *- Shilpita Mathews, Climate & Sustainability Manager, Marsh Risk*

Update catastrophe models
While there is strong industry consensus on the importance of climate risk assessment, only a minority of insurers actively quantify climate risks, according to Guy Carpenter. Yet climate-adjusted catastrophe modelling is essential to understand future insurability.

Without reliable forward-looking hazard and exposure data, model assumptions and asset-level information (including visibility and quantification of resilience measures already in place), it becomes difficult for insurers to price risks and allocate capital effectively.

Future-fit catastrophe models should:
- avoid reliance on historical data;
- deliver relevant, decision-useful outputs;
- consider interconnected climate hazards;
- incorporate a range of science-based scenarios into hazard simulations, including shared socioeconomic pathways (SSPs) and representative concentration pathways (RCPs);
- enable insurers to map portfolio-level scenario impacts;
- model adaptation measures at property and community level; and
- consider threats posed by extreme localised conditions.

Insurers are increasingly adopting a layered approach supplementing vendor models with geospatial analytics, high-resolution terrain data and localised hazard information from universities and public agencies.

Assess interconnected risks
Traditional distinctions between primary and secondary perils are breaking down. Risks increasingly materialise through the interaction of climate hazards, supply chains, infrastructure dependencies, energy transition, geopolitical shocks and nature-related dependencies. Risk management approaches built around single hazards are becoming less effective; it's vital insurers assess climate risks holistically, incorporating a range of human and physical factors.

EVENT SPOTLIGHT
Risk Assessment to Resilience: How Insurers Are Responding to Rising Physical Risk
Online | MSCI Institute

"Near-term scenarios matter more for underwriting. Nearly all of the 50 insurers we surveyed say scenarios through 2030 would be more actionable for underwriting decisions than those that look out decades. Model providers are responding with shorter-horizon products, but the test will be how well they can inform pricing decisions." - *Pam Palena, Insurance Research Lead, MSCI*

Map and quantify supply chain risk
Businesses increasingly experience climate impacts through operational disruption. Yet organisations often underestimate, or are blind to, second- and third-tier supply chain dependencies and exposures, including climate vulnerabilities in emerging markets, rising geopolitical risks and critical infrastructure dependencies. This creates systemic exposures and risk accumulation.

Insurers need to help clients understand complex supply chain vulnerabilities through multi-tier supplier analysis, climate exposure mapping and infrastructure dependency assessments. This will support underwriting performance and client resilience planning.

Create stronger incentives for adaptation
According to MSCI Institute, roughly one third (34%) of businesses say physical risk has led to an increase in insurance premiums. Yet financial incentives for addressing climate risk remain rare.

Insurers should innovate resilience-linked insurance products to encourage proactive risk reduction. Rewarding risk management is, after all, a tried and tested business model in insurance.

Incentives could include premium discounts, lower deductibles and excesses, enhanced coverage or the inclusion of additional services such as adaptation consulting. There are isolated examples of this (see box) but resilience-linked insurance product design is not yet common practice.

Market cycles, annual renewals and the 'Freerider Problem' (policyholders insured by one insurer benefiting from risk management measures financed by a policyholder with another insurer) present challenges for private insurers when it comes to incentivising resilience investments. This is where collaborative and/or community-level initiatives may have a role to play.

Develop a common commercial language
Lenders, investors and insurers currently use different metrics and terminologies when assessing climate risk and the business case for adaptation. Stakeholders across the financial ecosystem should develop a shared understanding of each other's business models and language to surface alignments.

Develop multi-year insurance products
A common theme across SUSTAIN is for insurers to think longer-term. Partnering to deliver multi-year policies would align interests both with policyholders investing in preventative resilience measures and lenders and investors seeking returns over time horizons that extend far beyond 12 months.

Frame adaptation as competitive advantage
Resilience and profitability should not be viewed as competing objectives. With trillions of dollars committed (and still needed) to support climate adaptation, insurers can generate revenues and returns as both investors and underwriters.

There are billions of dollars of claims savings and premium revenues on the table for those who lean into climate adaptation as both a risk management necessity and a generational growth opportunity.

