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# ESG: Perception v's Reality The Insurance Impact

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Exploring the Insurance use case of ESG scoring.

# Content

- Perception
- Reality?
- Insurance Context



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**We participate in the insurance of approximately 20% of the world's ocean-going trading tonnage and are the prominent leader of voyage and tow business in the London market.**

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With a dedicated ESG Lloyd's Syndicate.



# Perception





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Environmental, social and governance (ESG) is a term used to **represent an organization's corporate financial interests that focus mainly on sustainable and ethical impacts.**

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Measuring and reporting ESG data is a way for companies to establish **transparency, trust, and accountability** in their environmental goals so that they can appeal to future investors, employees and customers.





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# The rise of ESG

## General interest in ESG

GOOGLE TRENDS: SEARCHES FOR ESG (2004-2022)



## Funds under management

ESG MUTUAL FUNDS: ASSETS UNDER MANAGEMENT (1995-2020)

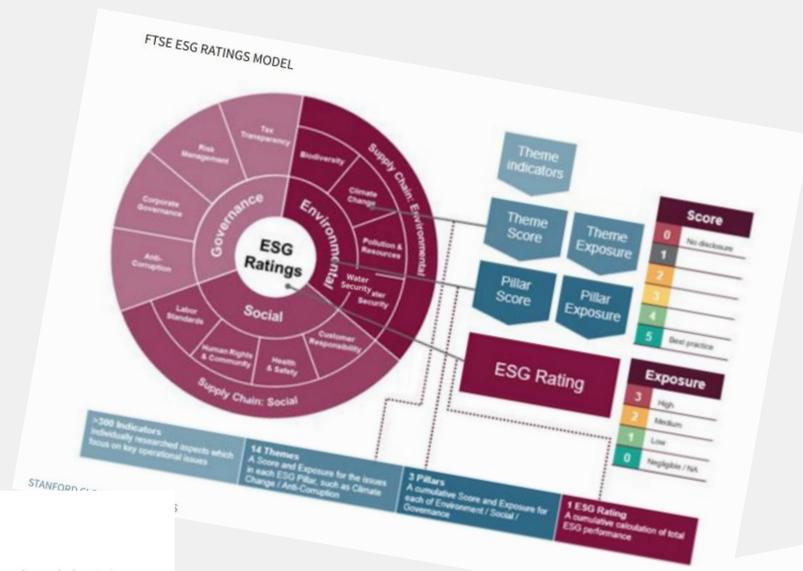


# Reality



# Data, Data, Everywhere.....

100+ organizations provide ESG ratings and research

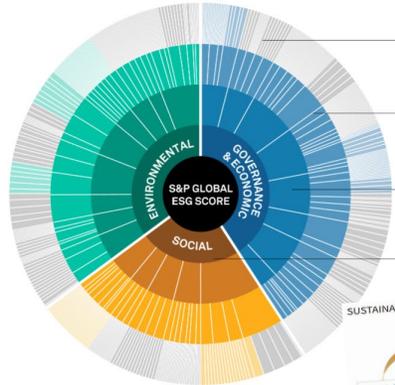


## S&P GLOBAL ESG SCORES

**8,000**  
Companies

**90%**  
Global market capitalization

**340,000+**  
Current Research Universe and Active Securities



Approx. **1,000** Datapoints

Assessed values, text, checkboxes, documents  
Source: Web-based questionnaire and company documents

**130+** Questions

Weighted data point scores  
Up to 50% industry-specific

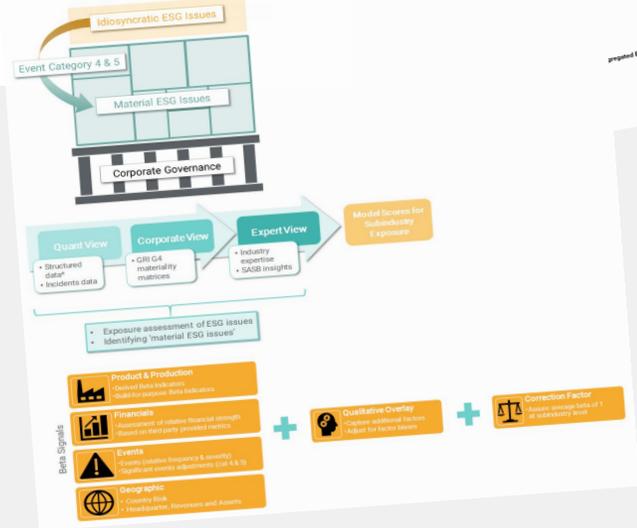
Ave. **30+** Criteria scores

Weighted question scores  
61 industry specific approaches, with tailored questions, criteria and related weightings

