



International Actuarial Association
Association Actuarielle Internationale



Institute of Actuaries of India
Statutory body established under an Act of Parliament



**21st Global
Conference
of Actuaries**

17th - 19th February 2020 | Mumbai, India

Climate Change and Sustainability

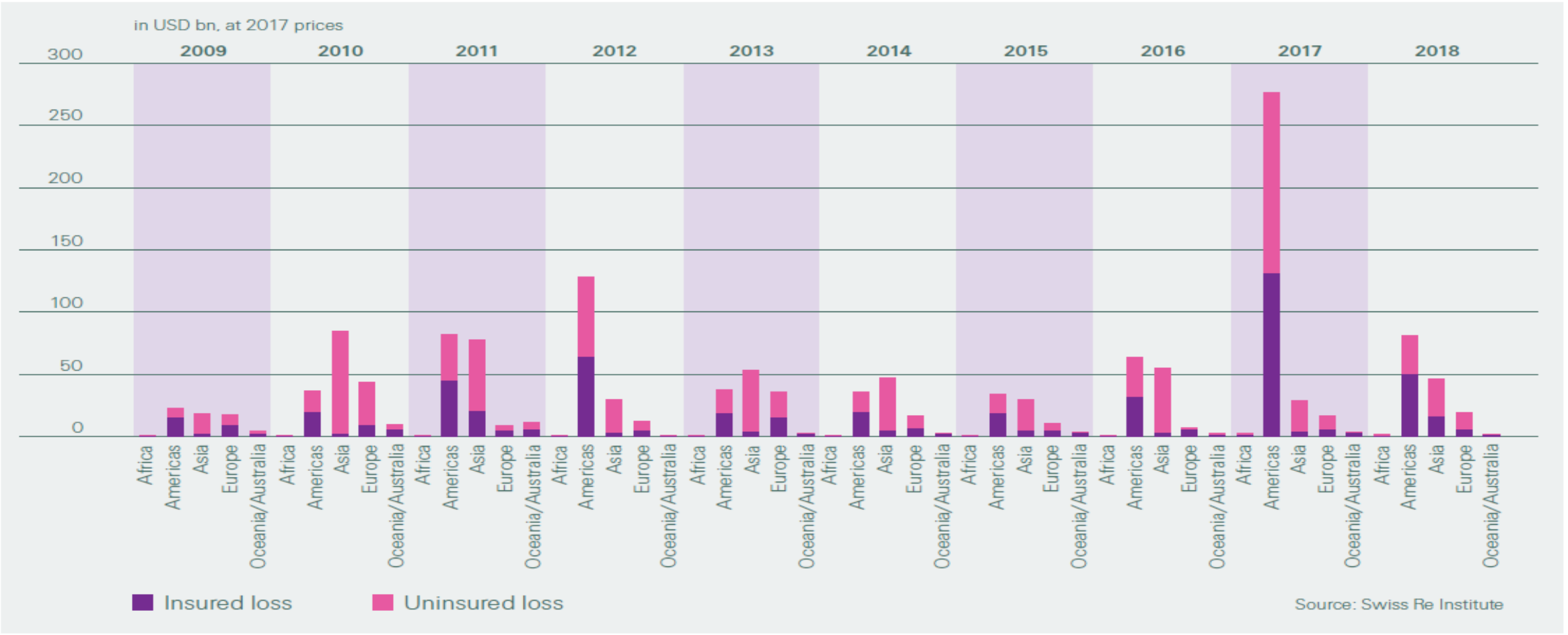
G. Satish Raju

CEO Swiss Re India Branch

Date: 18 February 2020

Weather related losses on the rise ...

