

Sustainability R&D: Quantifying insurance SDG impact with Swiss Re Institute's "Insurance SDG Calculator"

Swiss Re Institute, June 2021



In 2015, the UN launched the **17 Sustainable Development Goals (SDGs)** to be achieved by 2030, urging sustainability action. 193 countries have signed. **Translating corporate impact with respect to the SDGs requires agreed metrics, targets, and scoring.**

Until now, the insurance industry lacked **industry-specific SDG definitions**, quantifiable targets, and a comprehensive framework to credibly report on progress.

Building on the **UNEP PSI iSDG definitions** being drafted, Swiss Re Institute is developing the **Insurance SDG Calculator** to help re/insurers measure impact and steer business towards achieving the UN SDGs.

The Insurance SDG Calculator enables companies to set business targets / baseline / focus, track progress, and credibly report on **sustainability progress** to key stakeholders including investors, shareholders & clients.

Swiss Re Institute is working with UNEP PSI and partners to develop insurance-relevant definitions, a comprehensive framework, and a tool to objectively measure, accurately track, and credibly report on sustainability progress in terms of the UN SDGs



ICMIF is a strategic partner. In line with our shared vision to make the world more resilient, Swiss Re Institute is working with **ICMIF global and select ICMIF members** to ensure the “Insurance SDG Calculator” best meets member & policyholder needs.

The Co-operators and Sancor are leading the ICMIF R&D effort to help shape the indicators, refine the data models, and explore the best target-setting approaches and quantification mechanisms. **Other members are encouraged to join thereafter.**

Mutuals adopting the Insurance SDG Calculator will enable us to continuously refine it. Our aim is to **reach a rough industry consensus** on relevant industry questions to help us better **design pathways to sustainable business**. Our ambition is for the tool to serve as the industry standard.

We plan to launch the “Insurance SDG Calculator” free version (limited functionality) **in Q4 2021.**

icmif



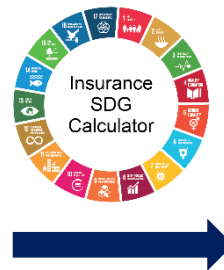
ICMIF is a strategic partner, working with Swiss Re Institute to ensure the “Insurance SDG Calculator” embeds mutuals’ sustainability strategies and considerations into the models and features to capture the full breadth of business impact (SDG contribution/harm).

From transparency to action: Insurance SDG Calculator to power the transition

Achieving the SDGs is a long-term commitment. There are many considerations to take into account and jointly shape as an industry to ensure a good result. These include: Consistency and comparability; interconnected impacts and systematic risks; accounting of externalities; returns of sustainability issues; and many more.

How do we start?

- Creating transparency and enabling comparability with SDG-linked measures and criteria
- Disclosure and regulation compliance
- Start with environmental impacts as they are more quantifiable, especially carbon footprint
- Look at single SDG and single risk individually



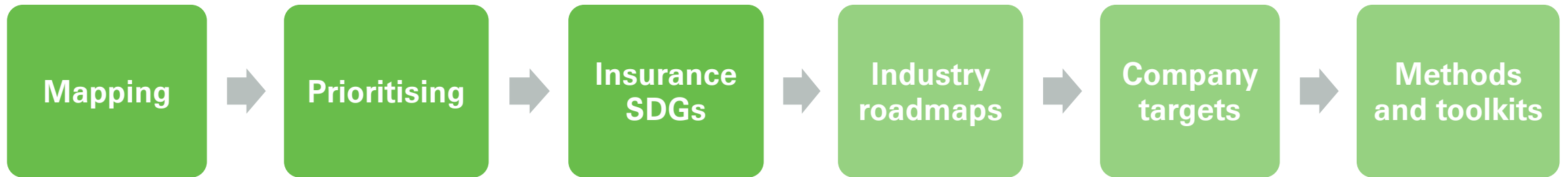
Where do we want to get to?