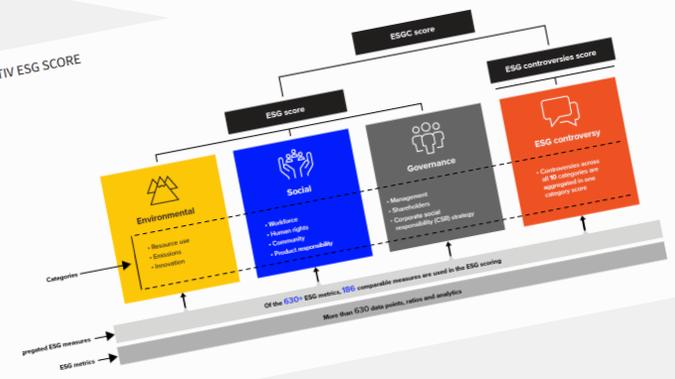
**3** Dimension scores

Weighted criteria scores  
Adjusted for corporate ESG controversies where applicable

## SUSTAINALYTICS ESG RISK RATINGS



## REFINITIV ESG SCORE

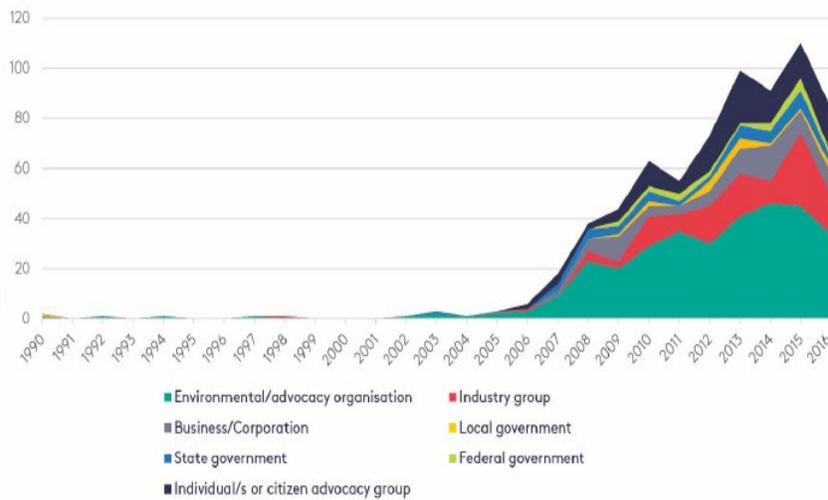


It all comes out in the wash.....