INSURED VS UNINSURED WEATHER-RELATED CATASTROPHE LOSSES, PER REGION

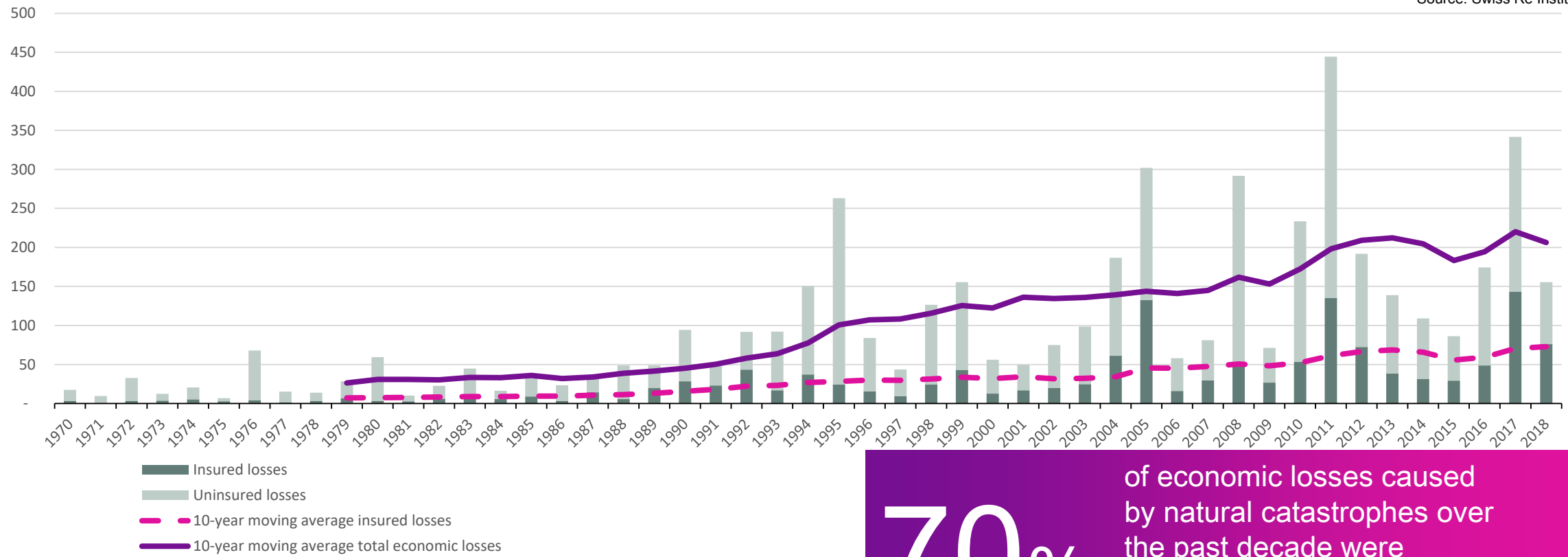


... only a small portion of catastrophe loss insured

Insured vs uninsured losses

1970-2018, in USD billion at 2018 prices

Source: Swiss Re Institute



70% of economic losses caused by natural catastrophes over the past decade were **uninsured**

Public sector bears the cost



IMPACT ON PUBLIC BUDGETS:



Higher costs

- Emergency response costs
- Reconstruction of **public** property & infrastructure
- Support for **non-insured** households
- Cost of **replacements** (e.g. higher imports)

