

**UN**



**environment  
programme**

**finance  
initiative**



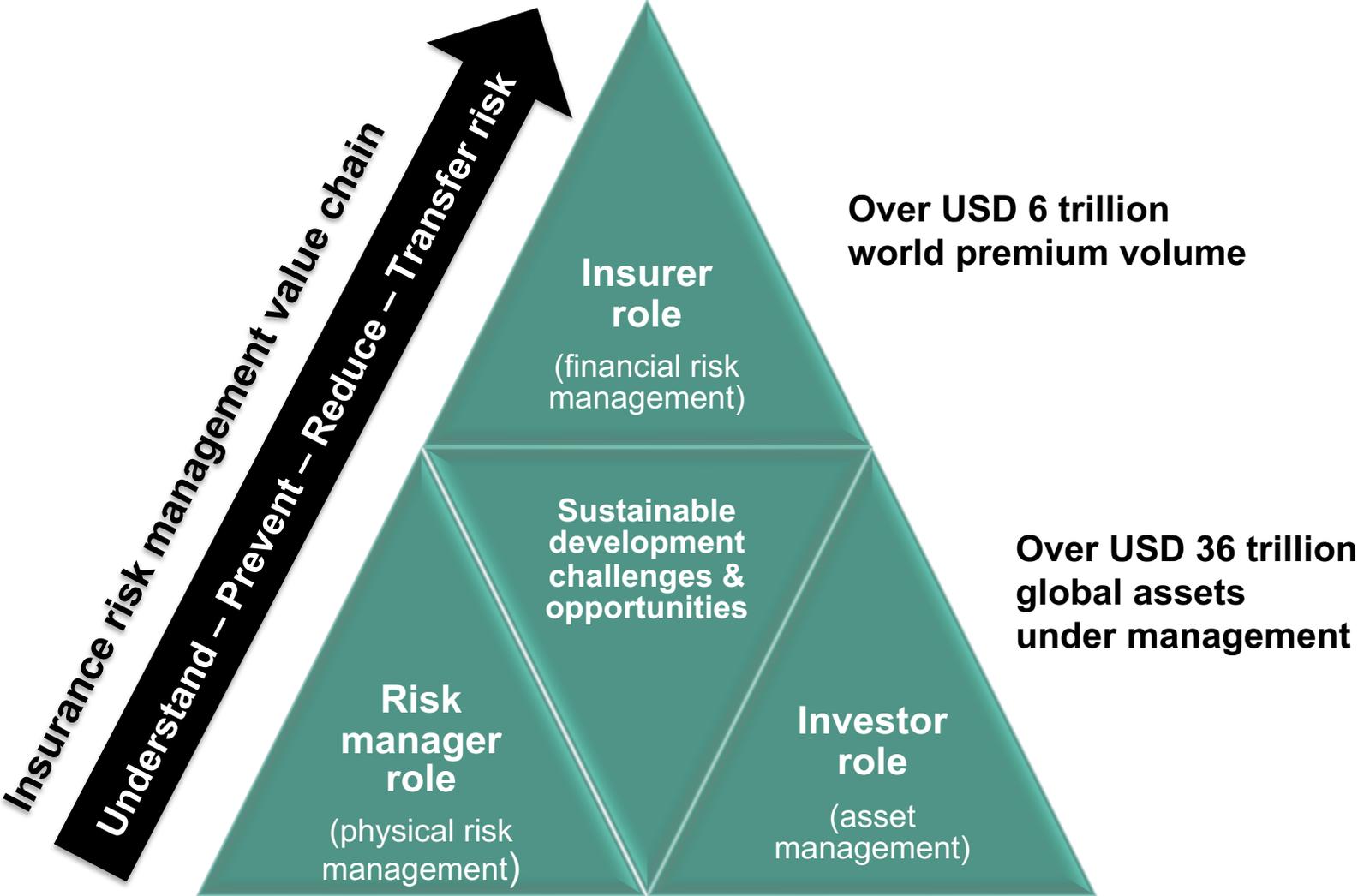
Principles for  
**Sustainable Insurance**