INNOVATION EXAMPLES

In one recent collaboration, Link Asset Management, AXA and Marsh embeded KPIs into insurance terms to quantify physical climate risk exposure and implement flood resilience measures, achieving an 11.7% reduction in property premiums.

In the mutual sector, the FM Global Resilience Credit allocates a portion of insurance premiums toward resilience improvements.

In that sense, resilience can be reframed as competitive advantage - driving improved underwriting performance, reduced loss volatility, stronger customer engagement and opportunities to innovate and build new insurable markets.

Collaborate across sectors
The most successful resilience strategies may require collaboration across insurers, alternative capital providers, governments, investors, development institutions, project developers and customers. Cross-sector resilience initiatives like Flood Action Coalition in the UK and InnSure's community-led Insurability Planning approach in the US are two emerging examples of systemic thinking and collaborative risk financing.

Resist the soft market trap
Softening market conditions can delay resilience efforts by obscuring underlying climate risk signals. Premium discounts give policyholders a false sense of security; clients may pocket savings rather than investing in risk mitigation; and insurers may become less selective on risks.

Relying solely on current pricing signals is likely to underestimate future insurance costs and insurability challenges. The soft market should instead be viewed as an opportunity to invest in resilience improvements before conditions harden again.

Closing protection gaps and supporting anticipatory action can make insurance a key humanitarian tool

EVENT SPOTLIGHT
Building trust through partnership: Mitigating the financial impacts of disasters and accelerating long-term resilience in a resource-contracting world
London | Hiscox

"Insurance is not a silver bullet to address the global underinvestment in resilience, but it remains a critical tool for managing volatility in an increasingly uncertain world. Progress on sustainability requires more than ambition - it depends on collaboration and innovative, well-informed decision-making, particularly where these decisions can unlock meaningful impact and strengthen resilience for the humanitarian organisations and communities most exposed to climate risk." - *Panay Koulovasilopoulos, Head of Climate & Resilience, Hiscox Re*

Closing the global protection gap is an enormous commercial opportunity for insurers. However, in a world of escalating climate risk and strained humanitarian resources, resilience means protecting people at risk, not just responding to those in need. In addition to making insurance more accessible to underserved communities, a recurring theme at SUSTAIN was how to protect people before disasters occur:

Design solutions around customer outcomes
Accessible insurance solutions should be co-designed with end users to meet specific local needs, particularly in areas such as healthcare, education, agriculture, livelihoods and climate resilience. Focusing on resilience, recovery and social impact rather than solely risk transfer, and measuring success through customer outcomes, not just premiums and claims, is key to driving adoption.

Scale anticipatory parametric insurance
Insurers can help move from disaster response to disaster preparedness and protection by developing and scaling parametric products that incorporate forecast-based triggers and anticipatory action mechanisms, helping reduce impacts when a disaster occurs.

Encourage proactive risk management
Insurers should invest in and incentivise risk mitigation and resilience-building initiatives in exposed markets so communities are not reliant on post-event aid and insurance payouts.

Embed insurance into development finance
Insurance needs to be positioned as a core component of resilience and adaptation financing. Work is being done in this space by organisations from the UN to the Insurance Development Forum (IDF), but insurers can also be more proactive in engaging development finance institutions and multilateral organisations to innovate blended risk financing structures.

Insurers need to collaborate with each other as well as banks and development finance bodies to share risks, build capacity and develop more resilient financing frameworks. IDF and Humanity Insured are two excellent starting points for engagement.

Map opportunities to target specific SDGs
Insurers should identify which UN Sustainable Development Goals (SDGs) align with their business models and where their capabilities can be deployed to amplify impact, close protection gaps and drive growth.

Build stronger local partnerships
Insurers must collaborate with NGOs (e.g. Start Network), governments, development banks and community groups to develop tailored insurance products that are accessible and relevant. Partnering with trusted local organisations in particular not only helps insurers reach new markets but also helps build trust in insurance and helps insurers better understand local risks.

Improve insurance literacy and transparency
Trust is the foundation for scaling insurance solutions in underserved markets. Insurers should consider the potential benefits of investing in education programmes for communities, NGOs and other stakeholders, simplifying policy language and product descriptions, and increasing transparency around pricing, coverage, triggers and claims.