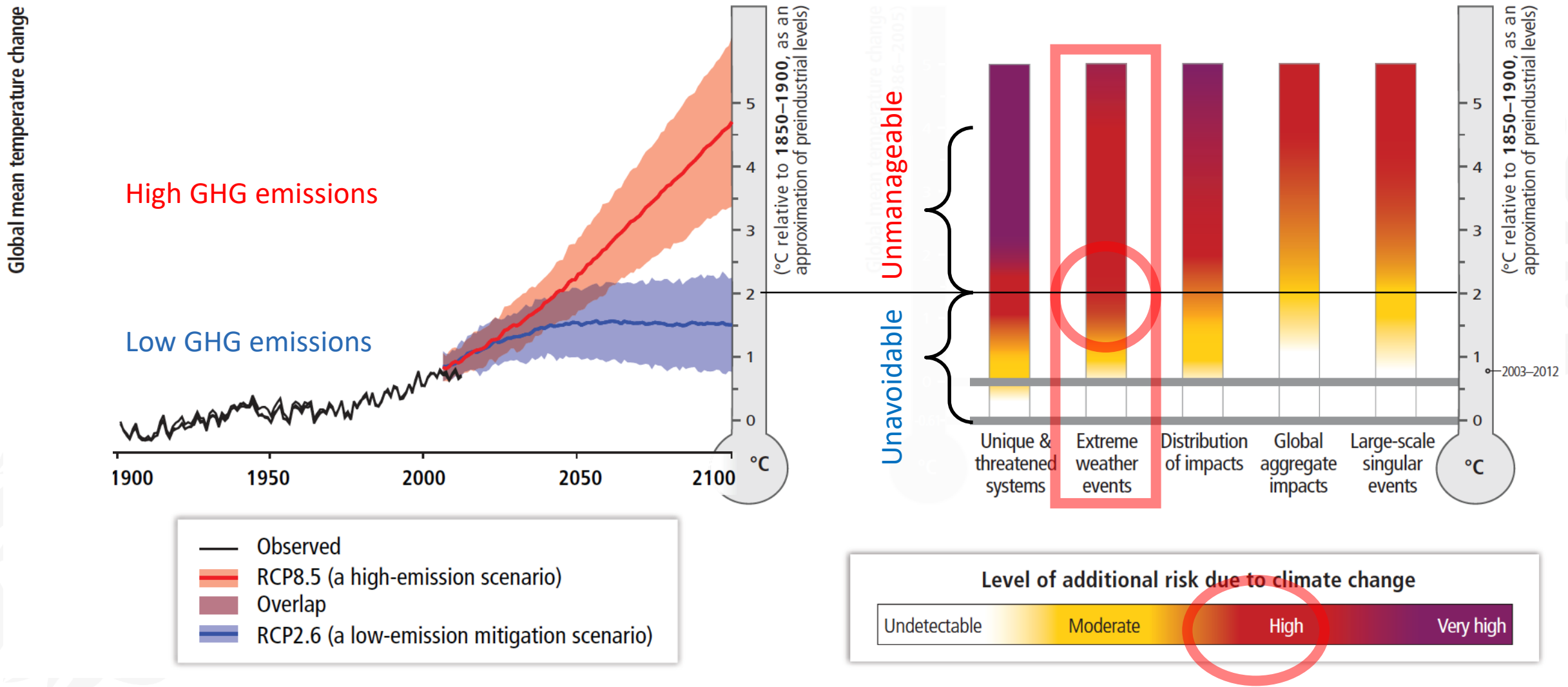


- Lower **tax** income
- Lower **tourism** income
- Lower **export** revenues
- Loss of **investor** confidence

Lower revenues

Closing the financing gap between insured and uninsured losses is thus in the public sector's vital interest

