



## **ABI ClimateWise Report 2017 / 2018**

**July 2018**

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**Reporting Year:** July 2017 – June 2018

**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.

This year, due to wider priorities, our work on climate change has been relatively limited on most of the principles.

### **Leading in Risk Analysis**

Last year the ABI carried out research on UK property insurance losses as a result of windstorm in various 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. We have continued to point to this research in interactions with the media and other stakeholders this year, but have not undertaken any new work on this principle.

### **Informing public policy making**

The ABI is committed to working with insurers and policymakers, when appropriate, 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:

- Engaged with the EC's High-level Expert Group on Sustainable Finance as it prepared its January 2018 report.
- Participated in the UK Green Finance Taskforce insurance work stream, helping to craft messages on the Solvency II matching adjustment in particular.

### **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 significant focus for the ABI. This year we have distributed information on the various sustainable investment initiatives (Green Finance Taskforce, HLEG on Sustainable Finance etc.) to our members, and during the next reporting period, intend to host a C-suite roundtable to help a wider selection of firms get on top of issues related to green finance.

### **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. As in the last two years, we have compiled a report of our carbon footprint using [www.carbon-calculator.org.uk](http://www.carbon-calculator.org.uk). Last year we reported on an excellent decrease from 53 tonnes of carbon to 24 tonnes, mainly as a result of our move to a new office. This year is it equally pleasing that we have maintained a downward trend to a new low of 19.4 tonnes. This has been driven by actively reducing foreign travel, reworking our IT approach to reduce server room equipment and cooling, and a range of smaller staff initiatives.

## **Reporting and being accountable**

While there has been limited attention on climate change at Executive level this year, the fact that the ABI Director General has actively participated in the ClimateWise Leaders Council over the last year 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.