## Certification



## Litigation



## Action



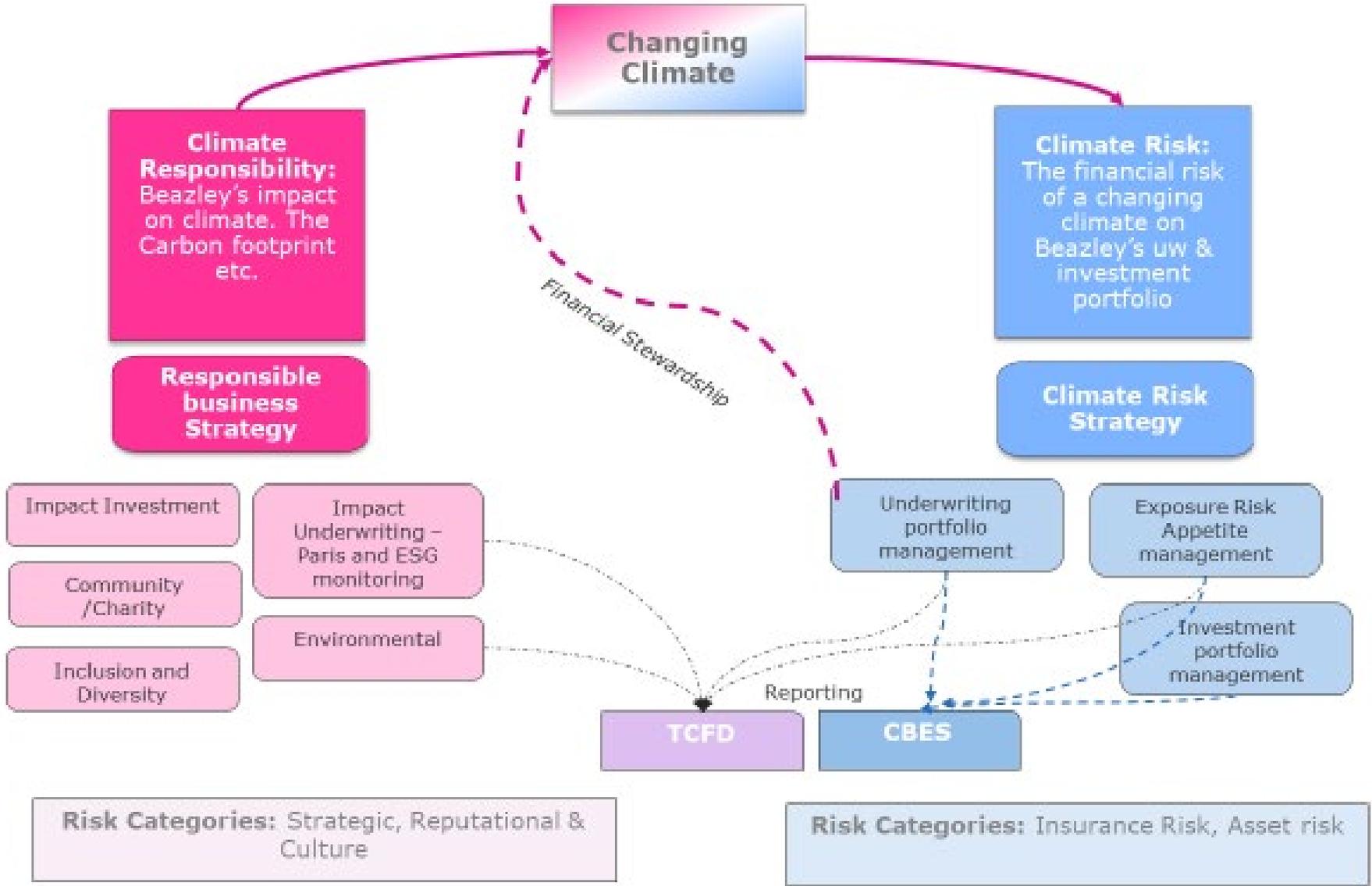
# Insurance Context



# Climate Change: Risk and Responsibility

**Climate Responsibility:**  
Our business impact on climate change

**Climate Risk:**  
Climate change's impact on our business

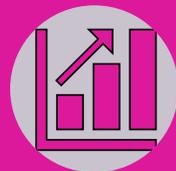


# ESG in Underwriting



## Impact Underwriting

ESG Syndicate  
Supporting the transition



## Risk Assessment

Portfolio performance



## Risk Mitigation

Client Questions  
Scenario Evaluation

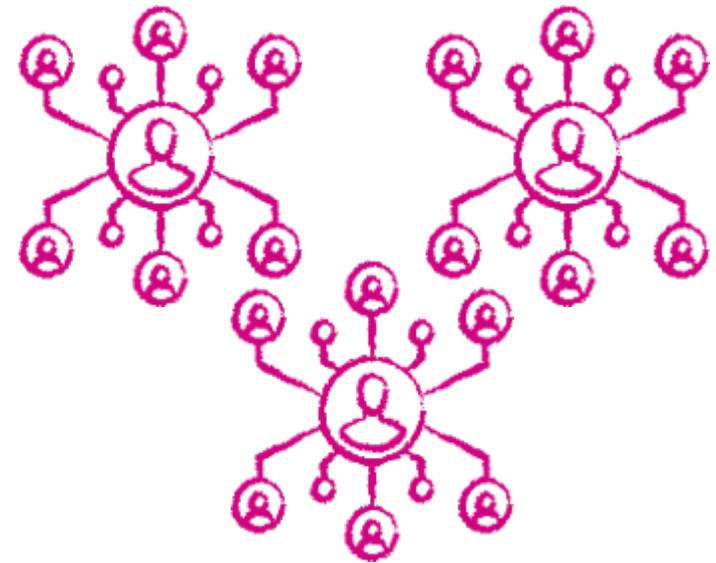
# Impact Underwriting - ESG Consortium & Syndicate 4321 overview



