

June 2026

# Insuring Disaster 2026

ShareAction's assessment of  
40 of the world's largest insurers.

ShareAction»

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# Executive summary

Insurance underpins the modern economy. Without it, many industries, markets and major infrastructure could not function. Insurance companies are also among the world's largest institutional investors, with around US\$42 trillion in total assets. Yet they face a deepening tension: by underwriting and investing in the activities that drive climate change, biodiversity loss and social harms, insurers are misaligned with their purpose and are increasing their own exposure to systemic risks.

Between 2015 and 2024, natural disasters cost around US\$280 billion per year in direct economic losses. Less than half of this was insured, and in many regions the uninsured share of losses exceeds 90%. As climate change and ecosystem degradation push premiums beyond reach or leave some risks entirely uninsurable, this 'protection gap' is widening.

ShareAction's 2026 insurance benchmark assesses the policies and disclosures of 40 of the world's largest property and casualty (P&C) insurers, including 30 conventional insurers and 10 Lloyd's of London managing agents.

## Key findings of the benchmark include:

- **Progress has slowed significantly since 2024.** Fewer insurers are making new commitments, while existing commitments and policies have largely remained unchanged.
- **Fossil fuel restrictions are useful, but remain too limited to fully constrain expansion, with treaty reinsurance representing a major blind spot.** Thermal coal restrictions are increasingly common, but 33% of insurers (13/40) still have no underwriting restrictions on coal mining or coal-fired power generation. Conventional oil & gas expansion remains almost entirely insurable, with 73% of insurers placing no restrictions on new projects. Where underwriting restrictions exist, 62% contain at least one exception. Treaty reinsurance is a particular gap: 32 of 40 insurers provide it, but over 90% of those have no fossil fuel restrictions on this part of their business.
- **Nature-related risk management is developing but unevenly.** Nearly 70% of insurers (27/40) disclosed no evidence of location-based underwriting restrictions for biodiversity-sensitive areas. Less than 10% (3/40) disclosed integration of nature, or the risks created by its degradation, into catastrophe modelling. Half of insurers (50%, 15/30) disclosed biodiversity impacts and dependencies assessments for investment, compared with around one-third for underwriting (33%, 13/40). But assessments remain incomplete, with almost no insurers assessing both direct and indirect impacts and dependencies. TNFD-aligned assessments generally produce more granular disclosures than compliance-led double materiality assessments, suggesting current regulatory approaches may be underestimating biodiversity risk.
- **Insurers need strong interim targets to demonstrate credible progress towards net zero.** While 73% of insurers (23/30) have set net zero targets for investment activities, only 60% (18/30) have established investment emissions reduction targets for 2030 or earlier. Underwriting ambition is weaker: 45% of insurers (18/40) have committed to net zero underwriting emissions

by 2050, but only 25% (10/40) have set interim targets for reducing insurance-associated emissions. Where targets exist, approaches vary considerably.

- **Engagement is rarely supported by credible escalation.** Around 70% of conventional insurers disclosed some form of engagement policy for directly managed investments (21/30), but only 43% (13/30) had an escalation framework and only 17% (5/30) had taken escalatory action. Underwriting engagement is weaker (57%, 17/40), with policies focused primarily on climate and limited coverage of biodiversity and human rights.
- **Most insurers are enabling climate transition, but many do not underwrite hard-to-insure solutions or support climate adaptation.** Most provide insurance offerings supporting climate change mitigation (85%, 34/40) including renewable energy generation, electric vehicles (EVs) and battery storage. But few are utilising their role as risk experts to advise on and actively facilitate climate adaptation (35%, 14/40), despite insurers' growing exposure to climate-driven natural catastrophes. Expanding solutions for climate mitigation, adaptation, and nature-based resilience represents a major opportunity for the sector.

### Patrick Nolan – former CRO of European multinational insurer:

“The 2026 ShareAction Insurance Report provides us with insight into the progress made to date but also, crucially, the distance still to go when it comes to the insurance sector's ability to identify, analyse and mitigate existential and societal-level risks.”

## Summary recommendations

Recommendations are explored in greater detail in Section 7 of the report.

### For insurance companies

Insurers must take responsibility for their impact on people and planet, particularly if the sector is to live up to its core purpose of managing risk and helping people recover from disasters.

Key actions include:

- Set emissions reduction targets that prioritise absolute reductions and sector-specific metrics, and restrict support for conventional fossil fuel expansion
- Apply absolute restrictions on coal and unconventional fossil fuels without exception
- Extend underwriting restrictions to treaty reinsurance through quantitative thresholds that restrict the proportion of fossil fuels in a portfolio or exclude it altogether
- Move beyond due diligence to enforce clear restrictions on high-risk activities in biodiversity-sensitive areas
- Strengthen client and investee engagement through clear escalation frameworks

### For policymakers

Systemic problems require systemic solutions, and voluntary action alone will not be sufficient.

Policymakers should:

- Formally recognise the role of "risk builders" — insurers whose activities actively contribute to the systemic risks they are meant to manage
- Require insurers to contribute to natural catastrophe backstops and adaptation measures proportionate to their role in driving those risks
- Incentivise long-term risk reduction by recognising the value of well-adapted insurance portfolios and nature-based solutions within insurance regulation
- Develop mechanisms to ensure major polluters contribute to addressing climate and nature-related damages and adaptation needs

### For insurance professionals

Insurance professionals have real power to accelerate change from within. They can:

- Raise awareness of climate, biodiversity and social risks in their organisations, and share findings from this report with colleagues and senior management
- Respond to our findings by working to implement the key standards for insurers within their organisation

# 1. Rankings tables & list of findings





**Table 1: continued**

19	<b>Samsung Fire &amp; Marine</b>	E	2						15%	N
20	<b>Ping An</b>	E	2						14%	N
21	<b>Mapfre</b>	E	1						17%	N
22	<b>Chubb</b>	E	1						9%	N
23	<b>Fairfax Financial</b>	E	1						4%	N
24	<b>American International Group</b>	F	0						5%	N
25	<b>Liberty Mutual</b>	F	0						5%	N
26	<b>Travelers</b>	F	0						4%	N
27	<b>China Pacific Insurance Group (CPIC)</b>	F	0						4%	N
28	<b>Santam</b>	F	0						3%	Y
29	<b>People's Insurance Company Group of China (PICC)</b>	F	0						2%	N
30	<b>W.R. Berkley</b>	F	0						2%	N

\*Did not provide full questionnaire response, but shared resources over email

†Did not provide full questionnaire response, but responded to later requests for comment on specific matters

\*Helvetia and Baloise completed their statutory merger on 5 December 2025, creating Helvetia Baloise Holding Ltd. The assessment in this benchmark is based on Helvetia's policies and disclosures prior to the merger.

**Table 2: Ranking 10 of the largest managing agents at Lloyd’s of London, on their underwriting performance.**



Rank	Insurer	Insurer Grade	Number of standards met	Stewardship	Climate Change - Underwriting	Biodiversity - Underwriting	Social - Underwriting	Overall score	Responded?
1	Axis Managing Agency	D	2					23%	Y
2	Hiscox Syndicates	E	1					13%	Y
3	Canopus Managing Agents	E	1					9%	Y
4	Beazley Furlonge	F	0					5%	N
5	Brit Syndicates	F	0					2%	N
6	Arch Managing Agency	F	0					2%	N
7	Inigo Managing Agent	F	0					1%	N
8	Ariel Re Managing Agency	F	0					1%	N
9	Ascot Underwriting	F	0					1%	N
10	RenaissanceRe Syndicate Management	F	0					0%	N

Insurers are ranked based on the number of “key standards” they achieved, which in turn determines their grade. Insurers achieving the same number of key standards are sorted by overall score. For more methodological detail, see [Annex 1](#).

The first row in Table 1 shows what an insurer could achieve by simply adopting the strongest policies from all of their peers. While this insurer would not be perfect, it would meet 16 of our 20 standards, achieve a score of almost 80%, and be assigned an A. For a summary of every insurers’ performance on each key standard in the survey, see [Annex 3](#).

A note on methodology: We have revised our assessment since the previous edition, removing several indicators, including those relating to corporate governance and parts of the Social and Stewardship sections. As these changes have affected some insurers more than others, comparisons within this ranking remain valid, but year-on-year comparisons of individual insurers’ positions may be misleading without close attention to the underlying detail.

## About the 2026 insurance benchmark and this report

Now in its fourth iteration, ShareAction's benchmark evaluates the world's largest insurance companies on how well their policies and disclosures address key societal and environmental risks. By analysing and ranking insurers on their approach to climate change, fossil fuel extraction, biodiversity loss, social risk and governance, the benchmark identifies which insurers are leading on responsible practice and which are lagging.

The 2026 benchmark assesses the policies of 40 of the world's largest property and casualty (P&C) insurers (by gross written premium), including 30 conventional insurers and 10 Lloyd's of London managing agents (MAs).

### Coverage of the 2026 benchmark

Insurer category	Number assessed	Underwriting	Investment	Notes
<b>Conventional (P&amp;C) insurers</b>	30	✓	✓	Assessed across underwriting and investment policies related to stewardship, climate, biodiversity and social indicators.
<b>Lloyd's of London managing agents (MAs)</b>	10	✓	✗	Lloyd's MAs operate within the Lloyd's of London market, which pools capital and constrains individual agents' investment discretion. Investment is therefore set by parent company mandates, rather than the MAs themselves. Therefore, as in our 2024 survey, we have not assessed Lloyd's MAs on investment policies.
<b>Total number of P&amp;C insurers</b>	40	40	30	

Following the approach of the 2024 benchmark, each insurer has been awarded a grade depending on how many 'key standards' it met across the survey ([Annex 1](#) and [Annex 3](#)).

The 2026 methodology builds on 2024's framework but with a sharper focus: some indicators have been removed. The 2026 benchmark also benefits from expertise and support from WWF Switzerland with its long track-record of engaging and collaborating with the insurance industry on climate and nature. As a result, scores in 2026 are not directly comparable with those in our 2024 benchmark.

This report presents findings across a broad range of themes, including climate, biodiversity, social risk and governance. Fossil fuel investment and underwriting restrictions are covered as one theme within this report, but readers seeking a more detailed breakdown of insurers' restrictions should consult ShareAction's Fossil Fuel Restrictions Summary<sup>1</sup>, published in March 2026, which examines those restrictions specifically across all 40 insurers in the benchmark.

This report highlights leading practices from across the sector and sets out specific recommendations for insurers and policymakers. Full details of the methodology, questionnaire,

scoring approach and analysis framework are given in [Annex 1](#); [Annex 2](#) sets out detailed leading practice examples; [Annex 3](#) comprises a summary of every insurer's performance on each key standard in the survey.

The preceding tables summarise the overall performance of each organisation. Since conventional insurers and Lloyd's of London MAs were asked different sets of questions, their overall scores cannot be compared directly.

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## 2. General findings



## Finding 1: Progress has slowed significantly since 2024

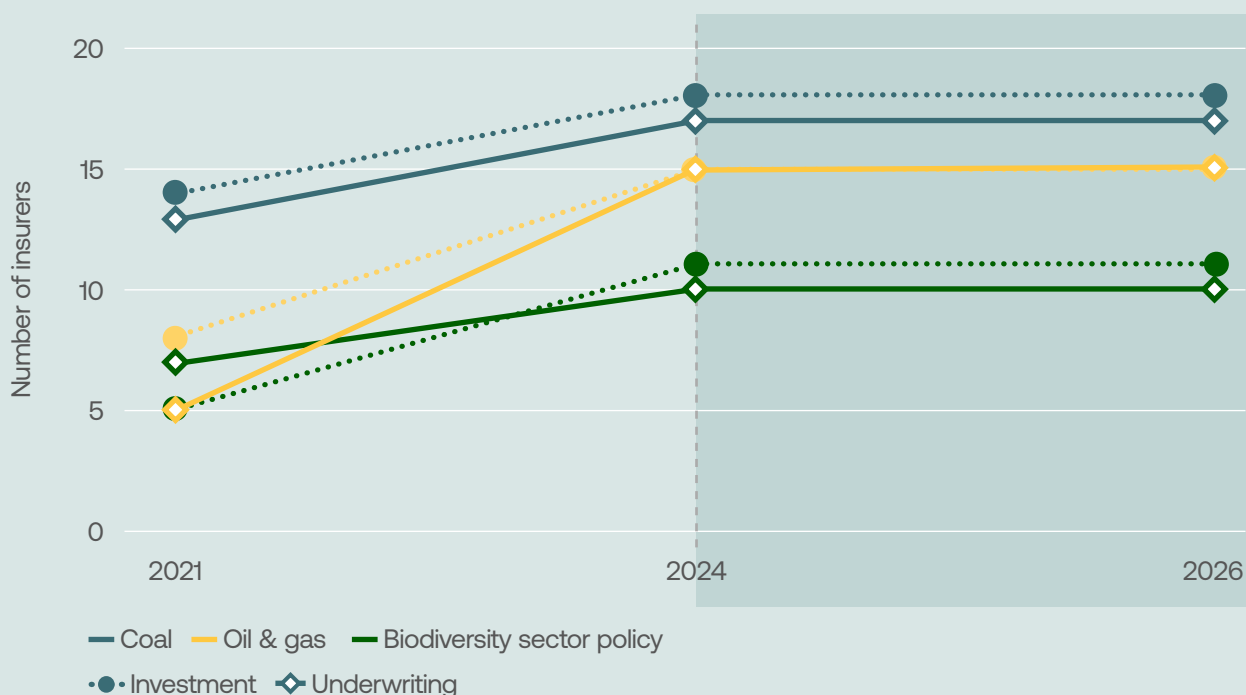
Twenty conventional insurers have appeared in our three most recent benchmarks, published in 2021, 2024, and 2026. While we saw a significant number of new responsible investment or underwriting commitments between 2021 and 2024, little has changed since then. Figure 1 shows that adoption of thermal coal and oil & gas restrictions, and of biodiversity considerations in sector policies, has stalled since 2024, following notable growth in the years before.

