



# ESG in the Insurance Sector

## Mission statement

ESG issues impact every part of the insurance ecosystem, from product design and sale through asset and liability management to board governance. Insurers have a key role to play in helping the rest of society manage ESG-related risks. We support our insurance clients through every step in that journey.

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## The Issue

Insurers have a very significant role to play in the fast-moving ESG landscape. Not only are they considering their own ESG profiles and agendas, but they are also helping support business and society more widely to deliver sustainability targets as well as underwriting ESG risk. This is being driven by:

- The demands of consumers, regulators, employees, investors, pension fund managers and other stakeholders who are scrutinising behaviours, credentials and risk exposure in the ESG arena

- The growing pressure on insurance companies to invest in, or underwrite only, assets or projects that are sustainable
- The use of technology and digitalization in product development and design and to improve the customer experience
- An increasing body of "hard" and "soft" law that is forcing companies to put ESG considerations (including the UN Sustainable Development Goals) at the heart of who they are and what they do

At the same time, insurers are having to respond to a divergence in sentiment towards ESG. The term is becoming increasingly politicized, particularly in the U.S., where certain Republican State Attorneys General are putting pressure on insurers and other financial institutions to pare back their ESG initiatives.

## What we do

We have a market-leading insurance team which means that there are very few issues which we have not seen before. We advise a significant number of insurance and reinsurance clients and we are also well known to regulators and other advisers. Our insurance team has breadth of expertise and strength in depth covering the full range of issues which can arise including corporate governance, systems and controls, M&A, reinsurance, product design and distribution, investment policies, litigation and regulatory investigations.

Our deep sector expertise and understanding is particularly important in

working with our insurance sector clients to understand the specific ESG impacts in their market and their businesses.

We advise on:

- The impact of ESG and climate change litigation trends worldwide on insurers' underwriting activities, risk exposure and policy wording design
- The incorporation of new technologies including AI to help achieve sustainability goals
- Compliance with rules and regulations affecting all public and private insurance companies including those requiring increased reporting of ESG issues

- Building ESG considerations and targets into clients' investment policies
- Impact of anti-ESG sentiment and the increasingly significant role that U.S. State Attorneys General are playing in the ESG landscape
- The design of new products which help deliver sustainability goals
- Sustainability and social impact principles and best practices
- Green investments
- Partnering with our clients to deliver social impact initiatives

## Our impact

We have partnered with numerous clients to achieve their sustainability goals and drive change, including:

- Advising a range of financial institutions and insurers on their ESG compliance on a cross-jurisdictional basis; horizon scanning for ESG developments (including updates related to policy, litigation, shareholder activism and regulation); and regulatory reporting / disclosure requirements (such as the Corporate Sustainability Reporting Directive)
- Advising on the formation, fundraising and maintenance of a "Profit with Purpose" fund domiciled in Mauritius and established to invest in insurance companies in Africa and Southeast Asia



## Useful links

- Hogan Lovells Insurance
- Hogan Lovells Sustainable Finance & Investment
- Hogan Lovells ESG Practice