Strengthen impact measurement
Insurers need to develop robust, consistent frameworks to measure resilience, financial inclusion and social outcomes both to improve programme performance and demonstrate the value of insurance.

Leverage tech to deepen distribution
Data and digital technologies fuel scalable innovations. Insurers should continue to leverage digital platforms, mobile technology and alternative distribution channels to reduce barriers to purchasing insurance.

Insurers recognise nature as financial risk and are beginning to operationalise nature strategy

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As nature-related risks become recognised as financial risks, a key step for the insurance industry is to determine how these risks may influence business-as-usual decision-making.

Leading insurers are starting to move beyond nature risk assessment and disclosure toward strategic integration, product innovation, investment opportunities and harnessing nature as resilience infrastructure - though these are nascent areas.

Maturity on this topic varies significantly across the market, from those just embarking on their first nature risk assessments to a minority that have developed and launched nature-focused insurance products. Action areas highlighted during SUSTAIN include:

Apply the LEAP Framework
The sensible starting point on nature for all insurers remains to follow the Task Force on Nature-Related Disclosures (TNFD) LEAP Framework to locate, evaluate and assess nature risks, opportunities and impacts, and prepare to respond.

Identify relevant nature data sources
A key challenge for insurers and clients is not a lack of nature-related data, but identifying the most relevant data in a fragmented landscape of datasets, methodologies and metrics. Complexity is exacerbated by the diversity and location-specificity of nature risk in comparison to physical climate risk or emissions, for example. This calls for nature data to be supplemented with geospatial intelligence where possible, to enable asset-level risk assessment. Given this complexity, insurers should aim to develop an understanding of how key sectors within their underwriting and investment portfolios intersect with nature, and build from there.

Quantify nature risk materiality
Markets require nature to be valued, measured and priced in order to be insured. Where possible, insurers should be assessing the risk of nature and biodiversity loss at asset level to ensure good understanding of local dependencies and risks. Crucially, these insights must be translated into commercial language such as revenue at risk; claims impacts; premium implications; and business interruption exposures.

When it comes to quantifying risks within their portfolios, insurers can start small, prioritising the most material risks, sectors and exposures. During SUSTAIN, one insurer said it examined only the top 20 companies in its underwriting portfolio and focused initially on water and land use. This generated sufficient insight to drive broader organisational action.

Embed nature data in decision-making
Modelling nature risk is nascent and complex. Traditional insurance models focus on static assets, however, natural assets evolve, requiring different underwriting approaches. Projects may also have obligations lasting 30–80 years, requiring long-term monitoring and modelling. Despite these challenges, and the location-specificity of nature, insurers are considering how to take nature into account.

Build nature-related awareness and capacity
Nature risk awareness often remains concentrated within sustainability teams. Organisation-wide engagement and capacity can only be developed if nature considerations are fully integrated. This starts with education across functions.

EVENT SPOTLIGHT
The Sustainable Insurance Summit
London | Better Insurance Network

“Nature risks and impacts are spatially explicit and can vary significantly depending on the location of an asset or a corporate, so combining nature and biodiversity data with geospatial insights can really drive better decision-making,“ - *Kyra Gibhardt, Executive Director, MSCI*

Many clients also do not fully understand their nature risks, nor how insurance can support nature risk management. Market outreach and education is a key step in gaining traction for nature-positive insurance.

Harness nature as risk mitigation
Natural systems can reduce both climate-related and operational risks, acting as a buffer between extreme weather events and their impact on people and businesses. For example, reinstating meanders to rivers can reduce the likelihood of flooding, and afforestation also stabilises land and reduces the risk of flashfloods and landslides.

Insurers should exploit opportunities to invest in nature-based solutions that support underwriting performance by reducing claims frequency and severity and improving portfolio resilience.

Explore nature-focused product innovation
With most countries committed to protecting or restoring 30% of land and sea by 2030, nature-based solutions - which includes flood resilience, carbon sequestration, biodiversity enhancement and ecosystem restoration projects, among other activities - is emerging as a major growth area, alongside the shift to regenerative agriculture.