This could be explained in many different ways. It is possible that low-hanging fruit has been exhausted, or that the remaining insurers left to make such commitments are inherently more conservative than their peers, or that wider economic circumstances have contributed to reduced enthusiasm for new commitments. However, it is difficult to discount the impact of the ESG backlash. Findings in our 2025 assessments of asset managers<sup>2</sup> and banks<sup>3</sup> echo this.

While this finding highlights stagnation, one encouraging sign is that there has so far been very little backtracking on commitments. The entities with commitments on these topics in our 2024 assessment have retained these, and in some cases, strengthened them.

Figure 1: Of the twenty conventional insurers that appeared in our last three insurance benchmarks, several adopted commitments on fossil fuels or biodiversity impacts for sensitive sectors for the first time between 2021 and 2024<sup>1</sup> (inclusive), but no insurer without such a commitment has introduced one since then.

**Figure 1: Of the twenty conventional insurers that appeared in our last three insurance benchmarks, several adopted commitments on fossil fuels or biodiversity impacts for sensitive sectors for the first time between 2021 and 2024<sup>1</sup> (inclusive), but no insurer without such a commitment has introduced one since then.**



<sup>1</sup> The 2024 figures include Achmea's commitments on fossil fuel underwriting, which were introduced shortly after the publication of our last report.

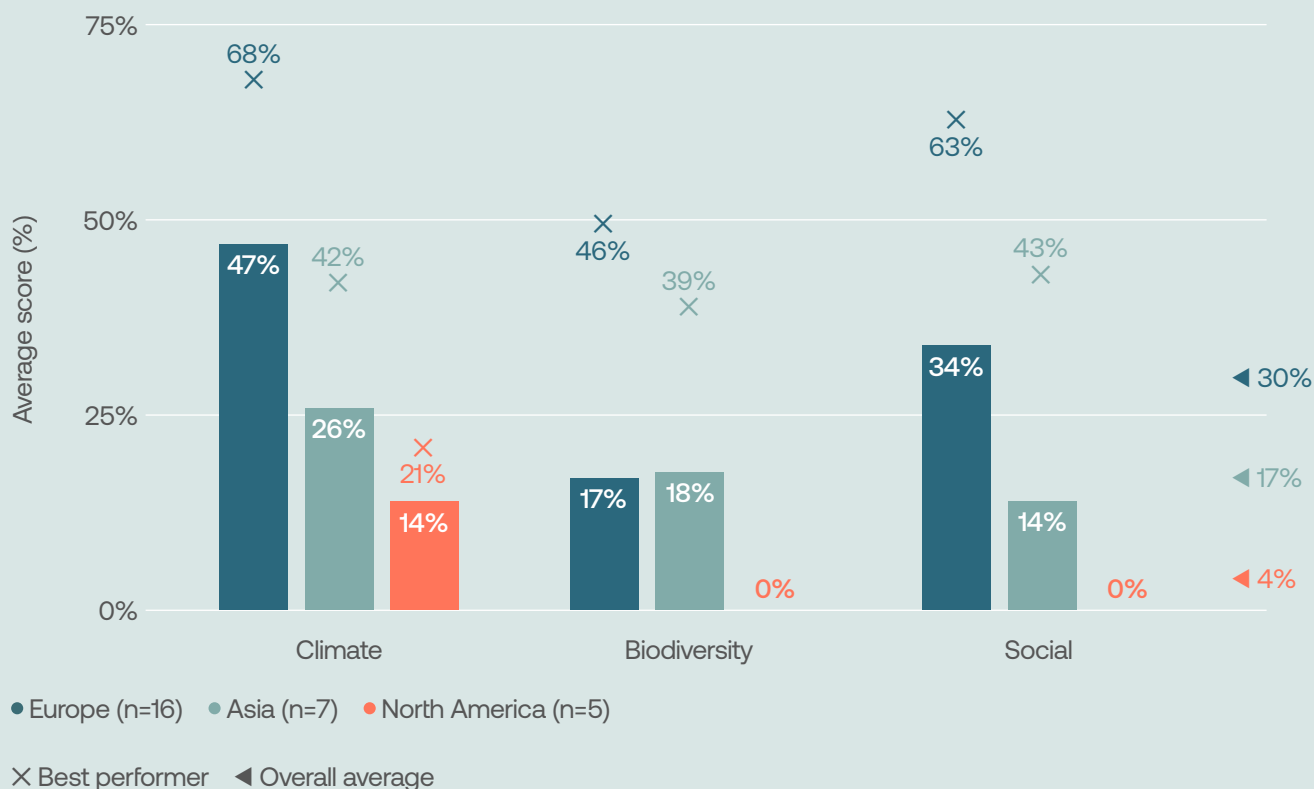
## Finding 2: Stronger regulation appears to drive better insurer performance

**European insurers generally achieved the strongest overall benchmark performance, likely reflecting more mature sustainability regulation in the EU. Japanese insurers were a notable exception on biodiversity, outperforming many of their European peers.**

European insurers generally achieved the highest scores across most thematic areas in the benchmark (Figure 2). This likely reflects the comparatively mature sustainability-related regulatory environment in the EU, and the higher societal expectations that lead to these standards, including the Corporate Sustainability Reporting Directive (CSRD), Solvency II, Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy, despite recent moves to dilute these rules under the EU's Omnibus simplification package. By comparison, insurers headquartered in Asia and North America (US and Canada) generally achieved lower scores overall, particularly on climate-related indicators.

We found a moderate-to-strong association<sup>ii</sup> between insurers' performance on the climate indicators of our benchmark and country-level regulation maturity scores from WWF's Sustainable Financial Regulations and Central Bank Activities (SUSREG) assessment<sup>4</sup>. Unlike a regional comparison, SUSREG assesses national regulatory environments individually, allowing differences between countries within the same region to be explored. The association identified suggests that stronger climate regulation at the country-level is associated with more developed insurer climate policies and disclosures.

**Figure 2: European insurers achieved the strongest scores across all three thematic areas, reflecting comparatively mature sustainability regulation.**



<sup>ii</sup> Pearson's correlation coefficient,  $r = 0.69$ ,  $n = 30$  (only conventional insurers were included in analysis).

This trend for European insurers was not only observed between regions, but also within Europe, where insurers headquartered in countries with stronger climate regulation generally performed better on this benchmark's climate indicators.

But regulation alone does not explain performance across all themes. While biodiversity-related requirements are emerging, particularly in the EU through the CSRD, they remain less mature and prescriptive than climate regulation. As a result, voluntary initiatives currently play an important role in shaping leading practice. Asian insurers outperformed European and North American peers on biodiversity, largely driven by Japanese insurers including Sompo and MS&AD, which have adopted the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)<sup>5</sup>. North American insurers showed no comparable biodiversity strength, with all five North American insurers scoring zero on both biodiversity and social indicators. In all five cases, this reflected an absence of relevant disclosures, rather than a clear data gap.

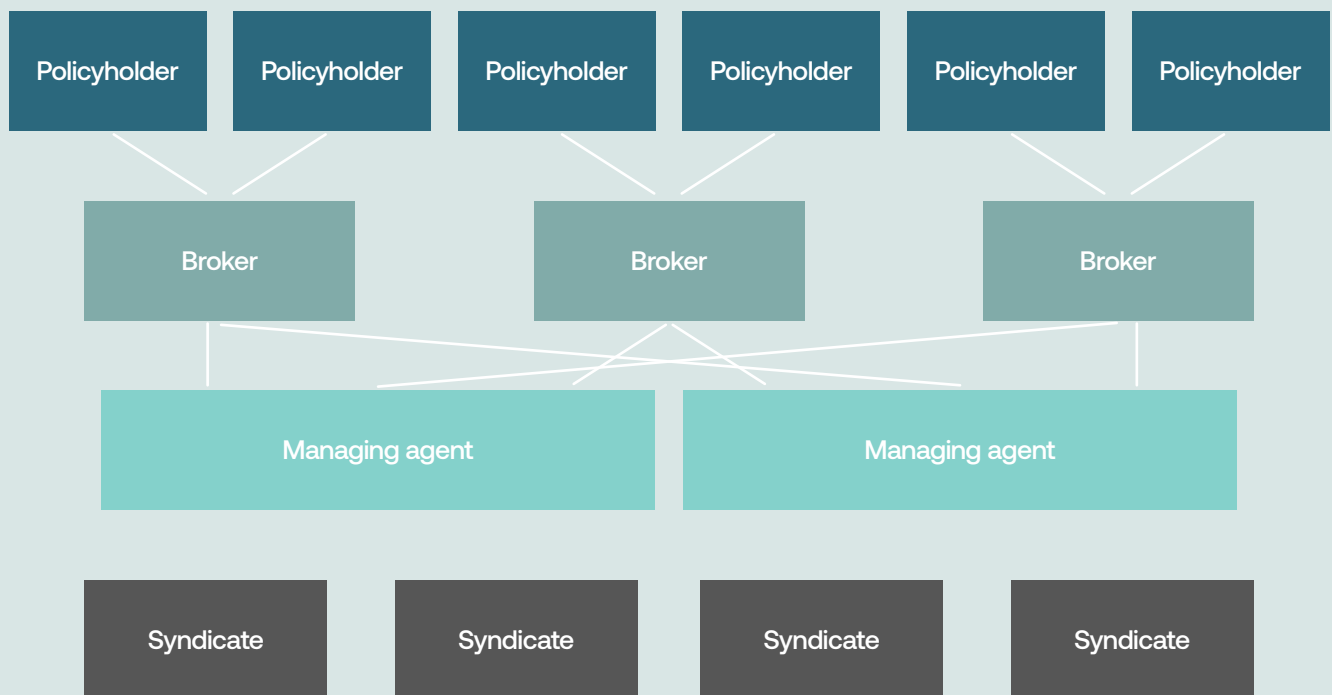
## Spotlight: Lloyd's of London

**Lloyd's of London is a global marketplace for complex, specialty insurance**



Lloyd's of London is a marketplace for insurance, meaning it does not underwrite insurance itself but instead consists of many individual insurers. Lloyd's of London operates much like a shopping centre filled with specialist shops, with each insurer occupying its own space within the market where brokers come to obtain quotes on behalf of their clients. These brokers shop around the various insurers to get the best terms, and the final insurance placement typically involves numerous insurers taking a share of the same policy. At Lloyd's, insurers that underwrite on behalf of syndicates that deploy capital are known as managing agents (MAs). These MAs are all independent but operate under Lloyd's of London rules.

