

Challenge of climate change for insurers and sustainability

Climate change aspects on L&H

May 2022



Climate risk effects on L&H industry

Climate change is a health emergency and impacts health in many ways:

01

Increasing air
temperatures

02

Increased
frequency and
severity of
extreme weather

03

Spread of vector
borne diseases

04

Worsening air
pollution

05

Sudden shocks,
trends and
volatility

06

Water and food
insecurity

Climate risk effects on L&H industry

- **Heat waves:** in 2003 cause of 70k premature deaths. In 2010, a 44-day heatwave in Russia resulted in 56k premature death cases.
- **Worsening air pollution** causes globally 7 million premature deaths year by year.
- The damage **cost of health** is estimated to 2-4 billion USD, year by year.
- According to the **WHO**, it is expected that climate change would cause approx. 250k additional deaths from 2030 to 2050, year by year.



Climate transition and Climate change strategy



Formal and industry commitments, to
join the path to net zero



Underwriting commitments to withdraw
support from heavy carbon-emitting
sectors



Sustainable Asset Liability Management



Swiss Re

Public health services and government response to climate change

What needs to be done?

In General:

- Greenhouse gas emission must be reduced to net zero
- Energy transition must achieve 100% renewable as fast as possible
- Deforestation in tropical regions must stop to cut transmission routes between new disease reservoirs and populations

In particular L&H industry going forward:

- The L&H insurance industry needs different climate change scenarios in the future in order to respond appropriately
- Change our data modelling approach, past-future
- Embed sustainability in our L&H Underwriting portfolio to find opportunities that close the protection gap in underserved communities
- Invest in research to understand new and emerging effects on climate change

Resilience index and protection gap

- The mortality resilience index is higher in advanced economy compared to emerging economy
- Climate change is impacting the lower income population much more than mid or higher income population

Intensify research and data collection

Possible innovations for L&H products:

- Expand the scope for micro insurance
- Combine simple health benefits to parametric P&C covers
- Emergency relief financing
- Health protection for underserved communities



Appendix

Swiss Re's comprehensive climate change strategy

The four pillars of our climate change strategy

1

Advancing our knowledge and understanding of climate change risks

quantifying and integrating them into our risk management and underwriting frameworks where relevant

2

Developing products and services

to mitigate or adapt to climate risk

3

Raising awareness

about climate change risks through dialogue with clients, employees and the public, and advocating a worldwide policy framework for climate change

4

Tackling our own carbon footprint

and ensuring transparent, annual emissions reporting

Key external sustainability commitments

2007 Commitment to **responsible investment**

2008 Commitment to **operate responsibly**, which covers human rights, labour, environment and anti-corruption

2012 Commitment to **sustainable insurance**

2014 Pledged to be **100% powered by renewables by 2020** offering USD10 billion of climate protection to sovereigns and sub-sovereigns by 2020 (completed)

2015 Pledge to support limiting **global warming** to well below 2°C, and preferably to 1.5°C

Commitment to **increasing transparency on climate-related financial risks**

2016 Commitment to **doubling energy productivity** as part of [EP100](#)

2019 Commitment to **transitioning investment portfolio** to **net-zero greenhouse gas** emissions by 2050

Commitment to net-zero GHG emissions across our entire business (underwriting and investment portfolio)

Commitment (together with partners) to **offering up to USD 5 billion of risk capacity for climate risk insurance**, contributing to the G7 [InsuResilience](#) target of protecting 500 million individuals by 2025 against climate risk

2021 Commitment to **helping mitigate biodiversity risk** and identifying nature-positive models

Commitment to **individually transitioning underwriting portfolios** to net-zero GHG emissions by 2050

Swiss Re remains fully committed to maintaining its leadership in sustainability

Recent sustainability highlights

- Developed solutions for sustainability, including covers for offshore wind farm projects, wind risk hedges and parametric insurance policy covering a coral reef and the beach sand against impact of hurricanes
- Started to implement thermal coal policy to support transition to low-carbon economy – extending existing 30% investment threshold to underwriting
- Systematic integration of ESG criteria into investment process and portfolio
- Elected to the EU technical expert group on Sustainable Finance