Avoid the Unmanageable – Manage the Unavoidable

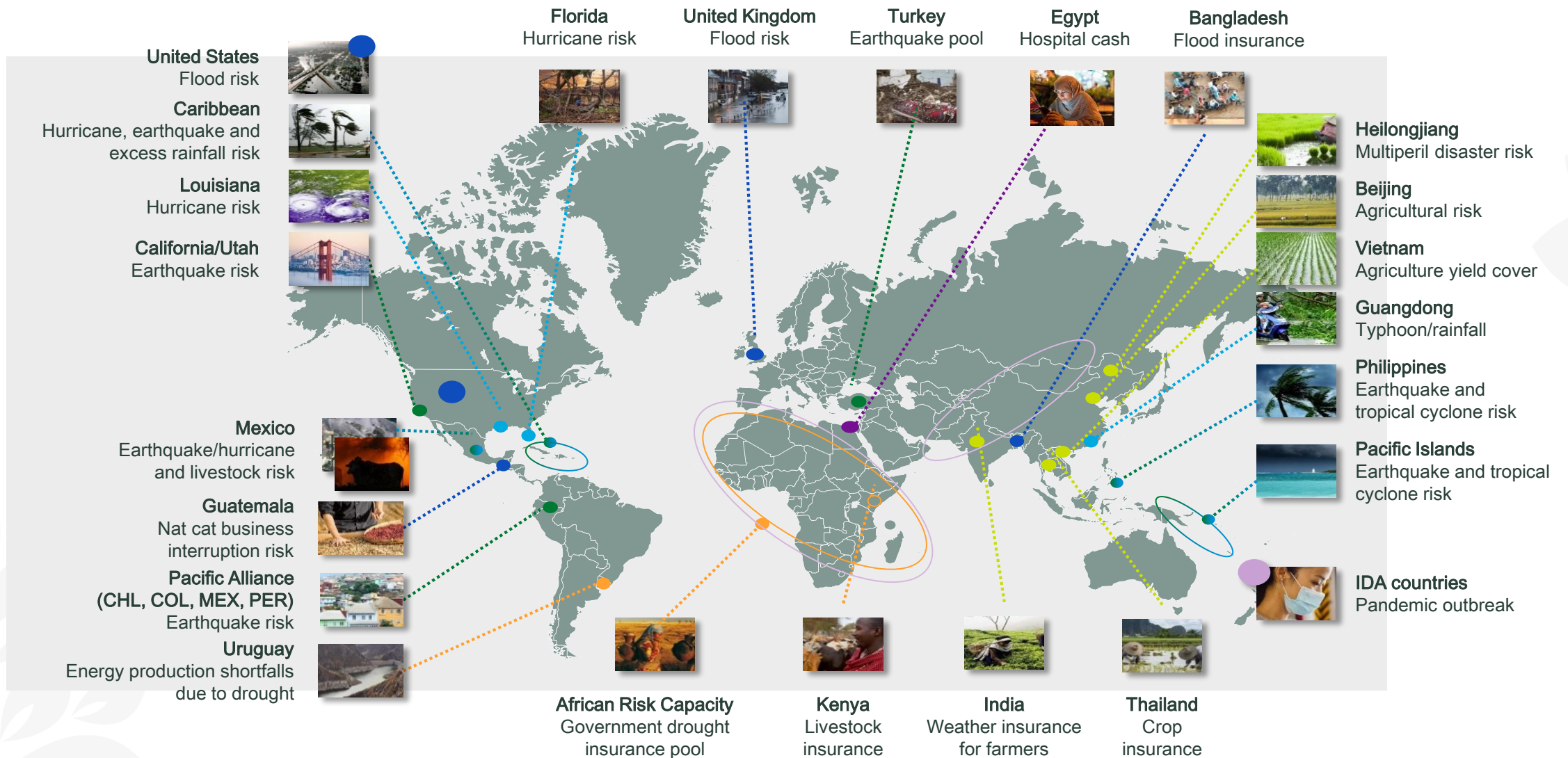


— Observed
 — RCP8.5 (a high-emission scenario)
 — Overlap
 — RCP2.6 (a low-emission mitigation scenario)

Level of additional risk due to climate change

Undetectable Moderate High Very high

Examples of risk transfer solutions



Swiss Re's 4 pillar climate change strategy



we insure, invest, operate and share our knowledge in a way that tackles sustainability challenges and creates long term value

1

Advancing our knowledge and understanding of climate change risks
quantifying and integrating them into our risk management, underwriting and investment 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

Swiss Re's leadership in sustainability

Key actions and achievements



Responsible investing

- Early mover in switching to ESG benchmarks in equity and credit markets
- USD 1.6bn of green bonds as of end FY 2018



Sustainable underwriting

- Implemented thermal coal policy – 30% investment threshold extended to underwriting
- Active in all renewable energy re/insurance and “lead market” for offshore wind risks



Innovative solutions

- First county-level earthquake parametric cover in China
- Largest sovereign-sponsored cat bond issued by the World Bank in Latin America
- Flood insurance for homeowners in Florida, based on proprietary flood model



Recognised expertise

- Participate in the EU Technical Expert Group on Sustainable Finance
- Continued to be a member of the FSB Task-Force on Climate-Related Disclosures

