

## ABI ClimateWise Report 2016 / 2017

July 2017

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**Reporting Year:** July 2016 – June 2017

**Business Category:** A – Professional Bodies / Associations

**Exemption:** Principle 3.4, which is not relevant to the work of the ABI, as the UK is a high insurance penetration market.

### Introduction

Climate change is a complex and long term challenge, of great importance to the insurance industry. As the trade association representing the insurance industry in the UK, the ABI was instrumental in facilitating the launch of the ClimateWise initiative in 2007. We remain fully supportive of the goals and ambitions of ClimateWise.

Nevertheless, as we pre-empted in our 2016 ClimateWise report, this has been a year in which we have significantly reduced the volume of work done in this space. While last year the ‘twin peaks’ of COP21 and the go-live of Flood Re kept climate change high up on the agenda, this year other areas have generally taken priority.

### Leading in Risk Analysis

One area where the ABI has undertaken work this year where it didn’t last, is on Principle 1. Having carried out research on the impact of various climate scenarios on UK flood losses in 2009 (research which is still regularly cited), this year we worked with AIR Worldwide and the Met Office to undertake similar research on windstorm.

The research considers UK property insurance losses as a result of windstorm in 1.5, 3 and 4.5 degree climate scenarios, with the model suggesting both overall increases in insured losses and an interesting regional divide between the south and north of the country. As well as providing useful insights for insurers, the research gained strong traction with the media, in particular through a prominent story in the Guardian.

## **Informing public policy making**

The ABI is committed to working with insurers and policymakers to ensure that climate change mitigation is ambitious and that the UK is as well adapted to the inevitable impacts of climate change as possible.

In previous reports, the ABI has highlighted the development the Flood Re model – a not for profit scheme which will ensure affordable flood insurance remains available - funded by an industry levy and supported by the Government, which culminated in the scheme going live during last year's reporting period. This year, the ABI has continued to engage closely with Flood Re.

Beyond continuing engagement on flooding, we have undertaken the following activities this year:

- Continued to maintain relationships with stakeholder organisations such as Defra, the Committee on Climate Change and the PRA.
- Engaged directly with the work of the European Commission's High-Level Expert Group on Sustainable Finance
- Inputted views to the UK's Housing White Paper including views relating to climate adaptation.
- Provided views (mainly on sustainable drainage) to inform the EFRA Committee's post-legislative scrutiny of the Flood and Water Management Act (2010).

## **Investment management**

The insurance industry is a critical global player in investment management. The scope to enable the transition to a low carbon world through our position as a major financier of UK plc and the treasuries across Europe is vast.

However, since our Investment Affairs team split from the ABI in order to merge with the Investment Management Association (now Investment Association) in 2014, this has very rarely been a focus for the ABI.



### **Reducing the environmental impact of our business**

We continue to ensure that all suppliers have their own environmental policy in line with principle 5.1.

In terms of understanding the carbon impact of our own operations, as a small organisation, we do not measure this rigorously or report on it formally. Last year we compiled a report of our carbon footprint using [www.carbon-calculator.org.uk](http://www.carbon-calculator.org.uk). This suggested that the ABI was responsible for a carbon output in 2015 of 53 tonnes. In early 2016 the ABI moved to a new office with a goal of improving operational efficiency in a number of ways. As a result we were delighted to find that using the same methodology for 2016, our carbon output had reduced by over 50% to 24 tonnes.

### **Reporting and being accountable**

While there has been little attention on climate change at Executive level this year, the fact that the ABI Director General has actively participated in the ClimateWise Leaders Council shows that support for the climate agenda remains strong at the highest level of the organisation.

As a trade association, the ABI does not undertake a formal annual reporting process. However, as usual, this report against the ClimateWise principles will be published on the ABI website.

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