



Energy Environment

Insurers: A force for sustainable change

📅 11 October 2021

By **Philippe Donnet**, Group CEO Assicurazioni Generali S.p.A.

[Share](#) [Tweet](#) [Merken](#)

The climate crisis is more tangible and urgent than ever. The last decade was the warmest one ever, and 2019 was the second warmest year on record, with greenhouse gases in the atmosphere rising to new highs. This summer, a number of severe natural catastrophes erupted across Europe and beyond, taking heavy tolls on entire cities and regions. In addition, the IPCC report of August 2021 highlighted that global temperatures are seen rising between 1.5°C and 2.0°C during the 21st century if we do not succeed in reducing carbon dioxide (CO₂) and other greenhouse gas emissions in the upcoming years.

It is in this context that the European Union adopted one of the most ambitious and all-encompassing policy action plans to reach climate neutrality by 2050, with robust, targeted measures to re-channel investments in a sustainable economy at environmental, social and governance levels. This calls for all players in the financial system to join forces and act quickly against climate change, and insurers like Generali are perfectly positioned to make a significant contribution. In this respect, in order for us to fully grasp the various environmental, social and governance (ESG) risks we are facing, it is crucial that our industry, both as risk-takers and investors, has access to measurable, assurable, high-quality ESG-related data.

We applaud the EU's leadership in taking the initiative in the sustainability reporting discussions, including on the concept of "double-materiality"; we also call upon political leaders to achieve a truly globally harmonized reporting standard, given the true global relevance of sustainability issues.

This will allow genuine comparability and prevent market fragmentation.

Both from an investment and risk-management perspective, Generali has been taking a central role in driving this change, consistently with our will to create sustainable long-term value for our all stakeholders and to improve our society as a whole. In 2021, as part of our updated strategy for climate protection, we set the target of €8.5-€9.5 billion new green and sustainable investments by 2025, with year-end 2020 as the baseline. This is in line with the previous target of €4.5 billion between 2019 and 2021, which we achieved one year ahead of schedule. Generali will no longer underwrite risks associated with the exploration and production of unconventional fossil fuels from tar sands. We are also accompanying the gradual decarbonization of our direct investment and insurance portfolio to reach carbon neutrality by 2050. This commitment is consistent with the Paris Agreement's goal to limit the global warming to 1.5°C above pre-industrial levels.

As insurers, we know the price of risk, and more specifically the price of climate-change related risks. Recently, we have established a competence center to develop and share the best practices for underwriting the specific risks in the renewable energy sector.

We have also taken action in regard to coal to stop coverage while working for a just transition.

Achieving these targets and embracing sustainability at all levels requires time and effort. There are economic and social costs that come with it; there are companies that will no longer exist and specialized workers that will be forced to seek new employment. At Generali, we try to reconcile these objectives with their potential social impact by engaging with our stakeholders and actively supporting their evolution towards more sustainable methods, in the context of a 'Just Transition'. To this end, by 2025 the Group will engage with at least twenty carbon intensive companies in our investment portfolio to drive real change.

We are also joining forces with our peers who share our same drive and commitment. In July 2021 at the G20 Finance Meeting in Venice, a city that is close to Generali's heart and that exemplifies resilience to climate change, I had the honor of launching the UN-convened Net-Zero Insurance Alliance (NZIA)¹. This initiative, which brings together eight of the world's leading insurers and reinsurers, follows the UN-convened Net-Zero Asset Owner Alliance (NZAOA), launched in 2019.

The founding members of the NZIA committed to individually transitioning their underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

Each company will also individually set science-based intermediate targets every five years and independently report on their progress publicly and annually to contribute to achieving the goals of the Paris Climate Agreement.

The European policy agenda has put sustainability risks at the top of the list of priorities. We are witnessing a tangible push, both from the public and private sectors, to reduce our impact on climate change. Yet we cannot sit back. We must take action now, and by working together we will be able to better understand and consequently overcome, in the words of Mark Carney, the "tragedy of the horizon" for a sustainability-centric economy and society.

ABOUT THE AUTHOR



Philippe Donnet

Group CEO Assicurazioni Generali S.p.A.