Close to

100%

assets considering ESG criteria

~3400

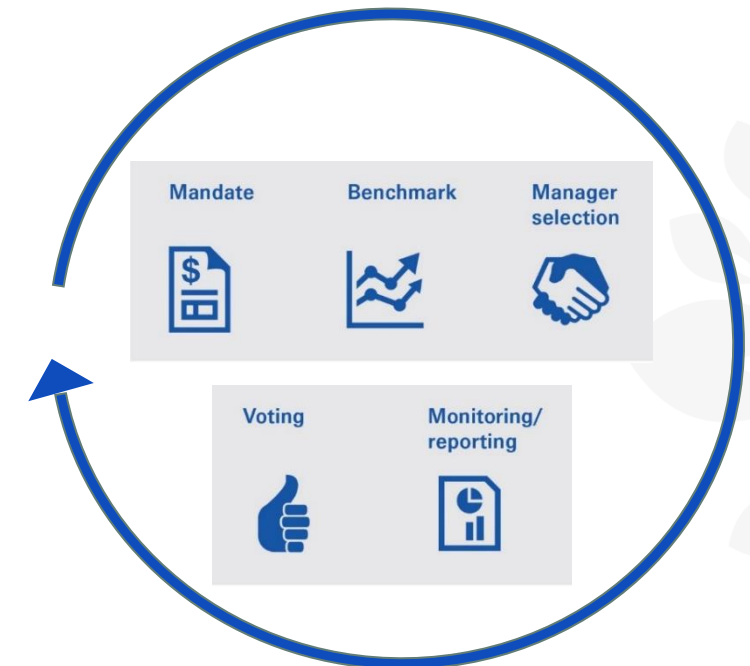
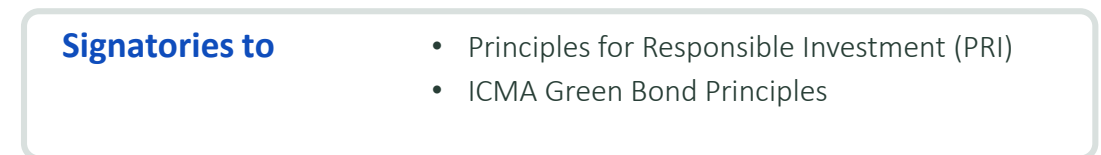
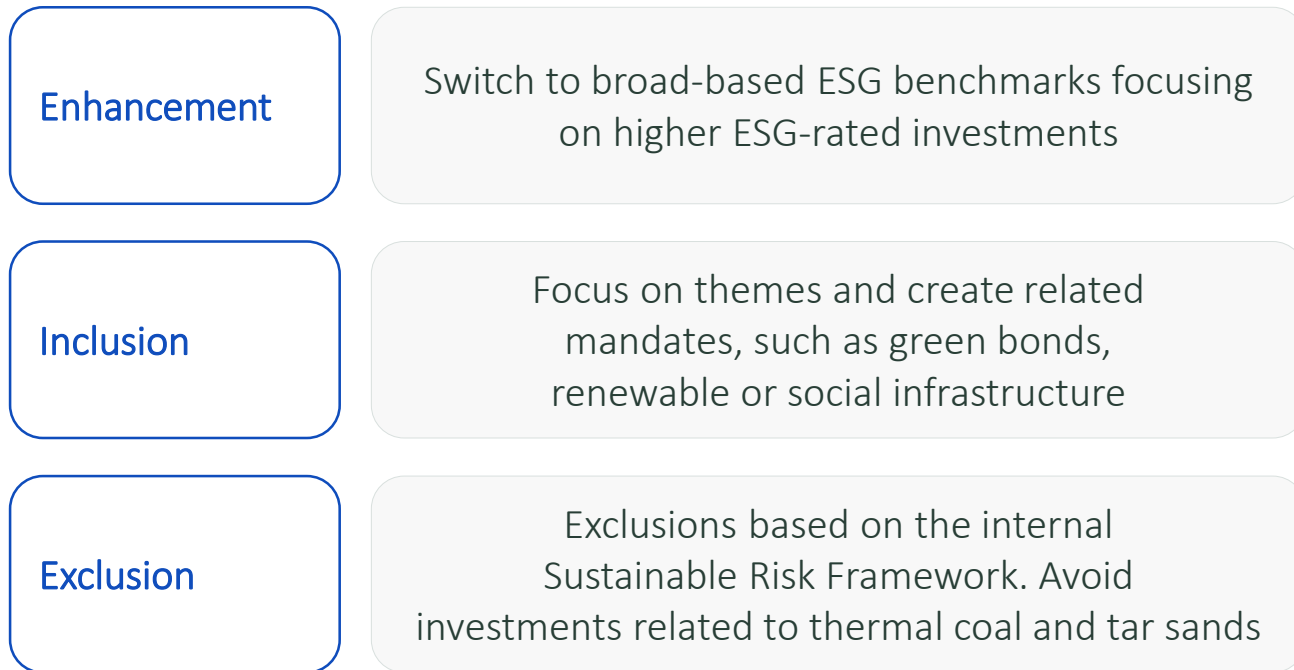
wind and solar farms insured