External recognition

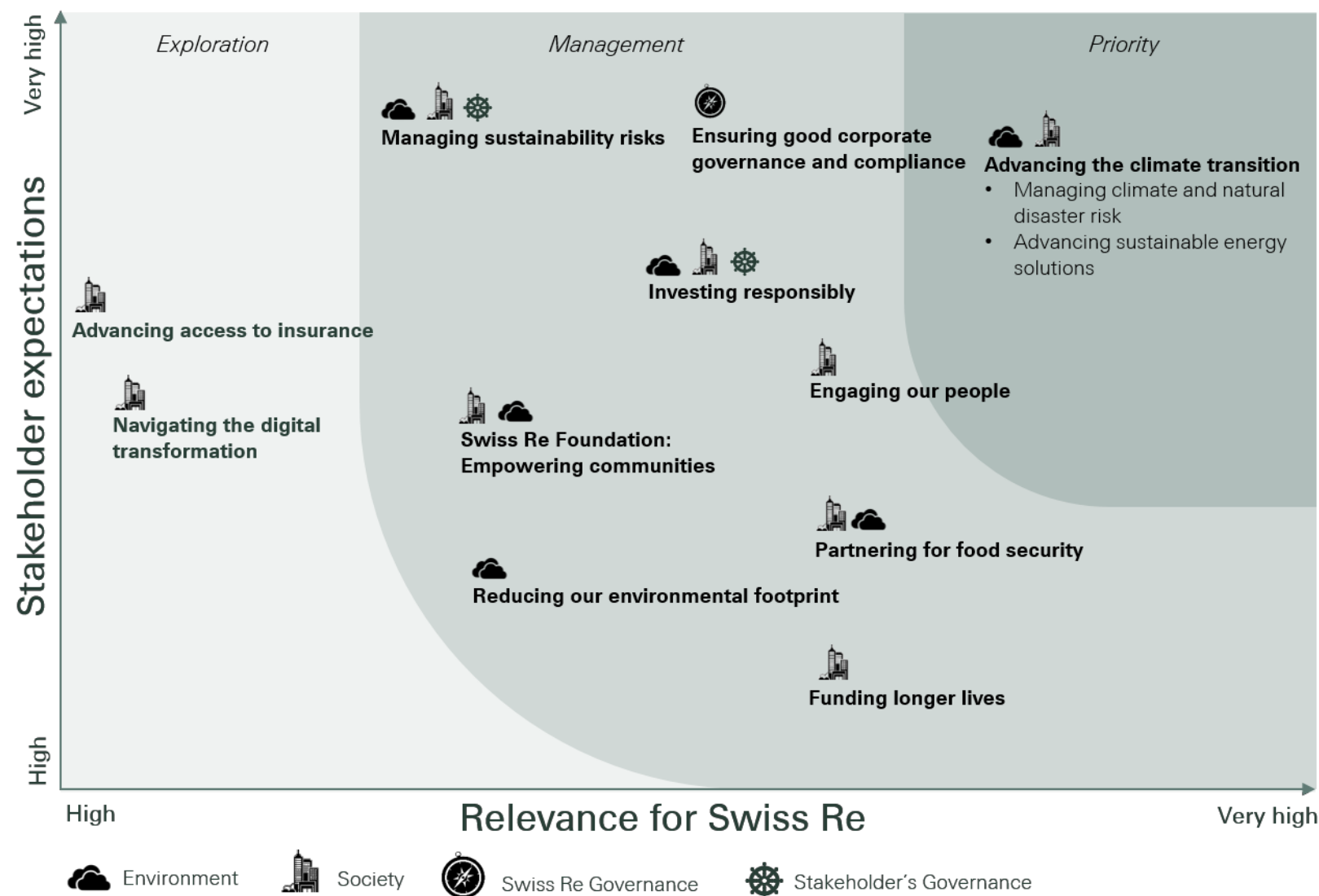


Designed first-ever insurance solution for coral reefs

New thermal coal policy supports progressive and structured shift away from fossil fuels