**Figure 3: ShareAction's insurance benchmark assesses Lloyd's managing agents (MAs), which sit between brokers and Lloyd's syndicates.**



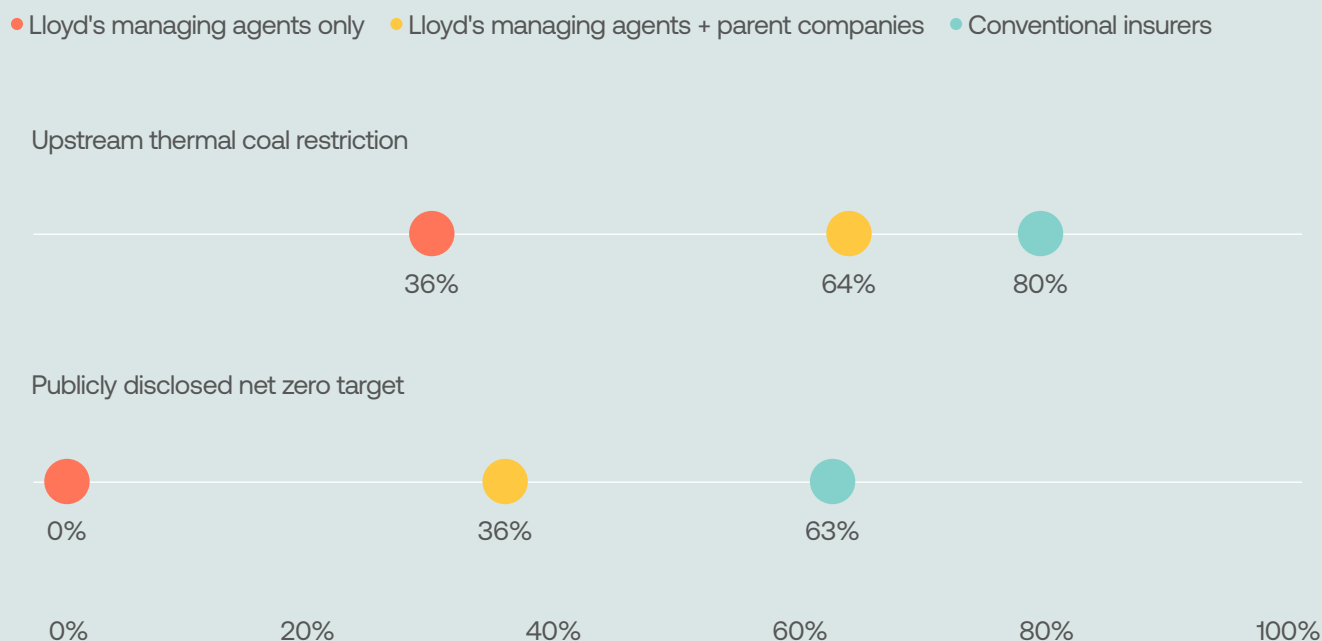
Lloyd's of London is structured this way to facilitate underwriting of specialty insurance. These are complex risks that conventional insurers are often reluctant to cover, such as energy, marine and aviation, and is what makes Lloyd's a leading global destination for both fossil fuel and natural catastrophe insurance<sup>6</sup>. It is therefore in the long-term interest of Lloyd's MAs to reduce their collective support for fossil fuels, which would mitigate future climate-driven natural catastrophes. While Lloyd's showed some movement towards stronger ESG underwriting practices earlier in the decade, this has stagnated in recent years<sup>7</sup>, which is reflected in the benchmark results.

### Finding 3: Lloyd's of London MAs perform worse across the board in ESG underwriting practices

Lloyd's of London MAs perform significantly worse than conventional insurers across most metrics in our benchmark. Where an MA had a parent company that was also benchmarked, it was excluded by default to avoid double-counting – parent company policies typically apply to their subsidiaries (although Brit and Canopus are exceptions as evidence was found to the contrary). To test whether this exclusion affects Lloyd's overall results, we created a third group combining the original MAs with those parent companies: Lloyd's MAs and conventional insurers with Lloyd's MA subsidiaries. For clarity, we refer to the original ten Lloyd's MAs as 'independent' MAs, and this broader combined group as 'all' MAs.

Only three 'independent' MAs benchmarked (30%), including Axis, Beazley Furlonge, and Hiscox, have any kind of underwriting restriction on upstream thermal coal, compared to 64% of 'all' MAs and 80% of conventional insurers. Beyond restrictions, none of the 'independent' MAs have publicly disclosed 2050 net zero underwriting targets, compared to 36% of 'all' MAs and 64% of conventional insurers.

**Figure 4: Lloyd's MAs underperform conventional insurers across key underwriting metrics within the benchmark.**



Thermal coal restrictions and net zero targets are some of the most common and fundamental underwriting practices in this benchmark, highlighting just how far behind Lloyd's is. When MAs do have strong policies, it is often the result of being owned by a large multinational insurer whose ESG policies are applied to subsidiaries.

# 3. Restrictions



**Insurers remain a long way from aligning underwriting practices with a credible climate transition. Comprehensive restrictions are the exception rather than the norm, particularly for conventional oil & gas and midstream infrastructure, and where restrictions do exist, loopholes frequently blunt their effect.**

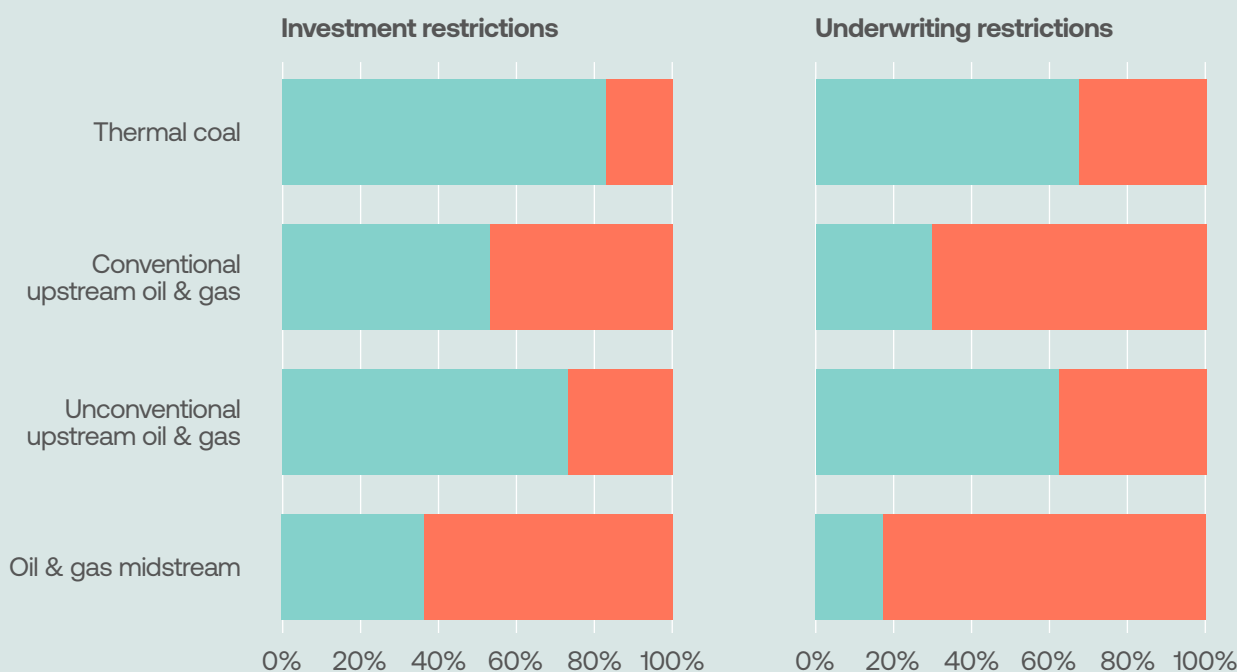
Insurers play a central role in enabling fossil fuel expansion by providing the investment and underwriting needed for projects to be financed, developed and operated. Investment and underwriting restrictions are therefore among the most direct tools insurers have to limit support for fossil fuel expansion and reduce exposure to stranded-asset risk and transition-related financial instability. But for these restrictions to be credible, they must apply across fossil fuel activities rather than targeting only niche sectors or geographies, and they must operate without significant loopholes or discretionary exemptions.

ShareAction's Fossil Fuel Restrictions Summary<sup>1</sup> assesses the restrictions applied by the 40 insurers included in the benchmark, as of the end of 2025. It covers 14 categories of fossil fuel activity and extraction methods, covering both investment (n = 30) and underwriting (n = 40). The findings show that robust policies remain limited, with restrictions unevenly applied and frequently undermined by weak scope or significant exceptions.

## Finding 4: Restriction strength remains weak and uneven

**Figure 5: Thermal coal and unconventional oil & gas face the most restrictions in both (a) investment<sup>iii</sup> and (b) underwriting, but coverage remains incomplete.**

● Restriction ● No Restriction



<sup>iii</sup>Thermal coal = either upstream (mining) or downstream (power generation) restrictions.

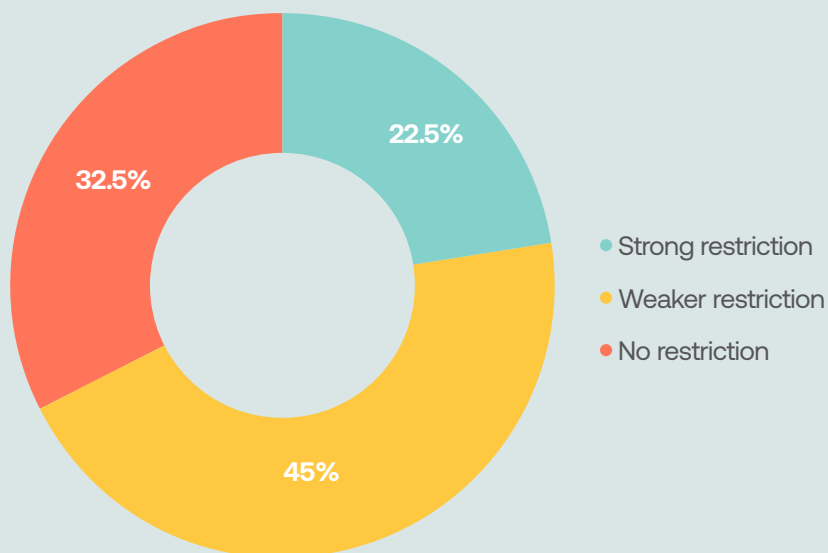
Unconventional Oil & Gas = upstream production from oil sands, arctic oil & gas, ultra-deepwater oil & gas, fracked oil & gas, coalbed methane, extra heavy oil.  
Midstream = transport, storage and processing facilities for unconventional and conventional oil and gas.

Across both investment and underwriting, insurers are far more likely to apply restrictions to thermal coal and to at least some forms of unconventional oil & gas extraction. The majority of insurers do so for both investment and underwriting. They are less likely to have any form of restriction in place for conventional oil & gas extraction or oil & gas midstream infrastructure (transport, storage and processing facilities). The gap is particularly stark for midstream infrastructure, where restrictions remain extremely rare for both conventional and unconventional projects, and the few that do exist are often limited in scope and application.

Unlike investment restrictions, which may increase financing costs or limit access to capital, the inability to secure insurance can prevent a project from proceeding altogether. While fossil fuel projects can draw from a large pool of potential investors, the insurance market is far more concentrated, and insurance is typically a prerequisite for project financing and operation. A lack of cover is therefore more meaningful than exit by a single investor. The strength and scope of underwriting policies are thus a critical indicator of whether insurers are meaningfully reducing support for fossil fuel expansion. The remainder of this section assesses them.

## Finding 5: Coal restrictions are the most common, but still far from universal

**Figure 6: Coal restrictions in underwriting do not always mean coal exclusions.**



Coal is the fossil fuel most commonly subject to underwriting restrictions, but there is still considerable variation in the strength and comprehensiveness of these policies. Only 23% of insurers (9/40) have adopted strong restrictions on underwriting coal mines or coal-fired power stations. Strong restrictions are either absolute prohibitions on underwriting coal assets or coal companies, or a set of policies which apply stringent thresholds linked to project size, coal-related revenues or expansion activities, and thus significantly limit an insurer's ability to support coal infrastructure.

A 2025 study by the University of Zurich and the Swiss Finance Institute found that insurers with formal coal restrictions reduced the number of coal mines they insured by 16%, and the volume of insured coal by 56%. Coal mines that lost insurance cover were more likely to be scaled down or abandoned altogether<sup>8</sup>. These findings strengthen the case for more insurers to adopt coal restrictions, including the third of insurers (13/40) in the benchmark that still have no restrictions on coal mining (upstream) or coal-fired power generation (downstream). This is particularly urgent for insurers operating in markets such as China, India and Australia. China alone accounts for around 60% of new coal mine development globally; with India and Australia, the figure rises to more than three-quarters<sup>9</sup>.

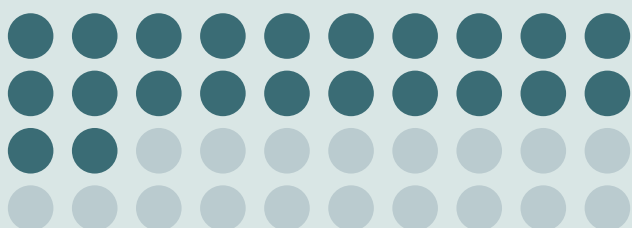
### Leading practice: coal underwriting restrictions

Allianz excludes stand-alone cover for thermal coal mines and coal-fired power plants and restricts underwriting for companies that derive more than 25% of revenues from thermal coal mining or coal-based power generation, or that are pursuing the development of new coal assets. This combination of quantitative thresholds and expansion criteria creates a more comprehensive restriction on thermal coal exposure than policies limited to project-level exclusions alone.