# **The Core Net Zero Insurance Strategy**

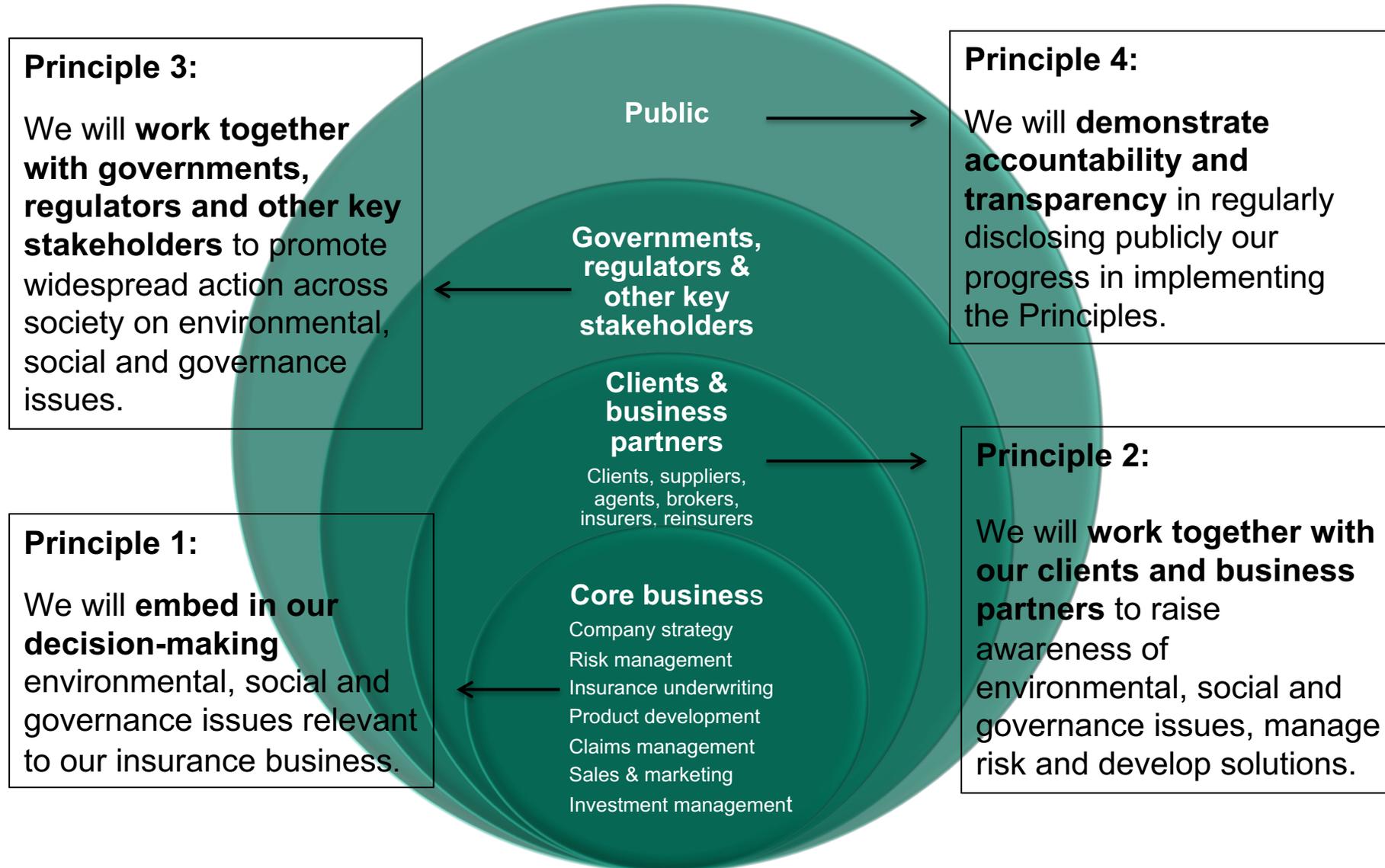
**Amplifying sustainable insurance in the UN's Decade of Action**

