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The PSI in the context of the marine insurance industry

About UN Environment's Principles for Sustainable Insurance Initiative (PSI)

Environmental, social and governance (ESG) issues—or sustainability issues—pose a shared risk to insurers, communities, businesses, cities, government and society at large, providing a strong incentive for innovation and collaboration. Examples of sustainability issues relevant to the marine insurance industry include climate change, ecosystem degradation, pollution, illegal fishing, negative impacts on heritage sites, human rights violations, poor health and safety, lack of transparency, and corruption.

Endorsed by the UN Secretary-General and insurance industry CEOs, the Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address ESG risks and opportunities—and a global initiative to strengthen the insurance industry's contribution as risk managers, insurers and investors to building resilient, inclusive and sustainable communities and economies.

The PSI is the largest collaborative initiative between the UN and the insurance industry. Today, 140 organisations worldwide have adopted the four Principles for Sustainable Insurance, including insurers representing more than 25% of world premium volume and USD 14 trillion in assets under management.

The [four Principles for Sustainable Insurance](#), including a list of possible actions, are structured according to the spheres of influence of an insurance company, from core business strategies and operations, through to working together with clients, business partners, governments, regulators and other key stakeholders. Furthermore, the Principles promote accountability and transparency.

- **Principle 1:** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
- **Principle 2:** We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- **Principle 3:** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
- **Principle 4:** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Examples of PSI collaborative initiatives relevant to the marine insurance industry

As a global collaborative initiative between the UN and the insurance industry, the PSI is carrying out a wide range of projects and activities that support the implementation of the Principles and promote



sustainability thinking and practices across the industry's risk management, insurance and investment activities.

Examples of PSI collaborative initiatives relevant to the marine insurance industry include:

- **The first guide for the insurance industry to manage environmental, social and governance (ESG) risks in non-life insurance business:** This PSI guide helps insurers develop ESG approaches, its ESG risk appetite and relevant roles and responsibilities; detect and analyse ESG risks; and ESG decision-making and reporting practices. It also features heat maps as a guidance tool, indicating levels of potential ESG risks—such as climate change, deep sea mining and drilling, Arctic oil, pollution, illegal fishing, impacts on protected sites and species, human rights violations, and controversial weapons—across economic sectors and insurance lines, including the shipping sector and marine insurance. Learn more at: www.unepfi.org/psi/underwriting-esg-risks/
- **The first guide for the marine insurance industry to control or mitigate the risk of insuring vessels and companies associated with illegal, unreported and unregulated (IUU) fishing:** This guide, developed by the PSI and Oceana, provides a checklist of warning signs for IUU fishing activity—also known as pirate fishing—as part of a global insurance industry effort to curb IUU fishing. The risk assessment guidelines help insurers better detect and deny insurance to vessels and companies caught or suspected of IUU fishing. IUU fishing exposes insurers to legal, financial and reputational risks; puts food security and jobs in danger; and destroys marine habitats and ocean life. The guide builds on the first global insurance industry statement—*Assisting ocean stewardship through marine insurance*—for insurers to support efforts that can help reduce and ultimately eliminate IUU fishing. Learn more at: www.unepfi.org/psi/wp-content/uploads/2019/02/PSI-Oceana-press-release.pdf
- **The first study on the risks of plastic pollution, marine plastic litter and microplastics to the insurance industry:** This PSI study aims to understand how plastic pollution risks—across physical, transition, liability and reputational risks—manifest themselves across insurance lines, including marine insurance, and across asset classes. It also seeks to identify strategies and action for the insurance industry to better manage plastic pollution risks in terms of assessment and analytics, risk reduction measures, insurance products, and investments; including the role of insurance regulators and supervisors in this agenda. The study will be launched during the Our Ocean Conference in Oslo in October 2019.
- **The first collaborative effort by insurers to pilot the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD):** Following the publication of the [TCFD recommendations](#), over 20 insurers and reinsurers have joined forces under the auspices of the PSI to jointly pilot the implementation of TCFD recommendations for the insurance industry. The aim is to develop a new generation of risk assessment tools designed to enable insurers to better understand the impacts of climate change in the context of physical, transition and liability risks, and across insurance lines and economic sectors, including maritime transport and oil & gas. The pilot group will develop analytical tools that they will use to pioneer insurer climate risk disclosures in line with the TCFD recommendations. This will require insurers to make use of the latest climate science, including some of



the most advanced, forward-looking climate scenarios available. Equally, the project aims to contribute to the emergence of a harmonised approach to TCFD disclosure by the insurance industry. The project's findings will be released in 2020.

- **The first guide for the insurance industry to protect World Heritage Sites:** This guide is a collaborative effort of the PSI, WWF and the UNESCO World Heritage Centre. It builds on the launch of the first global insurance industry statement of commitment to protect World Heritage Sites during the 42nd Session of the UNESCO World Heritage Committee in 2018. The main aim is to provide practical guidance to insurers on how to prevent or reduce the risk of insuring and investing in companies or projects whose activities could damage natural, cultural or mixed World Heritage Sites. World Heritage Sites are recognised for their unparalleled beauty, global significance and/or biological diversity and the important economic, social and environmental benefits they provide to people. However, almost half of all natural World Heritage Sites are threatened by industrial activities—spanning terrestrial and maritime activities—and large infrastructure developments. The guide explains the risks that insurers face, provides insightful case studies, and outlines a set of basic and advanced recommendations that insurers can implement in their risk management, insurance and investment activities. It will be launched at a PSI event in Brazil in October 2019. Learn more at: www.unepfi.org/psi/world-heritage/
- **PSI market events:** To advance sustainable insurance strategies, approaches, products and services and shape the global sustainable insurance agenda, the PSI organises market events in countries and regions around the world. PSI market events have been hosted by Allianz, Aviva and Lloyd's of London, the Brazilian Insurance Confederation (CNseg) and Brazilian Superintendence of Private Insurance (SUSEP), the California Department of Insurance, Continental Re, the Egyptian Financial Regulatory Authority and Insurance Federation of Egypt, the Federation of Colombian Insurers (FASECOLDA), the General Superintendence of Costa Rica (SUGESE), the Moroccan Supervisory Authority of Insurance & Social Welfare (ACAPS) and Moroccan Federation of Insurance & Reinsurance Companies (FMSAR), Munich Re, the Philippine Insurers & Reinsurers Association (PIRA), Santam, Swiss Re, and UNEP Finance Initiative.

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