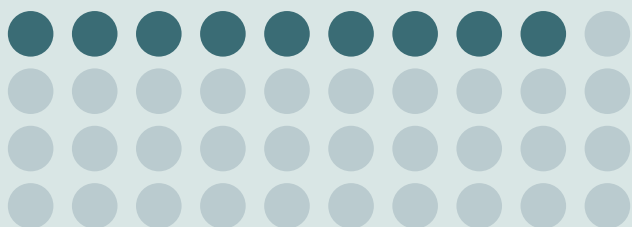
**Figure 7: More than half of insurers restrict oil sands and Arctic oil & gas underwriting, but other unconventional extraction methods face fewer restrictions.**

**Oil sands** 22 of 40 insurers – 55%

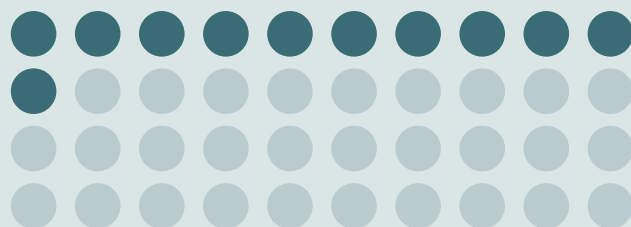
● Has restriction ● No restriction



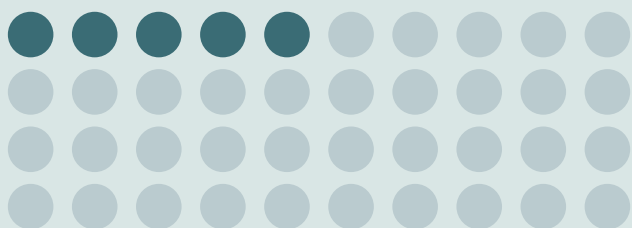
**Arctic oil & gas** 9 of 40 insurers – 23%



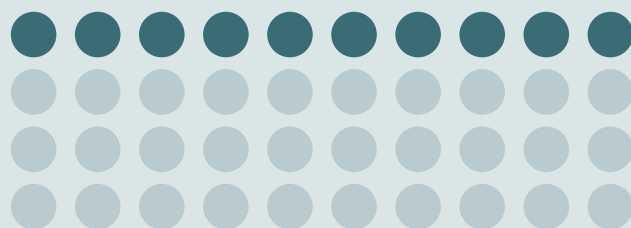
**Fracked oil & gas** 11 of 40 insurers – 28%



**Other unconventional O&G** 5 of 40 insurers – 13%



**Ultra-deepwater O&G** 10 of 40 insurers – 25%



## Finding 6: Restrictions on unconventional oil & gas underwriting focus narrowly on oil sands and the Arctic

Although 63% of insurers in the benchmark have restrictions on at least one form of unconventional oil & gas extraction, these policies are unevenly distributed across extraction methods. Restrictions are heavily concentrated on oil sands and Arctic extraction, while far fewer insurers apply exclusions to other forms of unconventional production, such as shale oil & gas, ultra-deepwater extraction or fracking-related infrastructure, and only nine cover all five forms assessed.

The concentration of restrictions on oil sands and Arctic extraction suggests some restrictions may commit insurers to avoiding activities they have little current involvement in. This is not without value: a commitment not to expand into a given project type provides a meaningful signal and limits future exposure. However, to create genuine system-wide pressure that constrains unconventional fossil fuel expansion, a more comprehensive and consistent approach to restriction policies is needed across the sector.

### Leading practice: unconventional oil & gas underwriting restrictions

a.s.r. applies a restrictive underwriting approach to unconventional oil & gas activities.

The insurer excludes companies deriving more than 5% of their revenues from the production or transportation of unconventional oil and gas through its sustainability screening process and does not provide object insurance to producers of unconventional oil and gas products.

Companies operating elsewhere in the fossil fuel value chain may still be considered for insurance cover, but are subject to additional ESG due diligence and risk assessment.

## Finding 7: Conventional oil & gas expansion remains almost entirely insurable

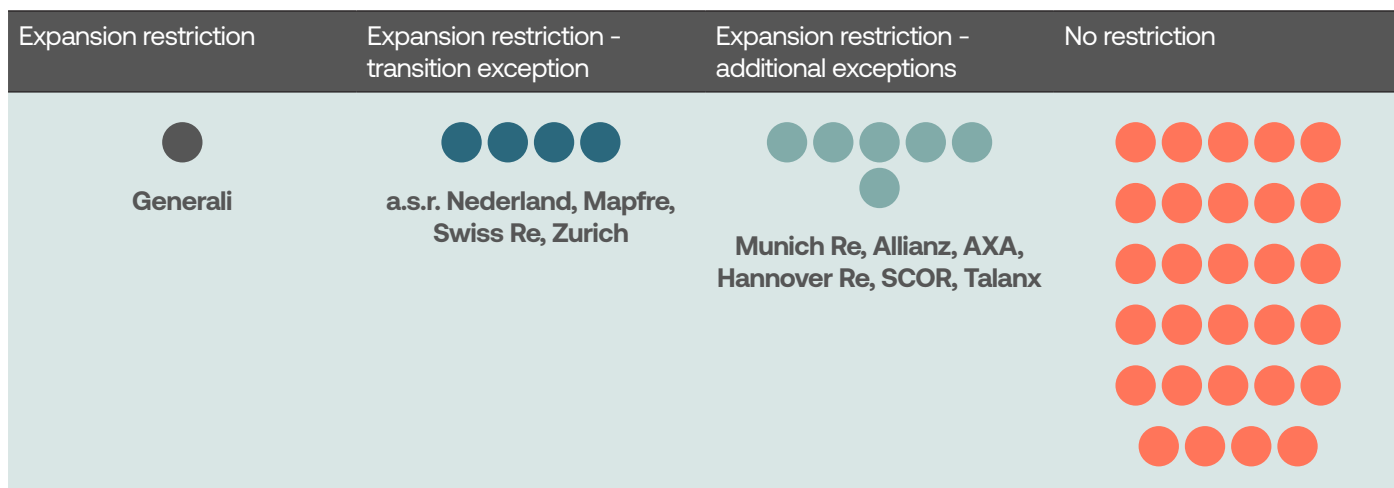
In its Net Zero Emissions by 2050 report, the International Energy Agency (IEA) concluded that no new oil & gas fields should be approved beyond projects already committed as of 2021 to limit warming to 1.5°C<sup>10</sup>. This makes restricting new oil & gas fields a critical climate threshold, even if existing production continues through a managed decline. However, most insurers have yet to adopt underwriting policies aligned with this threshold.

Most insurers in this benchmark have no restrictions at all on underwriting upstream oil & gas expansion projects (70%) while those with restrictions vary in scope and strength (Table 3). Only one insurer, Generali, has a policy that clearly rules out underwriting new conventional upstream oil & gas projects (though exceptions apply to how this restriction applies to the midstream and downstream sectors). Five insurers have policies committing not to insure new conventional extraction projects, but these include potential carve-outs where either the project or the parent company has a transition plan described by the company as being aligned with a 1.5°C pathway.

A further six insurers impose expansion restrictions subject to additional exceptions, such as projects justified on national energy security grounds, or restrictions that apply only to new oil & gas fields, not to expansions of existing ones. The limited scope and numerous exceptions within existing policies mean that, to date, insurers have placed few meaningful constraints on the

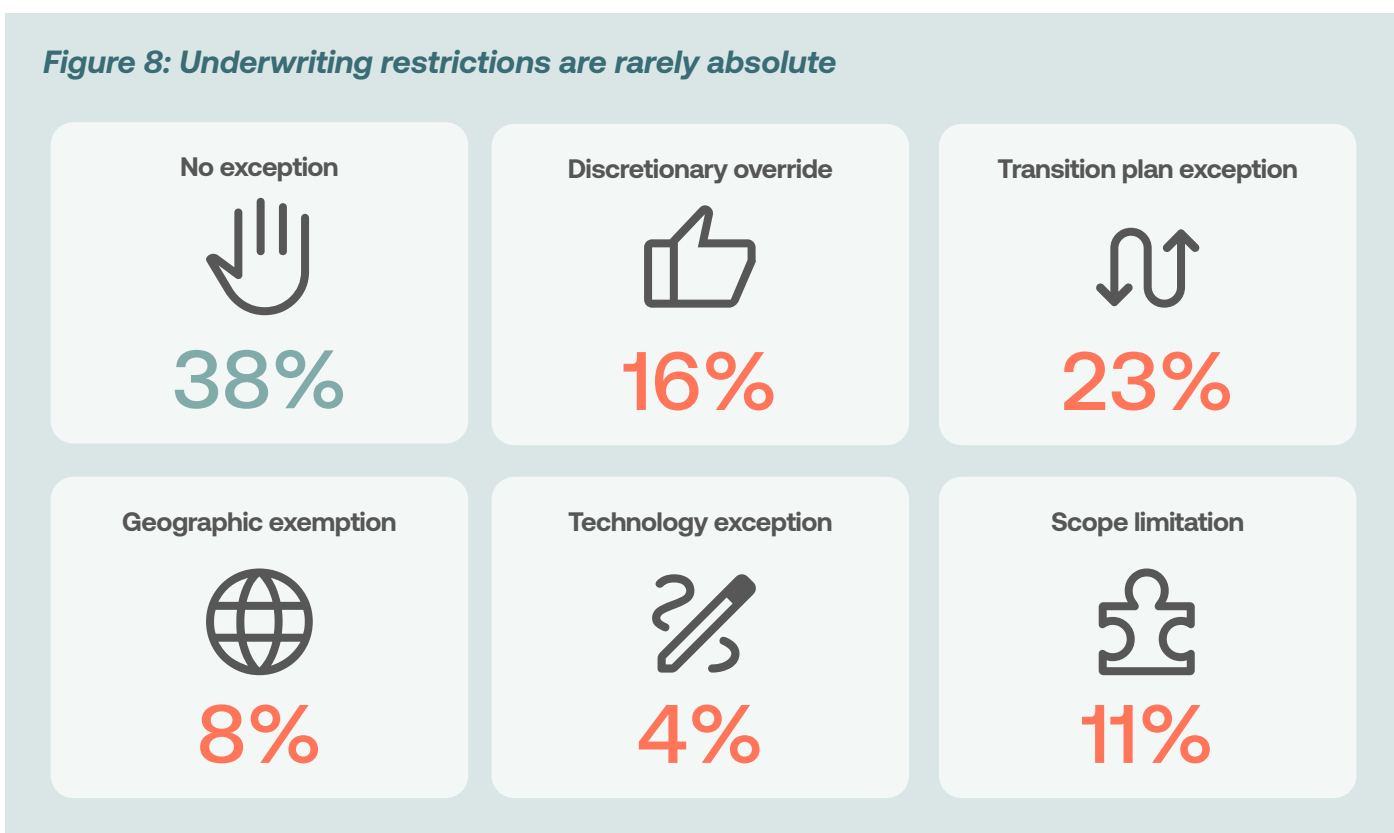
insurability of new conventional oil & gas projects. The sector is therefore still playing only a marginal role in limiting exploration and production to existing fields, despite the IEA threshold being central to 1.5°C-aligned climate scenarios.

**Table 3: Conventional oil and gas expansion remains almost entirely unrestricted**



### Finding 8: Exceptions and loopholes significantly weaken restrictions

**Figure 8: Underwriting restrictions are rarely absolute**



The exceptions to conventional oil & gas expansion policies are symptomatic of a broader pattern: across all fuel and extraction types, restrictions are frequently undermined by broad carve-outs and exemptions. Across the 40 insurers analysed, 62% of all recorded underwriting restrictions included at least one exemption. These exceptions substantially weaken the practical effect of many policies and limit their ability to constrain fossil fuel expansion.

The most common exemptions were transition plan carve-outs, cited in 23% of restrictions: these allow underwriting to continue where a company is deemed to have a credible climate transition plan in place. While some insurers provide detail on how these plans are assessed, disclosure is often limited and inconsistent, making it difficult to determine whether such safeguards are applied rigorously or simply function as broad opt-outs. A further 16% of restrictions contained a board-level override, allowing otherwise prohibited underwriting to proceed at senior discretion. Scope restrictions – such as applying limits to oil-fired power plants but not gas, or confining midstream restrictions to a narrow set of unconventional project types – featured in 11% of cases. Geographic exemptions accounted for eight percent, most commonly Arctic policies limited solely to the Arctic National Wildlife Refuge. Four per cent allowed a technology carve-out, under which coal-fired power stations could still be insured if they retained the option to incorporate carbon capture, utilisation and storage (CCUS) in future.

The prevalence of these loopholes raises serious concerns about the credibility of many insurers' fossil fuel policies. While restrictions are increasingly common in principle, they often remain too narrow, too selective or too weakly implemented to materially limit support for fossil fuel expansion.

