

Insurers are rising to the world's social sustainability challenges, says The Geneva Association

ZURICH, 10 November 2022 – Amid growing stakeholder expectations for businesses to have more social impact, a new Geneva Association report, *The Role of Insurance in Promoting Social Sustainability*, highlights insurance's abundant, inherent social benefit in providing financial stability and peace of mind to people and businesses. The Geneva Association estimates that insurers contribute USD 5–5.5 trillion per year to global financial resilience through insurance claims and benefit payouts.

To further advance social sustainability, the report advises insurers to hone their impact underwriting and investing activities, as well as due diligence on risks linked to their clients, investees and operations, from human rights violations to algorithmic bias.

The Geneva Association report puts forward an innovative framework for insurers to assess their 'social footprint', inspired by the Greenhouse Gas Protocol's approach to carbon emissions disclosure:

- Scope 1 is an insurer's social impacts on its employees.
- Scope 2 is the insurer's impacts on communities.
- Scope 3 – by far the most important – is the insurer's social impacts across the value chain, from risk-taking and servicing to investing – upstream (value-chain partners) and downstream (customers and investees).

Jad Ariss, Managing Director of The Geneva Association, said: "Clearly businesses need to do more to promote social sustainability, particularly in light of the repercussions of the pandemic and Russia-Ukraine war. Insurers have always been – and will continue to be – at the forefront of this agenda; the very essence of the insurance business is protecting society, providing financial security and peace of mind, and supporting recovery from shocks. That said, insurers can build out their impact in this space and need to address the absence of suitable metrics. We hope our report serves as a guide."

The author of the report, **Kai-Uwe Schanz**, Deputy Managing Director and Director of Socio-economic Resilience at The Geneva Association, said: "The report recommends insurers to adopt a three-tier approach to managing social sustainability. First, maximise the inherently positive social impacts of insurance; second, protect those benefits by carefully mitigating potentially negative impacts; and, third, explore the scope for additional, commercially viable social benefits. Based on this approach, we believe that insurers can further enhance their role in providing socially relevant

products and working to close protection gaps. This is more important than ever as the transition to a net-zero economy needs to be socially just and inclusive.”

The Geneva Association is the only global association of insurance companies; its members are insurance and reinsurance CEOs. Based on rigorous research conducted in collaboration with its members, academic institutions and multilateral organisations, The Geneva Association investigates key risk areas that are likely to impact the insurance industry, develops recommendations and provides a platform for stakeholders to discuss them. In total, the companies of Geneva Association members are headquartered in 26 countries around the world; manage USD 21 trillion in assets; employ more than 2.5 million people; and protect 2.6 billion people.

<https://www.genevaassociation.org/press-releases/insurers-rising-to-social-sustainability-challenges>

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