(Re)insurers including the likes of AXA, DUAL and SCOR plus emergent specialists are already developing dedicated insurance solutions to de-risk these projects and sectors through a range of coverages, from property cover to performance guarantees.

One of the key challenges is developing scalable nature-positive products given the diversity and location-specificity of nature risks. Another challenge is to establish how nature positivity can be embedded within traditional insurance products.

Help develop the nature capital market
Insurance can be a key enabler of nature capital markets by de-risking and facilitating investments and protecting nature-based assets. However, to date, insurance has played only a marginal role.

Insurers can play a more proactive role by participating in cross-sector collaborations, and developing partnerships with lenders and investors. They can also help promote consistent metrics and refine valuation methodologies for nature by engaging with standard setters, banks and nature capital market innovators.

Commercial collaboration across the insurance sector and wider financial ecosystem is also key to build market capacity and innovate scalable risk financing structures.

Investment strategy can be more closely aligned with sustainability and underwriting goals

EVENT SPOTLIGHT
Balancing Risk, Impact and Returns in an Unpredictable World
London | New England Asset Management (NEAM)

"Insurers should look at sectors or issuers that may not necessarily have the 'green' label but are operating in similarly aligned sectors. US municipal debt is a common investment class for Lloyd's insurers, for example. These entities are often deploying initiatives that support the green agenda – such as the build-out of renewable utilities – and have a significant social impact by promoting affordable housing and building community resilience." - *Graham Kirk, Managing Director, NEAM.*

Resilience and sustainability objectives cannot be achieved through underwriting or investments operating in silos. A more effective approach requires integrating sustainability across both sides of the balance sheet, aligning underwriting, investment strategy, risk management and capital allocation.

P&C insurers in particular face significant limitations in deploying capital toward long-term sustainability assets due to their short-tail liabilities, which must be mirrored by short-term liquid investments under asset-liability matching (ALM) requirements. High capital charges for private or unrated 'green' assets also limit their ability to invest in long-duration climate-transition projects.

Issuance in 'green-labelled' instruments such as green, sustainability and social (GSS) bonds has also slowed significantly. Once the go-to means of inflecting impact in insurers' portfolios, GSS bond issuance has slowed in certain markets – by around 30% in the US over the last year, according to New England Asset Management (NEAM).

However, there are several ways insurers can make their investment portfolios work to deliver more impact while also aligning with underwriting sustainability strategy and supporting improved long-term underwriting profitability, including:

Leverage core portfolios for impact
Investment in high quality traditional fixed income assets may naturally align with sustainability goals, without testing ALM boundaries or burning through capital charges. Insurers should review investment portfolios for well-aligned assets such as resilience infrastructure, urban regeneration projects, climate adaptation assets and sectors that support the energy transition and/or societal resilience. Rather than relying on labelled green bonds, they can assess issuers against frameworks like the Science Based Targets initiative (SBTi).

Identify assets that support underwriting
Create investment strategies that support risk reduction and underwriting performance by reducing claims and portfolio volatility and/or supporting profitability. Examples include investments that reduce physical climate risks, technologies that improve risk management and assets that enhance resilience in insured sectors.

Align with sustainability frameworks
A growing proportion of insurers invest via asset managers who are signatories of the Principles for Responsible Investment and align their investment portfolios with the Science-Based Targets Initiative (SBTi).

Align sustainability and investment teams
Sustainability leaders looking to work more closely with their investment teams should fully understand the structural constraints insurers face when allocating investment capital, and be able to link sustainability goals to investment decisions and outcomes. On the flipside, investment teams should be briefed on how investments can support the organisation's sustainability goals and connect investment outcomes to business metrics like loss ratios, claims performance, portfolio volatility and capital efficiency.

Develop longer-term insurance policies
We know insurers should be thinking beyond the annual underwriting renewal cycle to meet the longer-term risks associated with climate adaptation and the energy transition. A shift to multi-year policies would also unlock greater flexibility to invest in longer-dated assets, creating a win-win for impact.

Lobby for improved capital treatment
Capital charges for certain sustainable assets, such as private equity or unrated 'green' infrastructure, can be punitive (up to 35% in some jurisdictions). Engaging with regulators to encourage greater alignment between policy, transition goals and investment portfolios would create an environment for more competitive sustainable investment.