## Finding 9: Over 90% of insurers engaged in treaty reinsurance have no treaty underwriting restrictions

Treaty reinsurance is a contractual arrangement where an insurer transfers a whole portfolio of risks to a reinsurer under one contract, rather than arranging cover for individual policies. It typically applies automatically to a defined line of business over a set period, such as property or casualty insurance, and is a core way insurers spread and manage risk. It plays a central role in de-risking the insurance market by spreading exposure across a broader pool of carriers. Globally, treaty reinsurance typically accounts for the majority of business in the US\$500+ billion reinsurance market.

Thirty-two of the 40 insurers in the benchmark provide treaty reinsurance. In all but three cases, the fossil fuel underwriting restrictions these companies disclose apply only to direct insurance and facultative reinsurance. Treaty reinsurance generally remains unrestricted, and is highly limited in scope when it is restricted. This is likely because data visibility and contract structure make applying fossil fuel underwriting restrictions at the treaty level considerably more complex than at the facultative or individual policy level.

Six of the insurers in the benchmark function primarily as reinsurers, which makes their treaty restrictions especially important – many treaty reinsurance portfolios cover substantial fossil fuel business from across the globe. Table 4 summarises which reinsurers have integrated such restrictions into their treaty business, and which have not.

Applying fossil fuel restrictions at the treaty level is structurally more difficult than at the facultative or individual policy level: reinsurers have limited visibility over the individual insured entities within

a portfolio, and quantitative thresholds are harder to define and apply. That said, there are early indications of progress. As Table 4 shows some exposure-based thresholds for thermal coal and Arctic oil & gas have already been implemented. Where data-level restrictions are impractical, reinsurers can assess an insurer's ESG underwriting policies directly, and choose whether to provide cover, impose restrictions or engage to strengthen them. Without extending these approaches across the sector, treaty reinsurance will remain a standing gap in the emerging architecture of fossil fuel restrictions – undermining the credibility of facultative and direct restrictions that have been put in place.

**Table 4: Fossil fuel restrictions rarely extend to treaty reinsurance**

	Direct / Facultative reinsurance	Treaty reinsurance
<b>Conventional insurers</b>		
<b>Hannover Re</b>	✓ Restrictions on coal; Restrictions on upstream conventional and unconventional oil & gas single site underwriting	✗ No restrictions in place
<b>Munich Re</b>	✓ Restrictions on coal; Restrictions on upstream conventional and unconventional oil & gas single site underwriting	— <b>Thermal coal</b> Commitment to phase-out from Treaty business by 2040 <b>Arctic oil &amp; gas</b> Defined single-digit percentage exposure threshold at treaty portfolio level
<b>SCOR</b>	✓ Restrictions on coal; Restrictions on upstream conventional and unconventional oil & gas single site underwriting	✗ No Treaty reinsurance restrictions
<b>Swiss Re</b>	✓ Restrictions on coal; Restrictions on upstream conventional and unconventional oil & gas single site underwriting	— <b>Thermal coal</b> Line-of-business-specific thermal coal exposure thresholds, which will be gradually lowered until the phase-out
<b>Lloyd's managing agents</b>		
<b>Ariel Re Managing Agency</b>	✗ No fossil fuel restrictions of any sort	✗ No fossil fuel restrictions of any sort
<b>RenaissanceRe Syndicate Management</b>	✗ No fossil fuel restrictions of any sort	✗ No fossil fuel restrictions of any sort

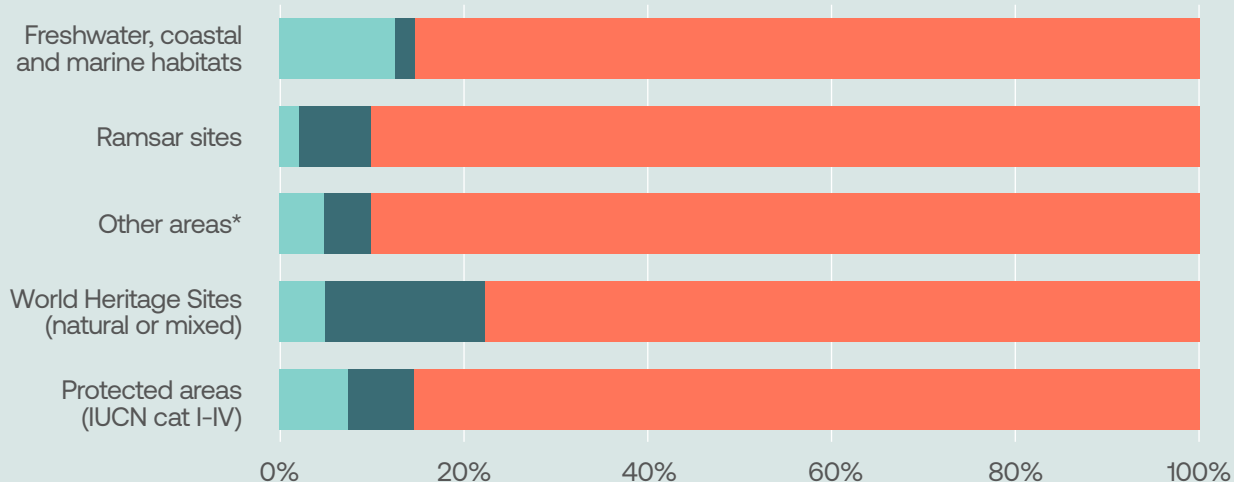
## Finding 10: Underwriting restrictions in biodiversity-sensitive areas are rare

**Most insurers rely on due diligence or monitoring frameworks rather than clear restrictions on underwriting in biodiversity-sensitive areas. These softer safeguards may not prevent harm where biodiversity risks are deemed manageable, and this risks leaving the world's most ecologically important areas exposed.**

Beyond environmental risk, biodiversity-sensitive areas increasingly pose reputational and transition risks for insurers, particularly where underwriting enables activities linked to habitat fragmentation, ecosystem degradation and species loss. Even so, clear underwriting restrictions remain rare. Two-thirds (27/40) of insurers disclosed no evidence of location-based underwriting restrictions. Of the rest, most rely on due diligence or monitoring only frameworks rather than clear restrictions (Figure 9). Only a small minority disclosed clear restrictions on underwriting specific high-risk activities.

**Figure 9: Few insurers have underwriting restrictions in biodiversity-sensitive areas, and those that do are more likely to conduct due diligence or monitoring rather than have clear restrictions.**

● Clear restrictions ● Due diligence or monitoring only ● No restrictions



\*'Other areas' combines Key Biodiversity Areas, Critical Habitat, and Indigenous and Community Conserved Areas with all other area types not listed above. None of these three categories had clear restrictions and due diligence requirements any of the 40 insurers assessed.

Due diligence frameworks are not without value, as they may represent an important first step towards integrating biodiversity considerations into underwriting decisions. These typically rely on case-by-case risk assessments, enhanced review, and sometimes engagement and escalation procedures. But underwriting decisions will ultimately depend on how individual insurers interpret weight and manage biodiversity risks internally<sup>41</sup>. Without detailed disclosures of the outcomes, it is difficult to tell whether these safeguards truly prevent biodiversity harm.

Restrictions on high-risk activities (oil & gas, mining, large-scale infrastructure development and similar) in biodiversity-sensitive areas reduce the likelihood that underwriting contributes to biodiversity harm. By contrast, due diligence and monitoring may not prevent harmful activities where insurers judge risks to be manageable or immaterial. Given that these areas are central to achieving the Kunming-Montreal GBF's target to conserve at least 30% of land, waters and seas by 2030<sup>12</sup>, insurers have a clear opportunity to support this by ensuring the most harmful activities cannot threaten the world's most important biodiversity areas.

### Focus: Deep Seabed Mining (DSM)

The deep sea is one of the most undisturbed areas, and largest continuous habitats, on the planet. Its unique ecosystems are increasingly under threat due to growing demand for metals and minerals. DSM causes widespread sediment, noise and light pollution, potentially leading to irreversible damage and biodiversity loss across areas at continental scale. Harmed ecosystems are unlikely to recover on human timescales.

The International Seabed Authority (ISA) is currently negotiating the regulatory framework that would govern commercial DSM in international waters. Whether and how it proceeds will be one of the defining decisions for ocean biodiversity in the coming decade. Civil society opposition is coordinated globally through the Stop Deep Seabed Mining Coalition<sup>13</sup> and the Deep Sea Mining Campaign<sup>14</sup>, both of which are tracking financial institutions' positions on DSM.

A small but growing number of insurers have responded. Of the insurers in this benchmark, Talanx, Hannover Re, Swiss Re, Zurich and Allianz have published policies that exclude DSM from their underwriting activities (Figure 9, Freshwater, coastal and marine habitats). Given the devastating impact on the environment and related reputational risks, other insurers are encouraged to implement similar policies for both their underwriting and investment activities.

Where insurers do apply due diligence requirements, these most often apply to UNESCO World Heritage Sites (WHS). This in part reflects the 2018 industry statement of commitment to protect WHS, developed by the UN-convened Principles for Sustainable Insurance (PSI), WWF and UNESCO, and the subsequent 2019 PSI-WWF-UNESCO industry guide<sup>15</sup>. This is positive given that UNESCO WHS cover less than one per cent of Earth's surface but harbour over 20% of mapped species<sup>16</sup>. But these areas represent only a fraction of globally significant ecosystems. Other ecologically significant areas, such as Key Biodiversity Areas (KBAs), Indigenous Peoples' and Local Communities' Conserved Areas and Territories (ICCAs) and Critical Habitats, cover a far larger share of the Earth's surface but remain absent from underwriting restriction frameworks.

Just two insurers - Chubb and Swiss Re - apply restrictions across International Union for Conservation of Nature (IUCN) protected area management categories (i.e. across categories I-IV or I-V), while others apply substantially narrower definitions.

## Case study: Fossil gas, Coral Triangle

### Fossil gas expansion in the Coral Triangle is a blind spot for insurers

Liquefied natural gas (LNG) is a form of fossil gas that has been promoted as a bridging fuel for developing economies to transition away from coal. But this claim is highly contested, with some sources suggesting LNG lifecycle emissions can rival or exceed those of coal<sup>17</sup>. Environmental harms from LNG come not only from burning of the fuel in the form of greenhouse gases and methane leakage, but also through its extraction, liquefaction and transportation. These activities require substantial specialised infrastructure, the construction and operation of which can have detrimental effects on local species, ecosystems, and marine chemistry<sup>18</sup>.

LNG expansion could have disastrous consequences in the world's most biodiverse marine region, the Coral Triangle: an area aptly known as 'the Amazon of the seas', spanning Indonesia, Malaysia, the Philippines, Papua New Guinea, the Solomon Islands and Timor-Leste. There are already 183 oil & gas fields across the region<sup>19</sup>, with dozens more in development and hundreds of exploration blocks in place. The infrastructure to service this LNG production is also expanding fast with 19 terminals operating and at least 27 more planned, many located dangerously close to coral reefs, mangroves, and seagrass ecosystems<sup>20</sup>.

The risks posed by LNG expansion in the Coral Triangle highlight why robust underwriting and investment restrictions, which could prevent irreversible damage to the climate, ecosystems and communities, are so important.



# 4. Strategy and engagement



## Finding 11: Net zero investment targets are widespread, but limited near-term targets are weaker and mostly rely on economic intensity targets

**Near-term emissions reduction targets are a key indicator of insurers' commitment to aligning their financing activities with a net zero pathway. But near-term ambition is uneven: only 60% of insurers have set 2030 investment targets, and just 25% have done so for underwriting, and most rely on economic intensity metrics rather than absolute or sector-specific physical intensity measures. As a result, many targets provide limited assurance that reported progress reflects emissions reductions rather than financial or accounting effects.**

Investment emissions targets matter not only as expressions of climate ambition, but as mechanisms for accountability: they require insurers to disclose financial emissions, demonstrate whether fossil fuel restriction policies are being implemented effectively and establish measurable pathways for reducing exposure to high-emitting sectors or companies over time. This is particularly important for insurers with fossil fuel phase out commitments, as credible phase-outs should be accompanied by steadily declining portfolio emissions and emissions intensity ahead of 2040 deadlines.

### Investment emissions explainer

Given the range of approaches and terminology used for investment emissions targets within the financial sector, this report uses the following definitions throughout.

#### Economic targets

##### Absolute targets

Targets that aim to reduce the total greenhouse gas emissions attributed to an insurer's investment portfolio. Emissions attribution is typically based on financial ownership metrics such as enterprise value, market capitalisation, or sales.