**Remco Fischer,**  
Climate Change Lead  
UNEP FI

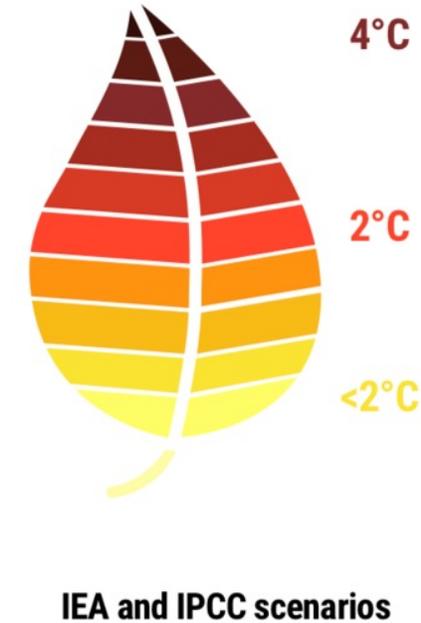
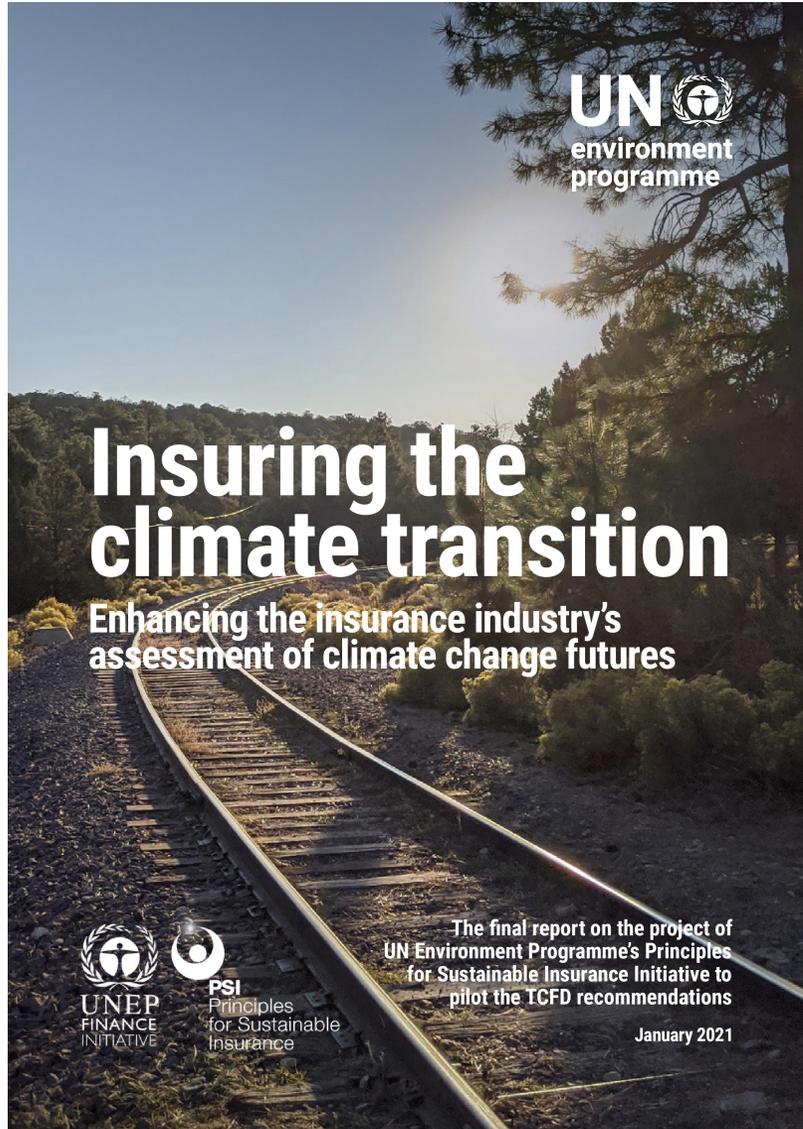
# The triple role of the insurance industry in sustainable development



# The Principles for Sustainable Insurance: A global roadmap to drive systemic change



# PSI project to pilot the TCFD recommendations (Jan 2021)



- **Assess climate-related risks in insurance portfolios in a forward-looking way, with a focus on the use of climate change scenarios, in line with TCFD recommendations**
- **A pioneering initiative covering climate-related physical, transition and litigation risks in one major collaborative study**
- **Final report launched in Jan 2021**

# An initial framework to support an integrated approach to assessing climate-related risks

## Physical risks

Geography (country level)

Hazard, vulnerability, insurance exposure

Line of business / Products

- Hazard, vulnerability, and insurance exposure are assessed to identify key “at risk” countries
- Materiality of the impact of physical hazards on insurance product lines is evaluated.