- Collective effort to achieve industry consensus on standards and targets
- Steering business towards sustainability with risk mitigation and prevention
- Reach full scope of ESG – SDG including social aspects
- Aggress sustainability impact and risks holistically as an interactive system

Building the Insurance SDG Calculator

Building the Insurance SDG Calculator:

Supporting UNEP PSI's approach, building on existing standards, and developing quantifiable metrics



**Indicators for SDG Calculator
(linked to insurance SDGs)**

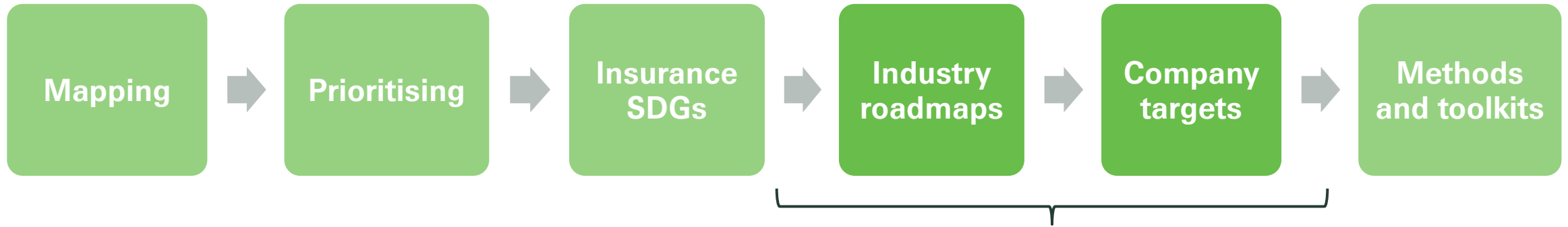
| | | |
|----------|-------------------|----------------------------|
| SDG | Criteria | Contribution & No harm |
| Baseline | Measure and unit | Quantitative / Qualitative |
| | Role of insurance | |



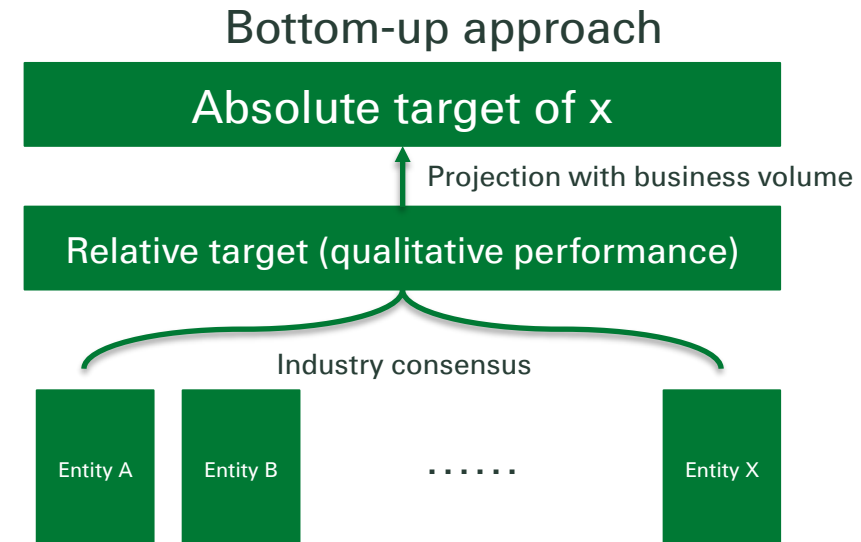
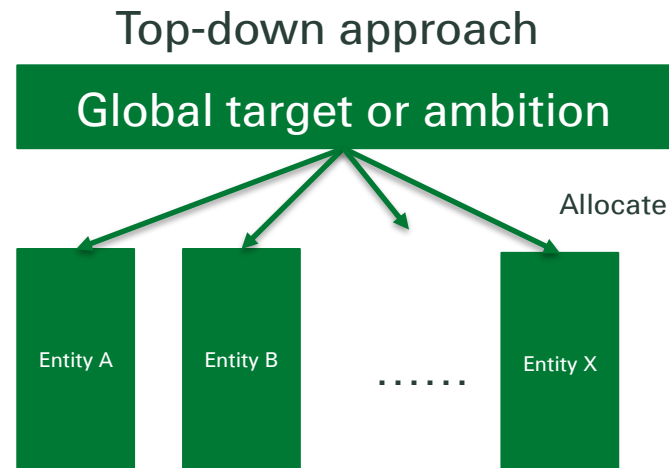
| | |
|---------------------------|--|
| Agriculture | • Provide agriculture insurance to X% more of the 230 million uninsured smallholder farmers globally by 2030 |
| Health | • Provide protection insurance and health risk management to X number more impaired lives by 2030 |
| Natural ecosystems | • Increase area of natural ecosystem insurance coverage by X (surface area / number of ecosystems / types of biogeographic zones / % of protected areas) by 2030 |
| Motor | • Reduce greenhouse gas emissions by X% in motor portfolio by 2030 |
| Property (Energy) | • Reduce greenhouse gas emissions by X% of energy producers and consumers covered by 2030 |