Insurers are waking up to the value they can offer clients as long-term risk partners and innovation enablers.

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Insurance is a critical enabler of the transition to a low carbon economy, de-risking businesses innovation, the adoption of new technologies and processes, and the investment needed to scale clean tech and climate solutions.

Insurers also have an important role to play as responsible stewards, excluding the most damaging types of fossil fuel project and incentivising companies to demonstrate robust transition plans - though ambition on decarbonisation appears to plateaued in the face of polarising politics and the challenges of balancing Net Zero objectives with commercial targets, competitive dynamics and wider societal issues like energy security.

The insurance industry's language on transition is moving away from exclusion-based approaches and towards enabling transition through innovation, risk transfer and advisory services. This represents a material opportunity for insurers, both to enhance relationships with existing clients and seize on opportunities to develop solutions for emerging growth sectors.

With tech innovation arguably moving faster than risk financing and transfer mechanisms, insurers must have an appetite for risk and think outside the box to overcome challenges around underwriting emerging risks.

Insurers that engage earlier, think systemically and embrace innovation will be best positioned to capture transition-related opportunities while supporting climate resilience and economic transformation. Actions highlighted during SUSTAIN include:

Understand transition risk materiality
The energy transition will affect virtually all sectors and classes of insurance business in some way. It is also both non-linear (i.e. it will not progress at an even pace) and uneven across sectors, technologies and jurisdictions. Insurers must take the time to identify which businesses, sectors and portfolios face the most material transition risks and where possible quantify those risks under various scenarios, considering digitalisation and regulation alongside decarbonisation. Transition risk is interconnected and complex, so insurers should avoid building strategies around one-dimensional assumptions of a linear transition pathway.

Leverage non-traditional underwriting data
A lack of historical loss data on new technologies remains a key challenge for underwriters. However, data limitations should not delay innovation. Insurers can leverage engineering, scientific and other relevant datasets to build understanding and comfort with the risks. Insurers can also draw lessons from comparable incumbent technologies and industries - for example, applying learnings from offshore energy to emerging clean-energy technologies.

Build common industry language
As mentioned eveloping shared terminology between insurers, developers, investors and regulators will improve collaboration and decision-making.

Ramp up accountability on transition plans
Many insurers now expect companies in high emitting sectors to demonstrate a credible transition plan, but what does this mean in practice? Do underwriters know what good looks like in a transition plan? Most importantly, how do client transition plans influence decision-making? Simply seeing a transition plan should not be good enough to write the business - that plan must align with recognised science-based standards and the company must be executing on it.

Underwriters should be educated on transition planning within their sectors of focus, and insurers should have definitive underwriting guidelines in place determining how to respond when a transition plan is flagged as needing improvement. They should also incentivise or reward companies that are successfully executing transitions.

Holding individual companies to account on their transition plans rather than implementing broad sector-based exclusions preserves top line revenue but is arguably also a more effective way for insurers to enable the transition (as opposed to diverting risk and capital elsewhere through exclusions without necessarily changing behaviours).

Developing expertise in sector transition risks and transition planning could become a value-add for underwriters and help drive competitiveness for clients.

Hold treaty portfolios to higher account
Treaty and delegated authority portfolios are often seen as too opaque for carriers to exert influence through exclusions. Hiscox has shown this doesn't have to be the case, and is one of the few insurers to apply restrictions to treaty reinsurance. "Whilst their restrictions are limited and they are using a large 30% premium base threshold, this is a strong step in the right direction," ShareAction noted in its SUSTAIN webinar.

Move upstream in project development
Insurers need to find ways to engage earlier in project design and financing to drive better risk understanding and enable early-stage risk engineering for improved insurability and investment outcomes. This is relevant both when entering emerging clean tech sectors and engaging clients in high emitting sectors who are embarking on transition planning.

Build deeper technical expertise
Insurers need to invest in specialist training for underwriters in rapidly growing innovation areas like renewables, and hire more engineers into underwriting roles. This should support improved risk assessment and pricing which in turn will make projects more insurable and premiums more affordable.