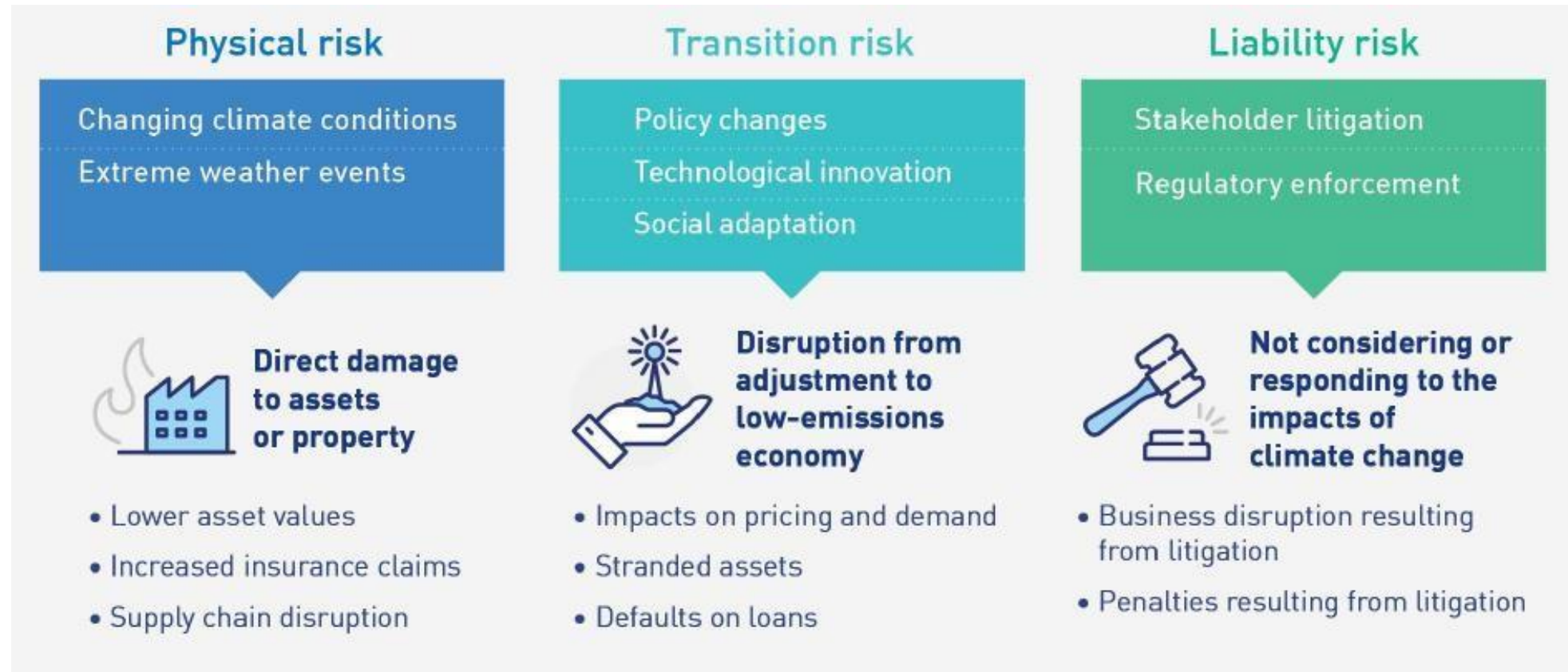
ESG criteria applied across our investment portfolio

Swiss Re's Corporate Responsibility Map gives an overview of the topics we address



See for further information
[2017 CR Report](#)

The 3 risk factors of climate change



What is SwissRe's L&H focus:

- Longevity and health insurance are two of our strategic priorities in the life & health business
- Working closely with clients to develop affordable solutions to help minimise the protection gap
- Funding longer lives
- Investing in R&D research and development to improve our ability to predict mortality and longevity trends
- Several longevity deals in Europe, including a number of landmark transactions with different clients in the UK





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