##### Intensity targets

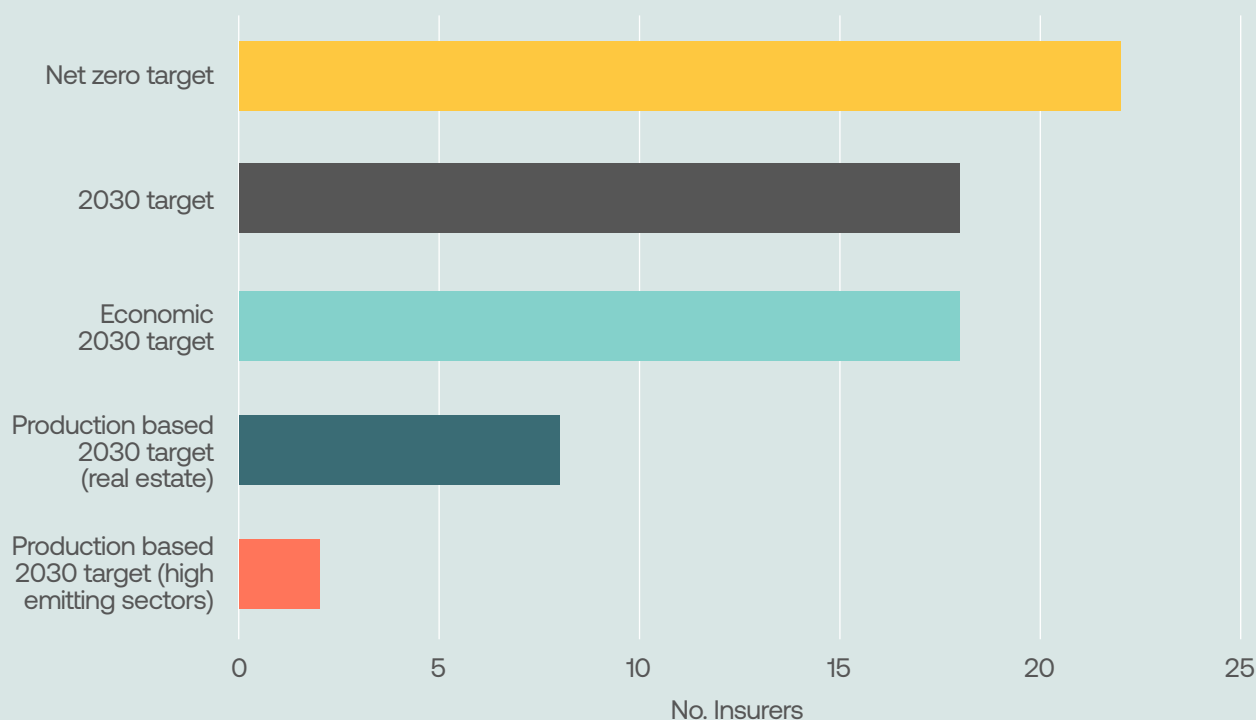
Targets that measure financial emissions relative to a financial metric such as portfolio value, company revenue, or enterprise value. These targets aim to reduce the emissions intensity of an investment portfolio rather than total attributed emissions.

#### Production-based targets

##### Physical emissions intensity targets

Targets that measure greenhouse gas emissions relative to a physical unit of activity or output, such as tCO<sub>2</sub> per megawatt-hour of electricity generated or per tonne of steel produced

**Figure 10: Emissions reduction targets for property and casualty investment portfolios are almost always financed emissions targets**

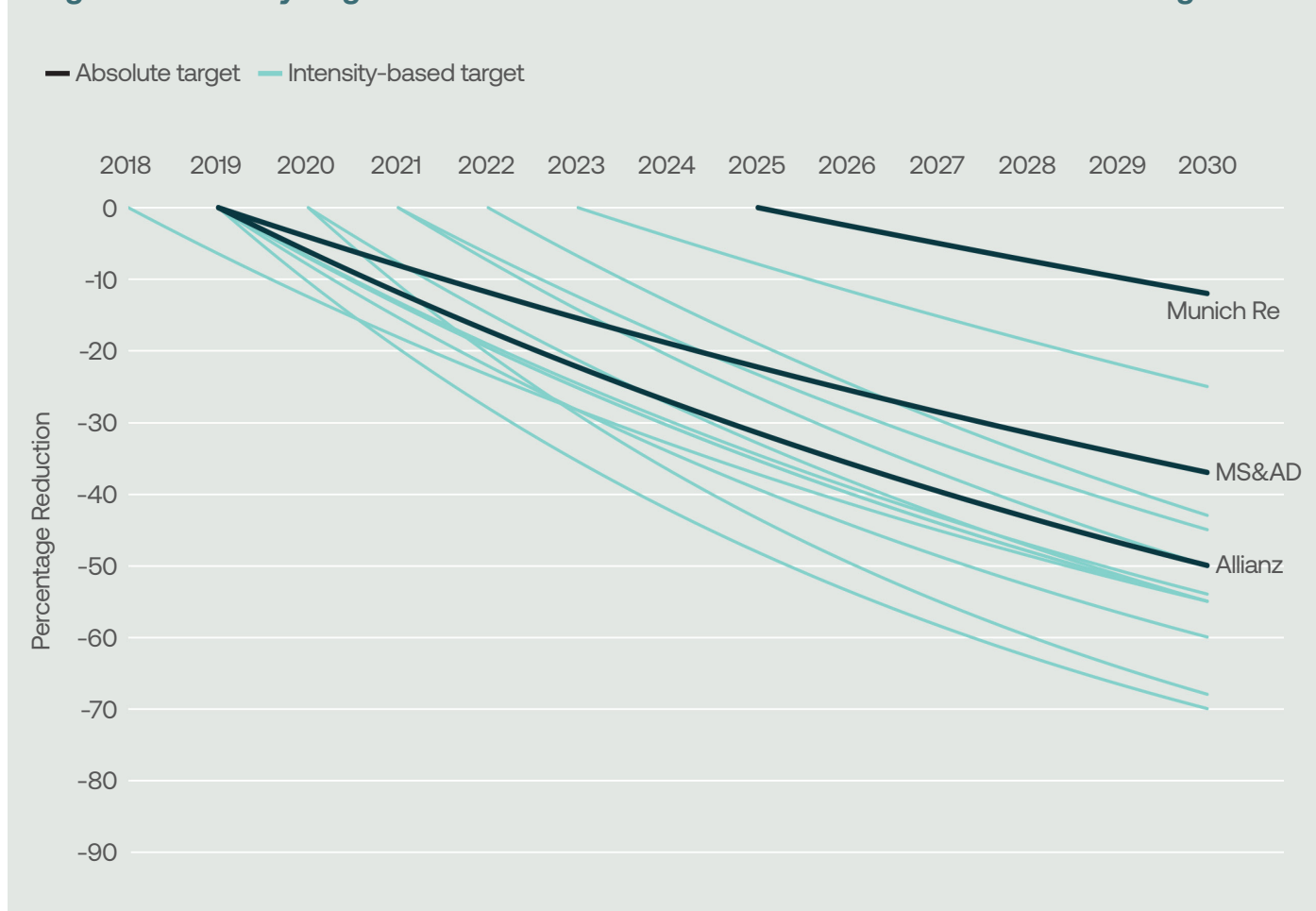


Almost three-quarters (73%) of the 30 surveyed P&C insurers have set net zero targets for their investment activities, with all but one aiming to achieve net zero by 2050 or earlier. But near-term planning remains considerably weaker. Only 60% have established emissions reduction targets for 2030 or earlier, despite interim targets being a core component of target setting frameworks such as the Net Zero Asset Owner Alliance (NZAOA).

Production-based targets, that measure greenhouse gas emissions relative to a physical unit of output or activity, remain rare. Eight insurers apply them to their real estate portfolios, while only two insurers, SCOR and Allianz, use physical emissions intensity targets for parts of their listed equity and bond portfolios.

Targets of this kind are generally less susceptible to distortion from inflation, commodity price volatility or shifts in market valuations, all of which can affect financial emissions metrics. But some industrial sectors still lack reliable physical intensity pathways because of the heterogeneity of their outputs.

**Figure 11: Intensity targets dominate 2030 stock and bond financial emissions targets**



Of the 18 P&C insurers that have set 2030 economic emissions targets, 15 cover most or all of their listed equity and bond portfolios. On paper, many of these targets appear ambitious: around two-thirds aim for reductions of 50% or more, and the average annual compound reduction rate across all targets is 6.7%.

But the design of these targets often limits their real-world significance. Only three are based on absolute emissions reductions, while 80% rely on economic intensity metrics, such as attributed emissions per unit of revenue or enterprise value.

Absolute reduction targets provide stronger accountability, particularly for listed equity portfolios, because they require total attributed portfolio emissions to decline over time and are less sensitive to changes in financial denominators such as revenue growth or rising company valuations. Intensity targets, by contrast, are especially prone to apparent improvement during periods of inflation or strong market performance.

To improve the credibility of their transition plans, insurers should prioritise sector-specific physical intensity targets and absolute economic emissions reduction targets over conventional economic intensity metrics that currently account for most targets set.

### Leading practice: emissions reduction targets

Allianz has set several interim emissions-reduction targets for 2030 across its investment portfolio, including a 50 per cent reduction in absolute greenhouse gas emissions from its listed corporate holdings relative to a 2019 baseline. It has also established physical-intensity targets for high-emitting sectors, including oil & gas (including scope 3), steel, utilities and automobiles, providing sector-specific pathways alongside its portfolio-level commitments. Additional targets cover reductions in emissions intensity across broader corporate and real estate investments. Taken together, these targets provide comprehensive coverage across Allianz's major investment asset classes and key emissions-intensive sectors, supporting a broad-based approach to portfolio decarbonisation.

## Finding 12: Fragmented underwriting emissions targets constrain comparability and accountability

Of the 40 insurers analysed in the benchmark, 45% have committed to net zero underwriting emissions by 2050, but near-term ambition is especially lacking. Just 25% have established a 2030 target for underwriting-related emissions.

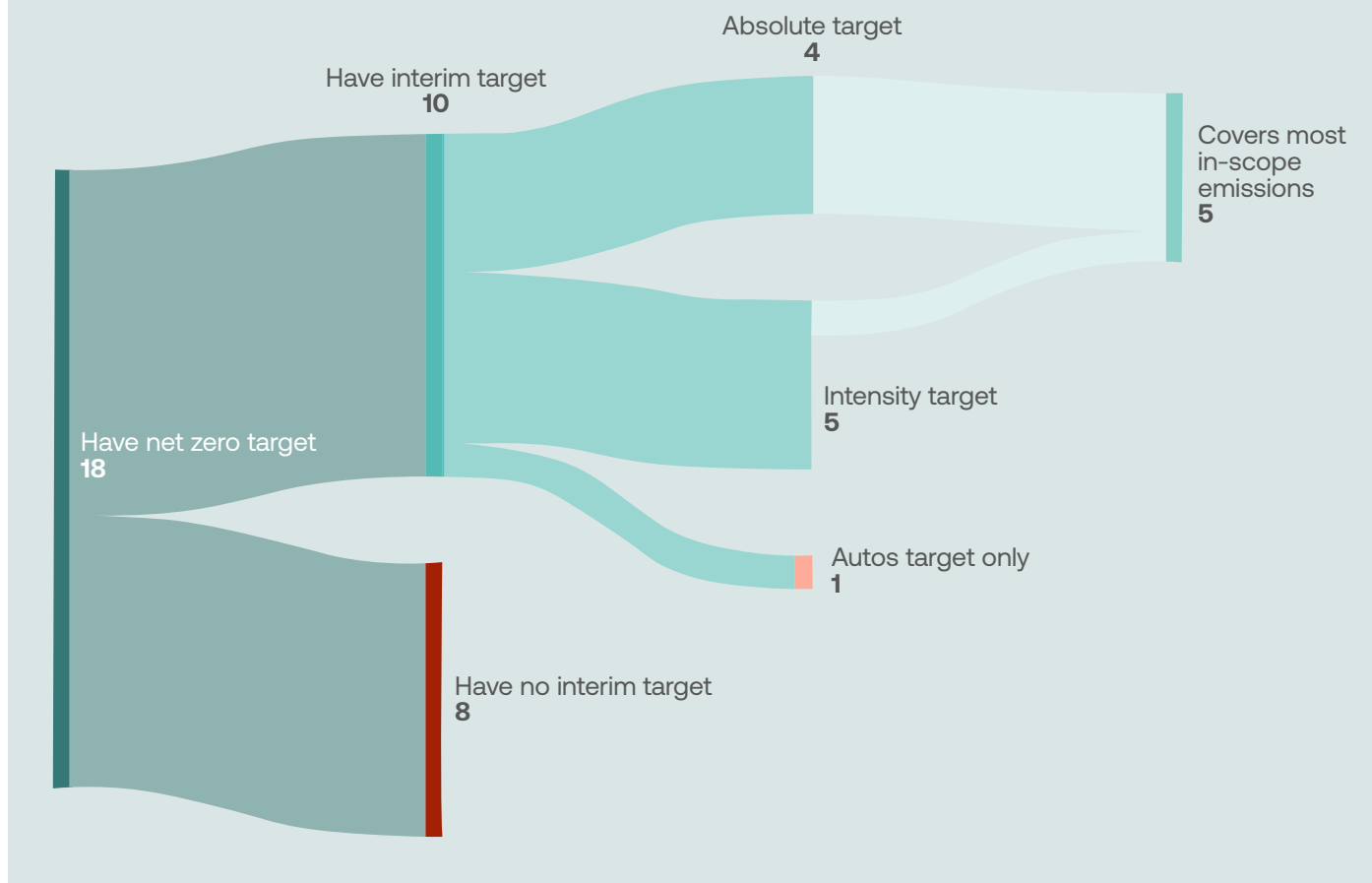
As with investing, there has been limited development of physical intensity metrics for sectoral target setting in underwriting. While several insurers disclose pilot initiatives or exploratory work in certain sectors, there are currently no disclosed examples of formal physical intensity targets.