## Transition risks

Line of business

Economic sector

Geography (regional level)

- Changes in insurance demand based on the result of how different sectors are affected by transition risk drivers
- Analysis at intersection of economic sectors and lines of business, as these are affected by sector dynamics
- Highlighting of relevant geographical economic sector dynamics

## Litigation risks

Geography / Jurisdiction

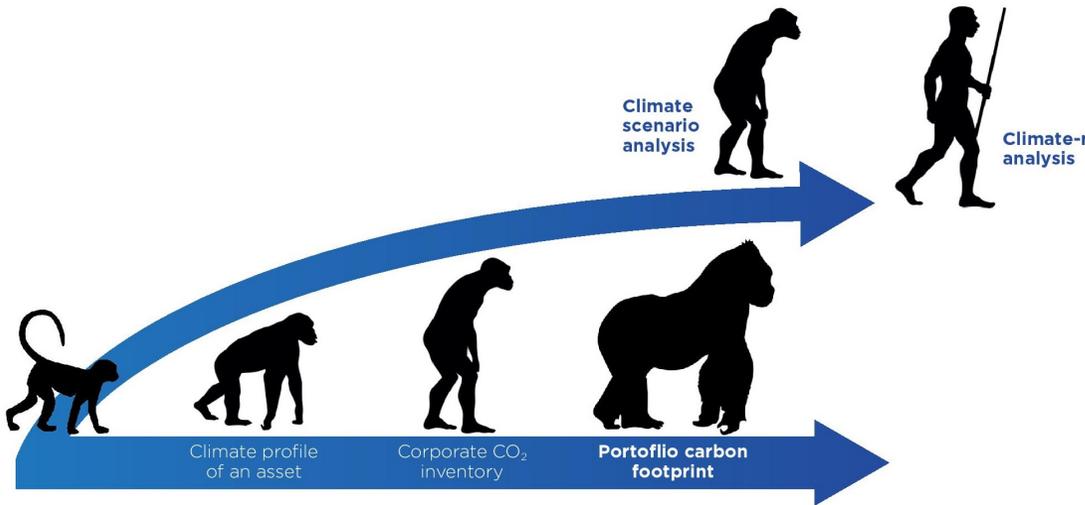