EVENT SPOTLIGHT
Insuring Clean Tech
London | Convex

"Emerging tech risks shouldn't be relegated from the insurance market simply because they're novel. The winning recipe is found in teams who combine subject-matter expertise with existing underwriting disciplines, looking for relevant data in adjacent industries, testing assumptions through a variety of loss scenarios (rather than historic loss stats), and tailoring cover as clients move from prototype to commercial scale." -
Alistair Blundy, Lead Underwriter, Advanced Technology Assurance

Collaborate with engineers and experts
Insurers should work more closely with technical and sector specialists to understand new clean technologies and share best practices. Joint training, technical workshop and early-stage risk consultations would reduce uncertainty, improve underwriting performance and support the rollout of sustainable innovations.

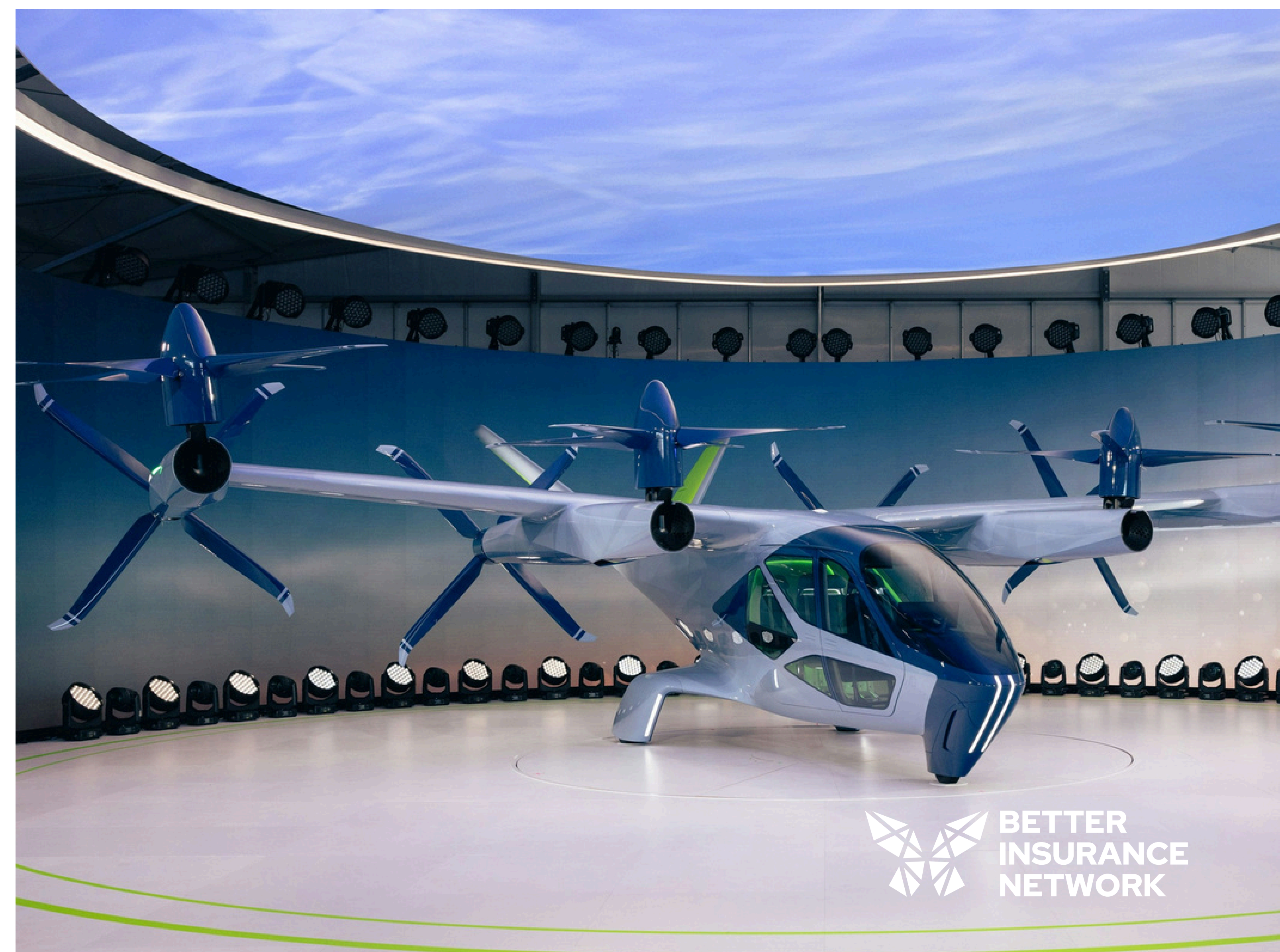
Support continuous learning and upskilling
Given the pace of change, insurers should encourage broader professional development across functions to develop an understanding of the strategic implications of the climate transition, climate scenarios and related regulation and how these topics manifest as emerging risks, commercial threats and opportunities for insurers and clients.