Building the Insurance SDG Calculator:

Supporting UNEP PSI's approach, building on existing standards, and developing quantifiable metrics

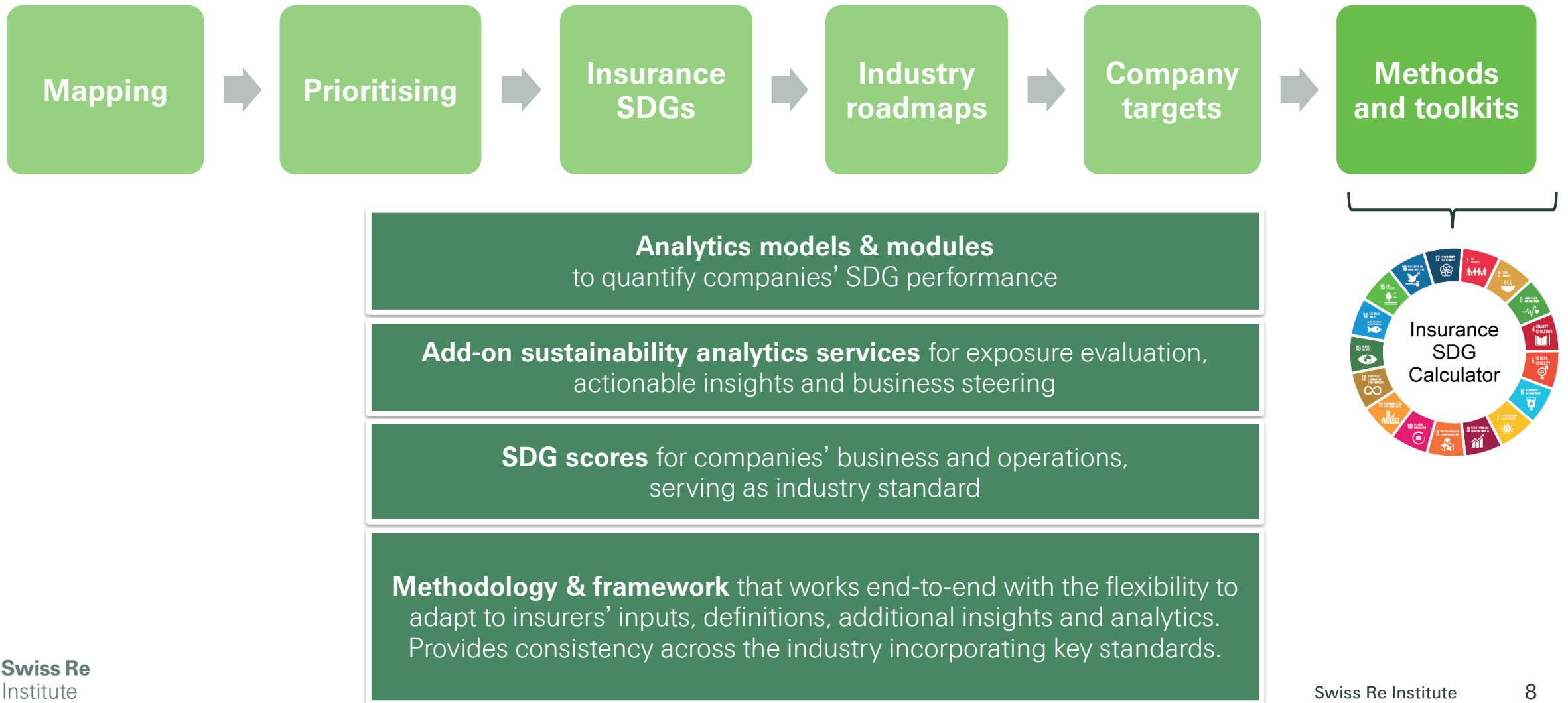


Target setting for Insurance SDG Calculator



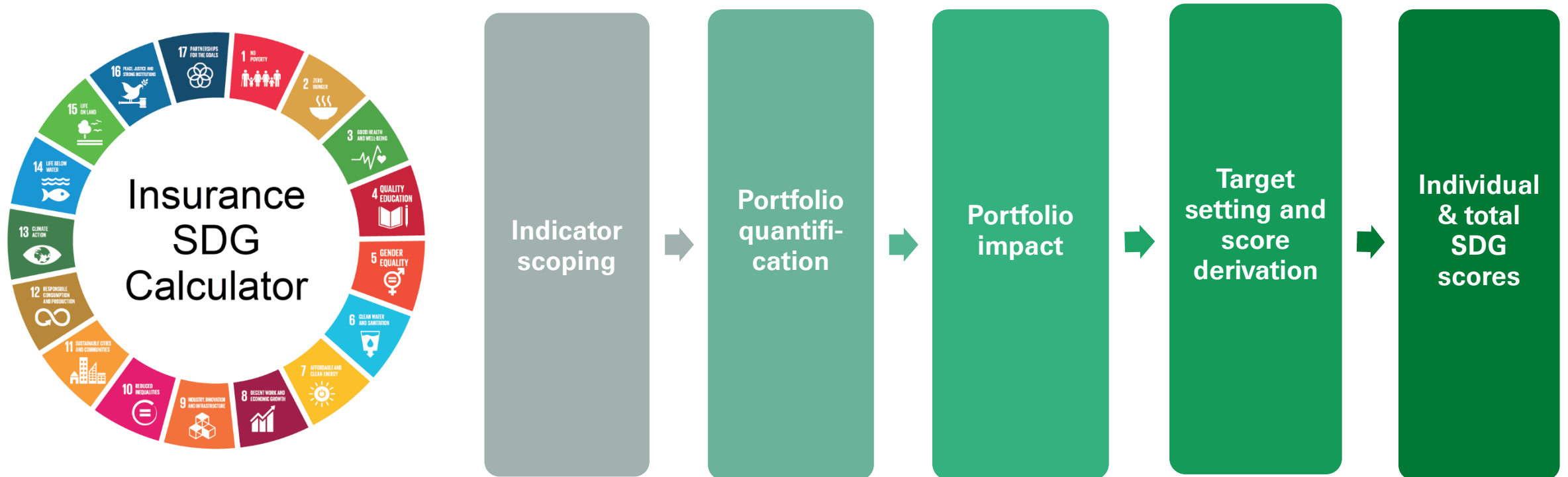
Building the Insurance SDG Calculator:

Supporting UNEP PSI's approach, building on existing standards, and developing quantifiable metrics



Building the Insurance **SDG Calculator**:

Quantitatively assess SDG impact and performance. Steer business towards sustainability



Insurance SDG Calculator

Supporting insurers and mutuals

Insurance SDG Calculator to support insurers and mutuals:

Embedding protection gap modules into the indicator design



Swiss Re Institute is working with ICMIF, and other industry stakeholders, to shape the indicators so as to support mutuals' sustainability strategies. This includes key priorities such as reducing poverty, providing protection and resilience for individuals, members and communities, reducing carbon footprints, etc.

| SDG | Criteria for insurance |
|-----|---|
| 1 | Access to essential insurance for low-income people |
| 13 | Measure and publicly disclose carbon footprint of UW and asset portfolios |
| 17 | Develop SDG Strategy and act on sustainability practice |

Insurance SDG Calculator to support insurers and mutuals:

Embedding protection gap modules into the indicator design

| SDG | Criteria for insurance | Contributing to the SDGs | Harming the SDGs | Indicator description (Absolute) | Indicator unit (absolute) | Indicator description (Relative) | Indicator unit (relative) | Role of insurance |
|-----|---|--|-----------------------------------|--|---------------------------|--------------------------------------|---------------------------|-------------------|
| 1 | Access to essential insurance for low-income people | Drought insurance, microinsurance, livestock insurance, house insurance, health insurance, etc. | NA | Number of low-income people provided with access to insurance services | # people | Fraction of low-income policy holder | % | Direct impact |
| 13 | Measure and publicly disclose carbon footprint of UW and asset portfolios | Carbon intensity lower than baseline | Carbon higher lower than baseline | Carbon footprint of insured portfolio | tonnes CO2eq | WACI | tonnes CO2eq / revenue | Underlying impact |
| 17 | Develop SDG Strategy and act on sustainability practice | <ul style="list-style-type: none"> •Align business strategy to the SDGs; •Collaborations on SDGs; •Establish impact measurement framework; •Implement impact measurement framework in the own organization; •Active public policy and regulation advocacy; •Integrated reporting score | NA | NA | NA | Checkbox | score | Operation impact |

Insurance **SDG Calculator** to support insurers and mutuals:

Added rewards for sustainable business over conventional business

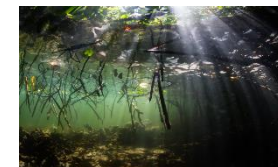


We take portfolio lines and sizes into account and quantify them in order to reflect different sustainability impacts, and bring those impacts together with framework parameters to achieve consistency.

For example: An **agriculture portfolio** can be assessed in terms of



sustainable tech



ecosystem footprint



small-scale producers

Insurance **SDG Calculator** to support insurers and mutuals:

Added rewards for sustainable business over conventional business



For example: A **health microinsurance** cover for underprivileged individuals is quantified and reflected in the indicator **‘Access to essential insurance for low-income people’**



We embed **modular protection gaps** of policy holders and policy coverage into the impact calculation. To reward **‘leave no one behind’**, covers and services to close protection gaps with affordable solutions are credited more via a higher SDG score

Insurance SDG Calculator to support insurers and mutuals:

Target-setting process enabling tracking of sustainability compliance and progress



Target setting will require quantification of where we are today. The current effort is to compile company strategies and goals to arrive at a **rough industry consensus** on what could be **achievable and sufficiently ambitious targets**. We will then use this data-driven quantification as a basis for discussion on potential top-down industry targets, in line with industry efforts such as the UNEP PSI net-zero initiatives. Top-down targets can also be set **by regulators** and policies translated into quantitative targets or parameters supporting the scoring. In order to arrive at a consensus, it's important to **collaborate with governments, industry bodies, and partners**.

Insurance SDG Calculator to support insurers and mutuals:

Target-setting enabling tracking of sustainability compliance and progress



For example: **carbon footprint score** – showing your progress on the road to Paris agreement



For example: **NatCat resilience score** – reflecting climate impact on risk management

The Insurance SDG Calculator calculates SDG scores representing the sustainability progress of a mutual or insurer, reflecting sustainability focus and indicating potential avenues for portfolio steering towards sustainable business.

Optimising the “Insurance SDG Calculator” for mutuals requires collaboration and consensus among mutuals on indicator design, weighting, and target setting.

Would you like to help us shape it?

Thank you!

Contact us



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