While a number of insurers have set phase-out targets - committing to stop underwriting certain activities by a fixed date, most commonly coal by 2040 - these represent a final endpoint rather than a managed pathway. No insurer has set targets that directly and progressively reduce the emissions profile of their underwriting portfolio over time. Swiss Re comes closest, with targets linked to the share of premiums written for companies that have science-based targets and net zero alignment plans, which prioritises aligning financial flows towards low-carbon clients as a leading indicator of portfolio decarbonisation.

These approaches would provide complementary mechanisms for tracking real-world transition alignment, even where emissions attribution methodologies remain under development.

The 10 insurers with underwriting emissions targets use the insurance-associated emissions accounting methodology developed by the Partnership for Carbon Accounting Financials (PCAF methodology).

**Figure 12: Only 13% of insurers have underwriting emissions targets covering all high-emitting sectors.**



Of the ten insurers with interim targets, four use an absolute emissions reduction target aimed at reducing total attributed emissions while five rely on intensity-based approaches, which target emissions decreases relative to financial or exposure metrics. Only five insurers apply targets covering the majority of their in-scope insurance-associated emissions under the PCAF framework, primarily within property and casualty commercial lines. Others adopt narrower approaches: three focus exclusively on global corporate underwriting; one is limited to European P&C business and one applies solely to motor insurance. This fragmented coverage materially limits both comparability across insurers and the overall accountability of current target-setting practices.

Although methodological uncertainty and ongoing debate about attribution frameworks continue to constrain disclosure, these challenges should not delay meaningful progress. Insurers should not allow the pursuit of methodological perfection to impede the establishment of practical, decision-relevant targets. Even where data and attribution approaches are still evolving, insurers can and should set underwriting emissions targets using available PCAF-based methodologies, physical intensity approaches or portfolio coverage metrics.

<sup>4</sup> We define biodiversity-related impacts as the ways in which businesses affect (both positively and negatively) biodiversity and ecosystems. Dependencies are the ways in which businesses are affected by and also rely upon biodiversity and ecosystems. Impacts and dependencies can arise directly from business operations or indirectly along the value chain, for example from the use of products and services.

### Methodological limitations and transparency gaps

Unlike financial emissions calculations, which allocate a company's emissions to lenders or investors using financial attribution factors such as enterprise value including cash (EVIC), the PCAF methodology for insurance-associated emissions attributes a share of a client's emissions to an insurer based on the ratio of insurance premiums to the client's revenue.

$$\text{Insurance-Associated Emissions}_i = \left( \frac{\text{Re/Insurance Premium}_i}{\text{Customer Revenue}_i} \right) \times \text{Customer Emissions}$$

Insurance premiums are influenced by a range of market and financial factors beyond underlying emissions performance. These include insurers' risk appetite, competitive dynamics within the insurance market, underwriting cycle pricing and claims inflation (the increase over time in the cost of insurance claims, potentially due to increasing climate and nature risks).

As a result, fluctuations in insurance premiums relative to customer revenues can lead to changes in attributed emissions that reflect financial or market conditions, as well as increasing climate and nature risks, rather than actual changes in emissions performance.

These limitations do not diminish the value of insurance-attributed emissions targets. Rather, they underscore the importance of transparency in how such targets are designed, applied, and interpreted. They also highlight the role that complementary approaches, such as physical intensity-based targets or portfolio steering targets, can play alongside attributed emissions metrics. In short: insurers should not wait for methodological certainty to set credible underwriting targets. They should adopt practical approaches now and refine them as the standards evolve.

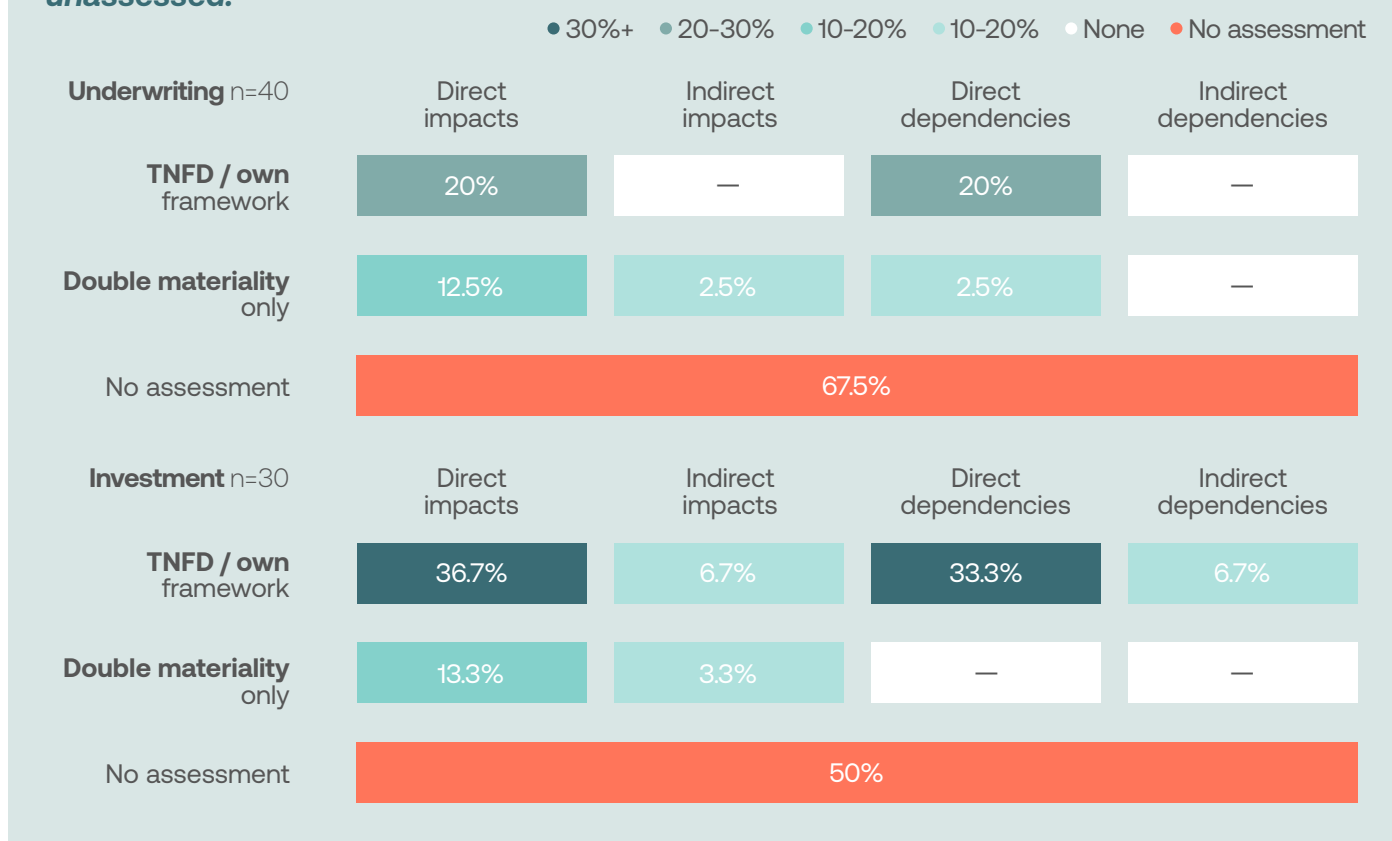
## Finding 13: Double materiality-only biodiversity assessments may understate risk

**Insurers using voluntary Taskforce on Nature-related Financial Disclosures (TNFD) aligned approaches identify biodiversity-related risks across sectors, geographies and ecosystems. Those relying on EU compliance-led double materiality assessments alone tend to conclude that risks are immaterial, suggesting that current regulatory approaches may be underestimating biodiversity risk in the sector.**

Around 55% of global GDP – equivalent to US\$58 trillion – is moderately or highly dependent on nature<sup>21</sup>, with significant geopolitical and economic risks associated with its decline<sup>22</sup>. Compared with ShareAction's 2024 insurance benchmark, there has been some progress in the number of insurers disclosing biodiversity-related impacts and dependencies assessments<sup>iv</sup>. Around half of insurers disclosed some form of impacts and dependencies assessment for their investment, while around one-third did so for their underwriting (Figure 13). Several additional insurers indicated plans to conduct assessments in 2026/2027.

<sup>iv</sup> We define biodiversity-related impacts as the ways in which businesses affect (both positively and negatively) biodiversity and ecosystems. Dependencies are the ways in which businesses are affected by and also rely upon biodiversity and ecosystems. Impacts and dependencies can arise directly from business operations or indirectly along the value chain, for example from the use of products and services.

**Figure 13: Most insurers with biodiversity risk assessments use TNFD-aligned approaches, but indirect biodiversity impacts and dependencies remain largely unassessed.**



A clear divide separates insurers using only double materiality assessments required under the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) from those voluntarily adopting TNFD-aligned approaches or using their own frameworks (Figure 13). Most insurers disclosing only compliance-led double materiality assessments concluded that biodiversity-related impacts, dependencies and financial risks were not material, and disclosed little detail to justify these conclusions. Under the ESRS, companies can largely omit certain standards such as ESRS E4 (Biodiversity and Ecosystems) if the topic is deemed non-material. Given the insurance sector's deep underlying exposure to nature loss, this raises an important question: is the EU's regulatory framework, or insurers' reading of it, actually capturing biodiversity-related exposure and systemic risk?

By contrast, insurers using TNFD-aligned approaches, particularly the Locate, Evaluate, Assess and Prepare (LEAP) approach<sup>23</sup>, tended to disclose more granular assessments and identify risks across sectors, geographies and ecosystem services. Six insurers disclosed TNFD-aligned assessments on their underwriting, while four did so on investment (Figure 13). These assessments more often considered ecosystem degradation, land-use change, water systems and location-specific biodiversity risks.

Whatever framework the assessments used, they tended to be skewed towards direct impacts, with less attention given to dependencies (Figure 13). Just two insurers – AXA and Sompo –

addressed both direct and indirect impacts and dependencies for their investments, but no insurer did so for underwriting. This is a gap between insurers' current practice and what international biodiversity commitments now expect. The Kunming–Montreal Global Biodiversity Framework calls on large businesses and financial institutions to monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity along their operations, supply and value chains, and portfolios<sup>24</sup>. Essentially, the burden of proof has flipped: nature-related risks are already creating real and measurable financial impacts across sectors, geographies and time horizons<sup>25</sup>. In short: the insurance sector's biodiversity assessment practices are not yet useful enough for decision-making.

### Leading practice: Sompo's use of TNFD's LEAP approach

Sompo has applied the TNFD's Locate, Evaluate, Assess and Prepare (LEAP) approach across its full value chain, covering both its P&C underwriting and its investment portfolio to identify biodiversity-related impacts and dependencies. Sompo uses the ENCORE tool to map indirect impacts (including GHG emissions, land use, water use, and noise and light pollution), and dependencies (including water purification, rainfall regulation, soil stabilisation and flood mitigation) across investee sectors, with published results presented in heatmaps. The assessment identifies specific high-impact and high-dependency interactions in oil, gas and mining; chemicals; transportation; food and beverage production; and real estate.

## Finding 14: Few insurers include nature in catastrophe modelling

**Catastrophe models, which insurers rely on to price and manage physical risk, largely ignore the protective role of healthy ecosystems and the rising risk created by their degradation. Only four insurers in our benchmark disclose integration of nature into their natural catastrophe modelling beyond basic surface parameters.**

Ecosystems such as forests, wetlands, grasslands and coral reefs play a vital role in reducing disaster risk. These natural systems can mitigate hazards including flooding, storm surges, coastal erosion and extreme heat. They often do so at lower cost, and with co-benefits that engineered infrastructure cannot match<sup>26</sup>. Also true: degrading nature can increase risk by driving greater event frequency, severity and local hazard intensity. As nature degradation continues, through both direct destruction and climate change, this gap in catastrophe modelling is a growing blind spot.