Consider transition impact when assessing opportunities
A low carbon world should benefit insurers by reducing the impact of climate-related losses on the balance sheet. Insurers should therefore consider how any innovation or growth opportunity supports the energy transition, and favour impactful opportunities when faced with either/or decisions.

Deploy experimental capital
Some carriers are actively taking the time to learn about the space and deploy small amounts of capital in order to gain confidence. In the Lloyd's market this is facilitated by the TCX transition class of business which enables up to 5% of a syndicate's portfolio to be allocated to transition-related risks with less stringent performance oversight.

Instigate cross-sector collaboration
insurers cannot drive the transition alone. Success requires coordinated action among governments, investors, developers, regulators, technology providers and insurers. Insurers should also communicate the role of insurance as an enabler more proactively and educate clients on what traditional property insurance does not cover.

Improve build back greener mechanisms
Build back better, a concept being widely adopted in insurance claims, should extend beyond climate resilience to also encourage the adoption of cleaner technologies and replacements where possible.



SUSTAIN FESTIVAL

SUSTAIN 2026 events

- **Flooding: Before, During and After** (Admiral)
- **The Sustainable Insurance Summit** (Better Insurance Network (BIN))
- **Mentor Networking - What Does Insurance Sustainability Mean in 2026?** (BIN, Next Generation Insurance Network, Legal Voices for the Future)
- **Insurance Opportunities in Carbon Markets** (Canopius)
- **Insuring Clean Tech** (Convex)
- **Breaking the Barriers to Climate Risk Innovation** (Global Association of Risk Professionals)
- **Addressing Insurability Challenges** (Guy Carpenter)
- **Building Resilience: Developing new (re)insurance markets & products to support the climate transition** (Guy Carpenter)
- **Building Trust Through Partnership: Mitigating the Financial Impacts of Disasters and Accelerating Long-Term Resilience in a Resource-Contracting World** (Hiscox)
- **InnSure Climate Event with Scout Insurtech** (InnSure)
- **Adaptation & Resilience Infrastructure Round Table** (Insurance Development Forum)
- **From Vulnerability to Resilience: Insurable Infrastructure Lessons from the Pacific** (MS Amlin)
- **From Risk Assessment to Resilience: How Insurers Are Responding to Rising Physical Risk** (MSCI Institute)
- **Commercial Benefits of Carbon Credits: From Offsets to Assets and De-Risking Mitigation** (Nature Broking)
- **Sustainable Investment Briefing: Balancing Risk, Impact and Returns in an Unpredictable World** (NEAM, BIN)
- **ESG in Insurance: What Does Best Practice Look Like?** (ShareAction)
- **The Frontline of Green Risk in Insurance** (Worshipful Company of Insurers, Bayes Business School)
- **PRA SS 5/25 - What Do Insurers Need to Achieve and How Much by 3 June 2026?** (Weightmans)

About Better Insurance Network

Formed in 2022, Better Insurance Network is a growing community of insurance practitioners committed to building a sustainable, profitable insurance industry and more resilient world.

In a rapidly evolving landscape of emerging physical, transition and liability risks, Better Insurance Network equips stakeholders with the connections and knowledge to safeguard asset insurability, growth and long-term profitability through training, events, mentoring and research.

Our global network comprises 5000+ professionals in 25+ countries.

Learn more at https://betterinsurancenetwork.com/

Explore membership at https://betterinsurancenetwork.com/membership

Explore training at https://betterinsurancenetwork.com/training

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