Economic sector

Line of business / Products

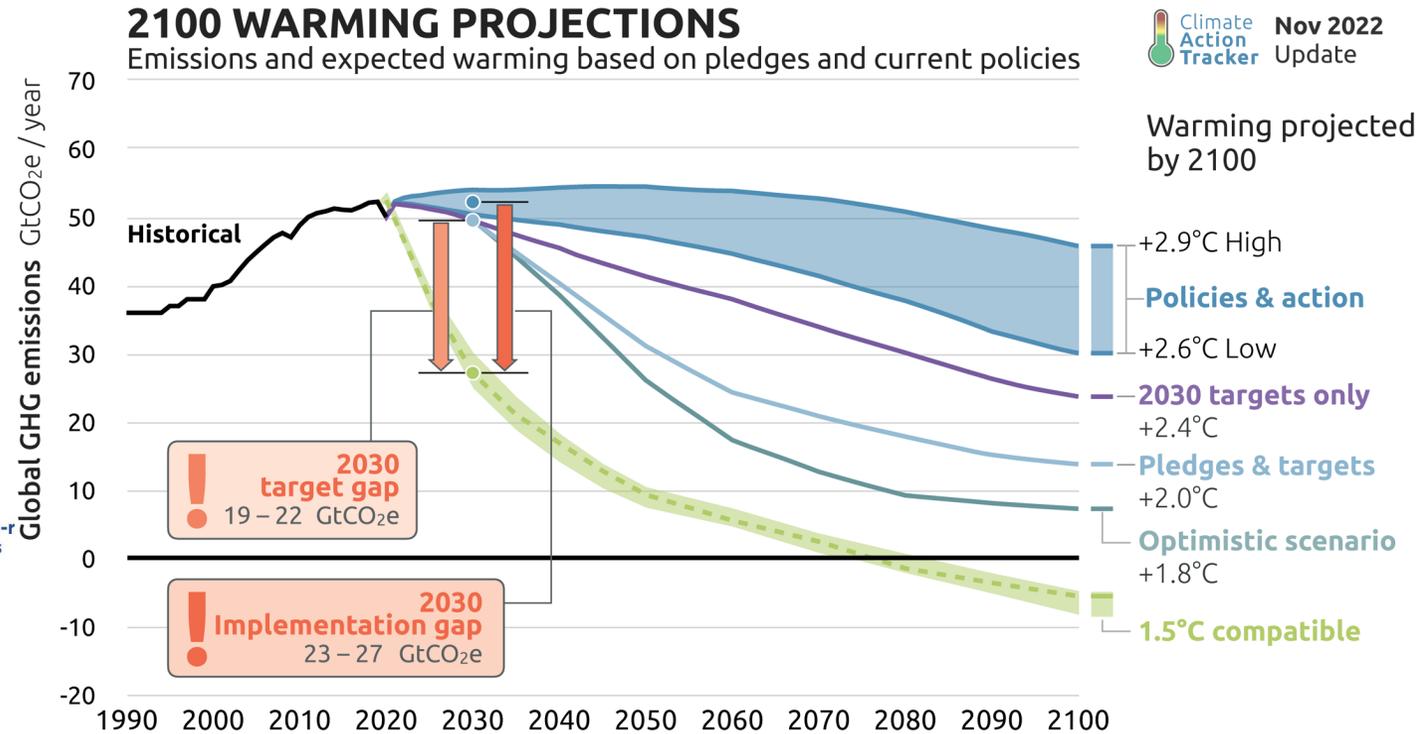
- Key risk and opportunities will be assessed based on the underlying regulatory frameworks and litigation cases
- Geography / jurisdiction play a key role

# Raising the insurance industry's climate ambition

From enhancing climate risk analysis to aligning insurance and investment portfolios with the 1.5°C target of the Paris Agreement