# Different Types of Events



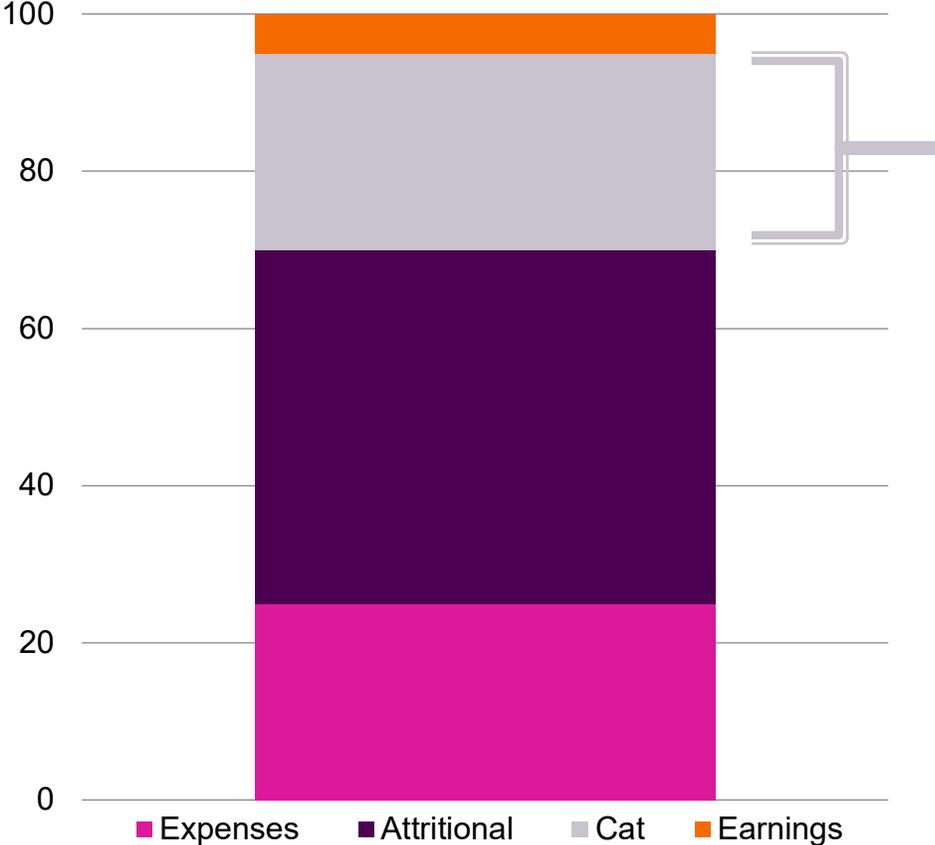
Attrition Frequency



Systemic Event



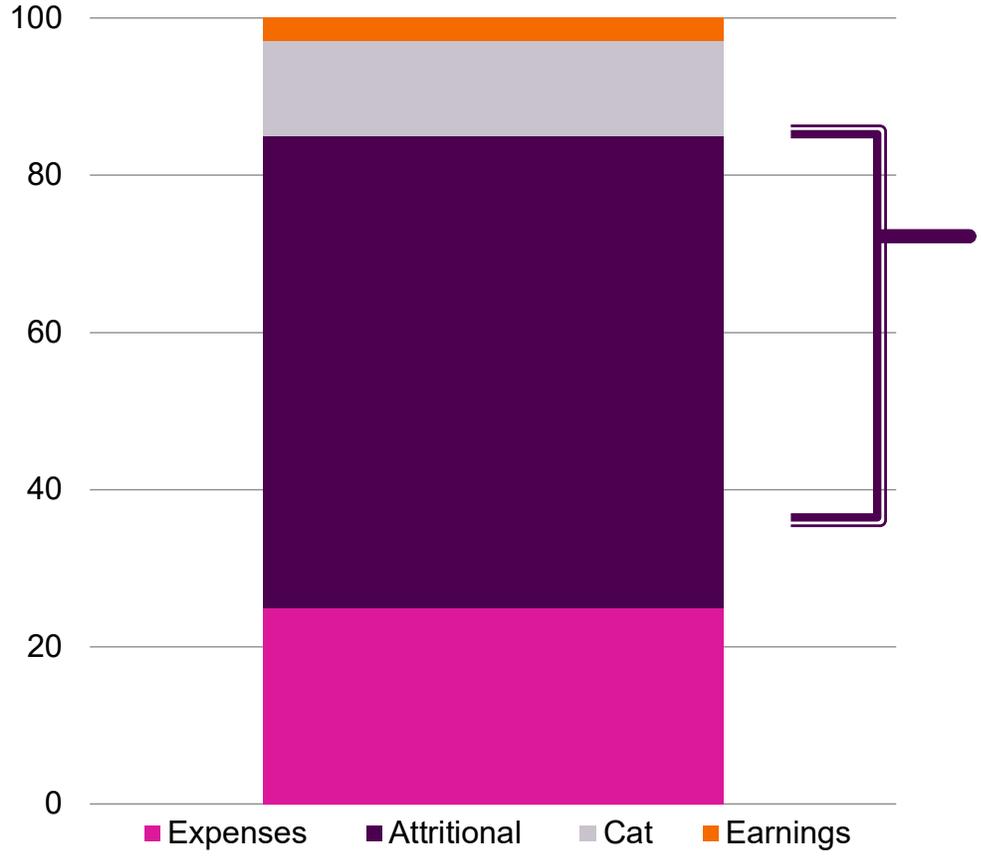
# Planning



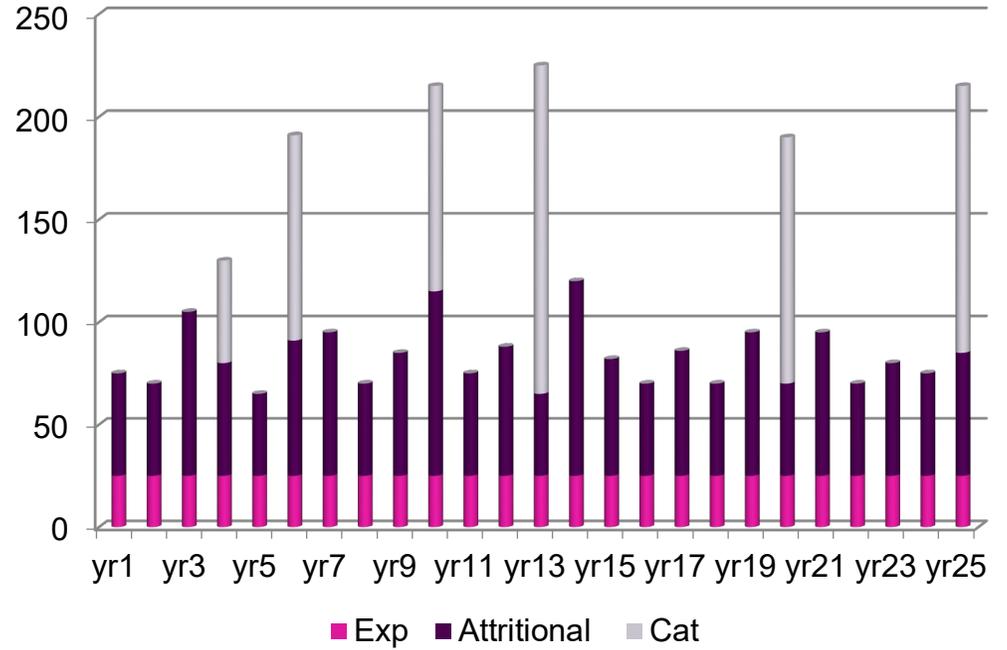
Catastrophe – Severity



# Planning



Attritional: - frequency



\*All figures are for illustrative purposes only

# Litigation Risk Assessment

## Assessed 'ESG responsibility' risk

April to May	May to June	June to July	July to August	August to September	September to October	October to November	November to December
Energy	FI	Political Risk	Cyber/ CyEX int.	Marine Liability	Healthcare Management Liability	Swiss	Pleasure Craft
D&O/ IML	Specialty Treaty	Treaty Reinsurance	PE	Crime	Contingency	Accident & Health US	Media
Open Market Property	Covers	E&S Property	Marine Cargo	Marine US	Terrorism	Environmental	Life, Personal Accident & Sports
Marine Hull	Surety	M&A	Aviation	US Misc Med & Life Sciences	International Misc Med & Life Sciences	Product Recall	JFAS
US Hospitals	A&E	Lawyers	Healthcare	Satellites		Employment Practices Liability	

### Climate risk assessment

**Red:** Identified potential risk – complete in 2022

**Amber:** There is potential risk but not as near term or as material aim 2022 review.

**Green:** Secondary or low risk. Further climate risk assessment needed or it may be agreed it is too early.

**Black:** no additional risk at present.

Beazley deterministic realistic disaster scenario (DRDS) approve and monitored

Underwriting questions developed for key lines of business

# Perception to Reality..

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- Transparency;
  - Regulation;
  - Materiality.

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# Thank you

Contact us:



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MAP Group

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Follow up