96

number of (sub-)sovereigns advised on climate risk resilience

- ▶ Swiss Re is committed to being a responsible company; Playing our part in enabling sustainable progress serves as a guiding principle for our actions
- ▶ Renewed Group Sustainability Strategy concentrates on climate risks, societal resilience and digital transformation while embedding sustainability in all our activities across Business Units and Group Functions

Approach to responsible investing



- ▶ Systematic integration of ESG criteria into investment process and portfolio
- ▶ Close to 100% assets invested considering ESG criteria

Sustainability Risk Framework

Swiss Re's Sustainability Risk Framework

ensures responsible and sustainable business practices by identifying, mitigating and eliminating potential environmental, social and governance (ESG) risks inherent to our business transactions and investments

SUSTAINABILITY UMBRELLA GUIDELINES



Human rights

We only support companies that respect human rights in all their practices. No business is conducted with countries and companies that are complicit in severe human rights violations



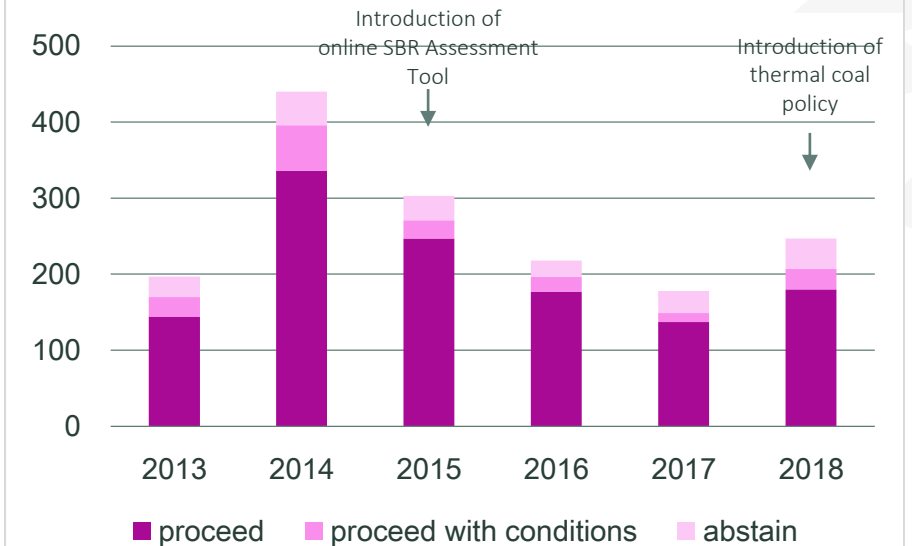
Environmental protection

We aim to limit our contribution to environmental degradation worldwide. We will not involve ourselves with companies that cause irreversible damage to ecologically sensitive areas

SUSTAINABILITY SECTOR POLICIES

- Animal testing
- Dams
- Defence industry
- Forestry and logging
- Mining
- Nuclear weapons proliferation
- Oil and gas
- Thermal coal

NUMBER OF SENSITIVE BUSINESS RISK REFERRALS



► Swiss Re's Sustainability Risk Framework with umbrella policies for human rights and environmental protection as well as sectorial policies provides a solid framework for the assessment and decision making for sustainability-related risks



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Thank You