Source: 2° Investing Initiative



# NZIA launch at G20 Climate Summit (Jul 2021, Venice)

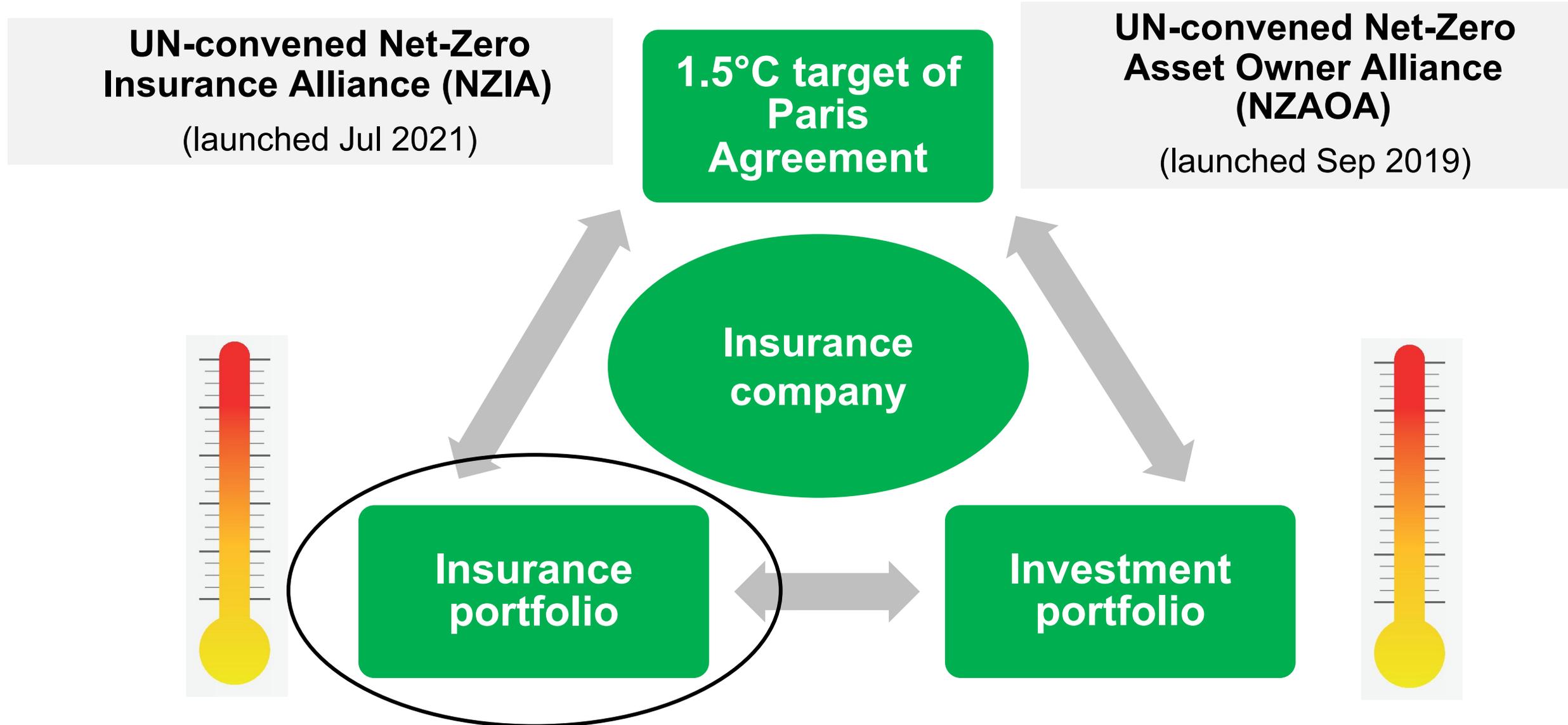


[unepfi.org/net-zero-insurance](https://unepfi.org/net-zero-insurance)



# UN-convened **Net-Zero Insurance Alliance**

# How can insurance support the transition to a net-zero emissions economy?



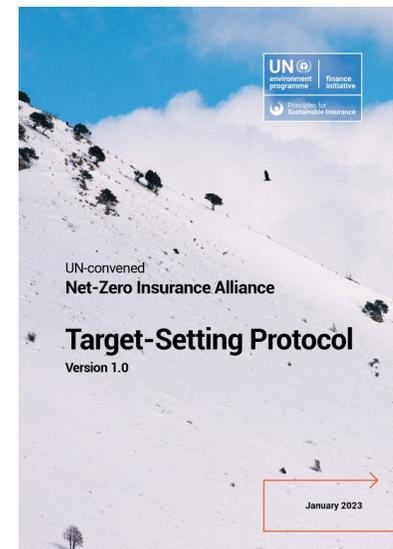
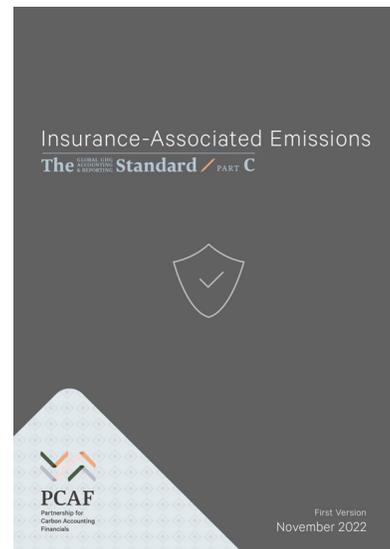
# Key NZIA implementation milestones (2022-23)

**Launch of NZIA White Paper on Net-Zero Insurance**  
(Apr 2022)

**Launch of PCAF Insurance-Associated Emissions Standard**  
(in collaboration with NZIA)  
(Nov 2022)

**Launch of NZIA Target-Setting Protocol**  
(in collaboration with SBTi; aligned with SBTi Financial Institution Net-Zero Standard)  
(Jan 2023)

**NZIA members to individually and unilaterally set and publish first interim science-based targets**  
(Jul 2023)



# Summary of the Protocol's target-setting categories and types



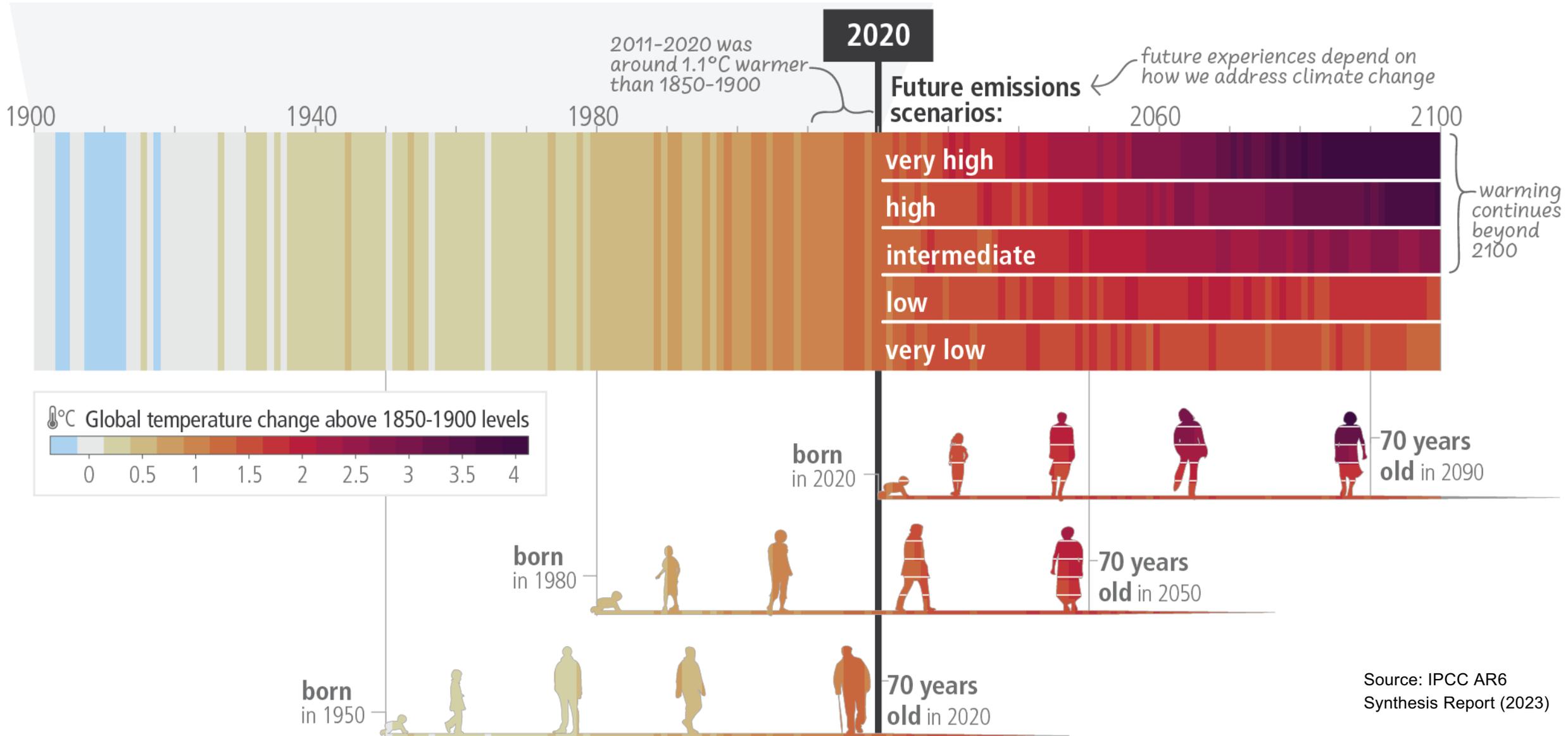
# Ongoing NZIA and SBTi collaboration to develop target-setting methodologies for insurance underwriting portfolios; alignment with SBTi's Financial Institution Net-Zero Standard



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# IPCC AR6 Synthesis Report (2023): The extent to which current and future generations will experience a hotter and different world depends on choices now and in the near-term



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Principles for  
**Sustainable Insurance**

# Insuring for sustainable development

[www.unepfi.org/psi](http://www.unepfi.org/psi)

[www.unepfi.org/net-zero-insurance](http://www.unepfi.org/net-zero-insurance)

<https://v20sif.org>