Despite growing recognition of the role ecosystems play in reducing physical risk, nature is still only partly reflected in catastrophe models. Some models rely mainly on historical claims data, in which losses already reflect the protective role of ecosystems at the time. As climate change intensifies and ecosystems are degraded, historical data becomes less reliable for predicting future risk. Other models simulate natural hazards directly and account for how land characteristics affect hazards. But these models are often bought from third parties and are only updated every few years. This means that ecosystems are treated as fixed features and do not properly account for ecosystem degradation over time. As a result, they may underestimate future physical climate risk.

Three insurers – AXA, Talanx and Axis Managing Agents (through their parent company Axis Capital Holdings) – disclose that they include the protective functions of nature or nature-based solutions in

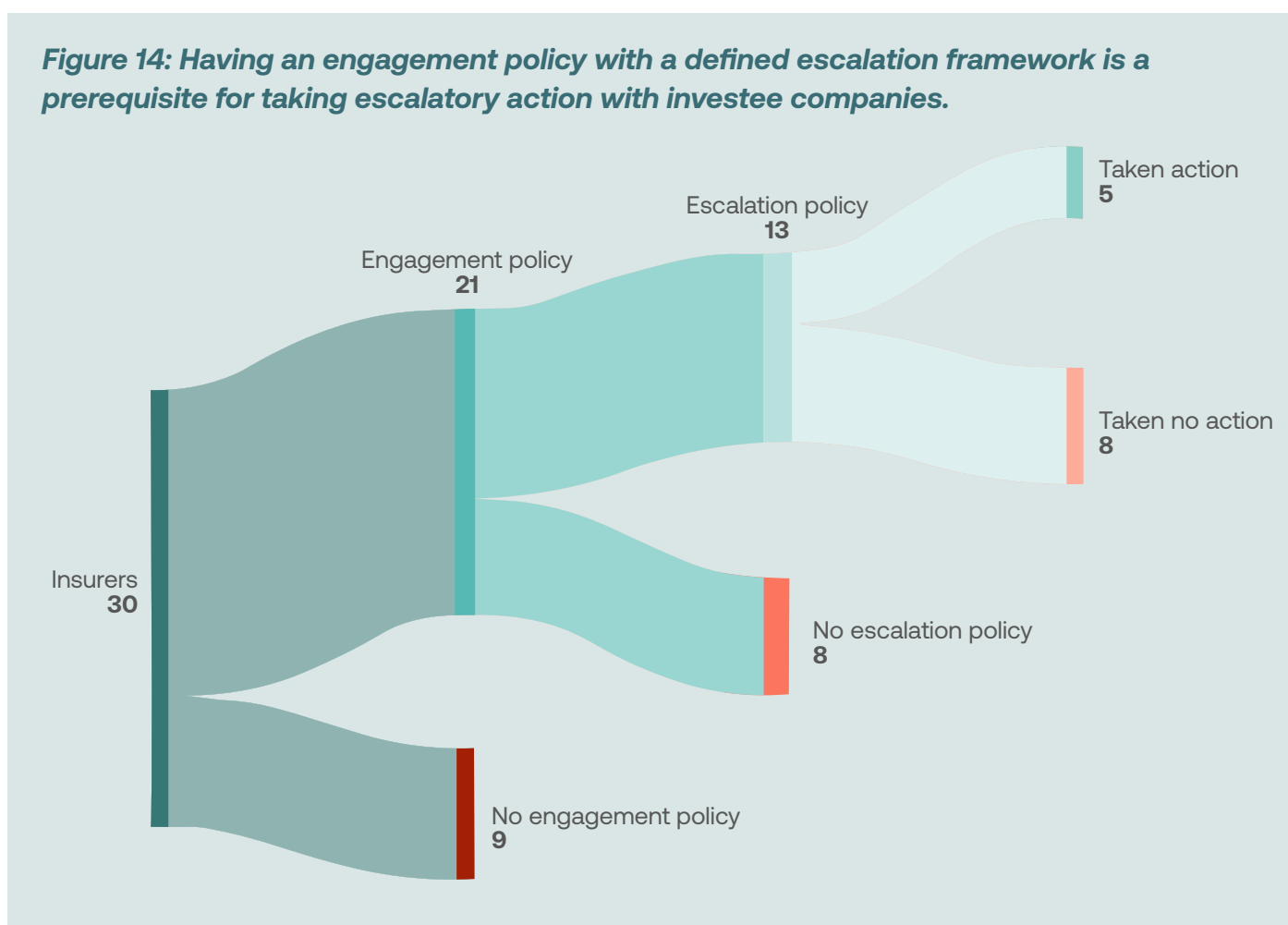
their natural catastrophe modelling for some regions and perils. Three additional insurers – MS&AD, Sampo, and Tokio Marine – stated that they consider the protective functions of nature within broader underwriting risk assessments as part of their TNFD-related work. However, this is not the same as embedding nature directly within catastrophe models, as per the kind of integration described by opportunity 5 in the box entitled ‘How insurers can accelerate Nature-based Solutions (NbS)’. The insurers’ disclosures do not make clear how far this integration goes, nor how nature is systematically embedded in practice.

Some policymakers<sup>27</sup> have already recognised the need for modelling to evolve. More broadly, integrating nature into catastrophe and physical risk modelling would help insurers assess long-term risk and identify opportunities to support resilience by protecting and restoring nature. There are real challenges, including limited scientific evidence on the role of different ecosystem services in disaster risk reduction, and a lack of model-ready data. But these should not delay action. Strengthening modelling capabilities will be essential, both to ensure that communities using nature-based solutions to remain insurable are properly recognised and supported and to identify the right combination of green and grey risk-prevention measures. Such tools will be critical for detecting when degrading ecosystems contribute to increasing risks. Advancing these modelling capacities and capabilities should be a sector priority and pursued in collaboration with catastrophe modelling agencies and scientists.

## Finding 15: Having an engagement policy with a clearly defined escalation framework is a prerequisite for taking effective escalatory action with investee companies

Engagement is a powerful tool for driving improvements in corporate behaviour, and insurers often argue that it is more effective than exclusion because it does not simply displace investment or underwriting business to another provider. However, for engagement to be credible, it must be backed by clear policies, defined escalation frameworks, and a genuine willingness for insurers to act when companies fail to respond. As Figure 14 shows, insurers in our survey without an engagement policy, or with a policy but no escalation framework, do not take escalatory action.

**Figure 14: Having an engagement policy with a defined escalation framework is a prerequisite for taking escalatory action with investee companies.**



All of the conventional insurers in the survey either explicitly referenced directly managed assets or disclosed that more than 5% of their assets were managed internally or through an affiliated asset manager<sup>v</sup>. Of these insurers, 21 (70%) disclosed some form engagement policy, ranging from detailed engagement expectations to more generic references to ESG in engagement, covering their directly managed investments.

<sup>v</sup> Although AXA Investment Managers was acquired by BNP Paribas Cardif in 2025, with the transaction completed in July 2025, for the ease of cross comparison and as data was collected from January 1st, 2024, we have regarded AXA as having directly managed assets through AXA Investment Managers. Future iterations of the survey will take this acquisition into account and no longer regard AXA as having directly managed assets.

For the insurers' engagement policies to be effective, there must be a clearly defined escalation framework that they can use with investee companies. This is clearly lacking, with only 13 (43%) conventional insurers with directly managed assets having an escalation policy. Having an escalation policy is clearly a prerequisite for action: only five insurers (17%) took escalatory action, such as filing a shareholder resolution or divesting on their equity holdings, and the same number took some form of action for their bond holdings. Notably, all of these insurers had a defined escalation framework in place.

## Finding 16: Engagement may be harder and less well developed for underwriting than for investments but there are examples of insurers carrying it out

**While there are good examples of insurers engaging with underwriting clients on these issues, such engagement remains far less common than on the investment side and where it does exist, it is largely limited to climate.**

Engagement is more straightforward on the investment side, where insurers acting as asset owners have direct leverage over investee companies through their shareholdings. On the underwriting side, the dynamic is different in that insurers are providing a commercial service to a client rather than acting as owners, which makes leverage less direct.

There are, however, examples of insurers carrying out underwriting engagement:

### Leading practice: Insurers with climate engagement in their underwriting

MS&AD has embedded client engagement into its broader net zero strategy, setting interim targets for GHG emissions across both its underwriting and investment portfolios. Rather than treating decarbonisation as a purely internal exercise, MS&AD uses direct dialogue with clients to understand the emissions challenges they face and work collaboratively towards solutions. From FY2023, the insurer introduced dedicated sustainability dialogues, which were separate from its broader client relationships, and that focus specifically on sustainability issues including emissions reduction.

QBE has established a structured engagement programme focused on a defined cohort of priority customers. These are commercial clients operating in higher-emitting sectors such as energy, transportation, and agriculture, with a particular focus on Australasia, Canada, and Europe. Engagement is centred on climate disclosure, with QBE assessing priority customers against best practice disclosure frameworks and working with brokers to initiate conversations at the point of renewal to understand each customer's disclosure progress. The programme involves ongoing monitoring and recording of disclosure progress from initial engagement, allowing QBE to track improvement over time across its priority customer cohort.

Allianz has developed a structured three-track engagement programme with underwriting clients on climate and net zero. Through its Transition Engagements, Allianz conducts

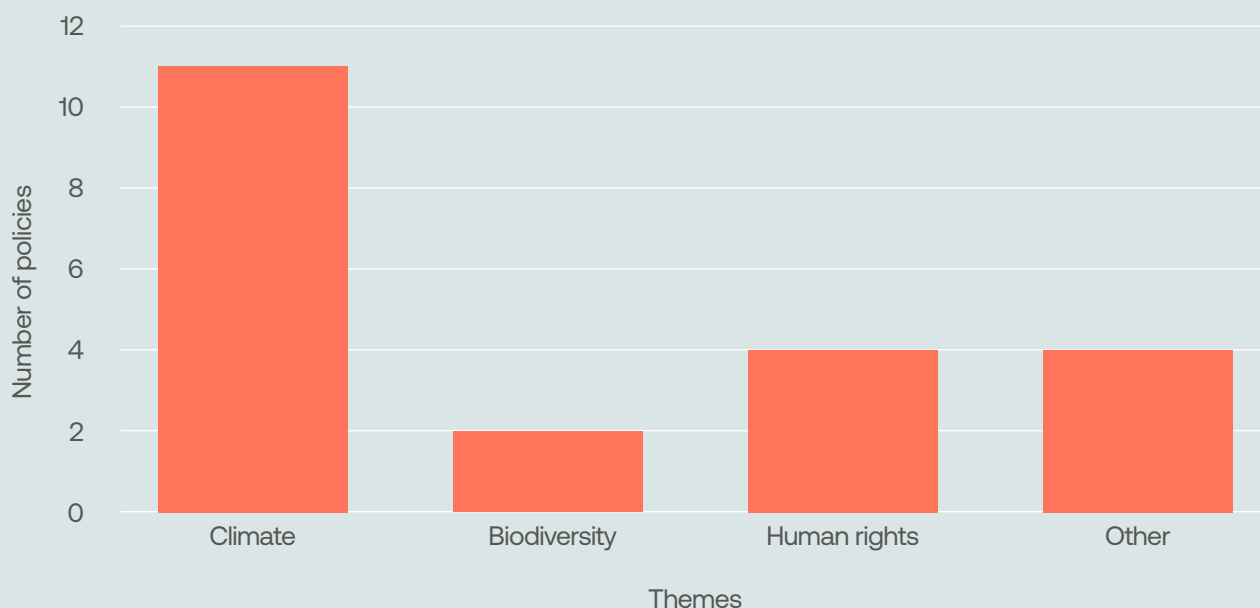
dedicated exchanges with selected insured companies in high-emitting sectors, targeting two to three in-depth engagements per year focused on clients' net zero strategies. Its Transparency Engagements focus on clients' climate and sustainability reporting, with the dual purpose of improving the quality of GHG data available to Allianz for measuring its own emissions footprint and better understanding how clients manage their own. This strand launched in Germany and the UK in 2024. Finally, Allianz conducts knowledge-sharing engagements with customers in hard-to-abate industries, including aviation and marine, focusing on decarbonisation strategies and emerging technologies.

### Leading practice: AXA on human rights underwriting engagement

AXA integrates human rights considerations into its underwriting referral process, treating human rights-related risks as a category of "sensitive business risk" alongside issues such as controversial weapons, tobacco, and deforestation. Where a case triggers AXA's sustainability underwriting guidelines, including social harms and rights-related controversies, it is escalated to the Group Underwriting Office for review. Engagement is built into this process: before a referral can be approved, the broker and client must be engaged to demonstrate that the case meets AXA's sustainability guidelines.

Even though there are clear examples of in-depth underwriting engagement, only 17 (57%) conventional insurers in the survey disclosed any form of underwriting engagement policy, far fewer than for investments. As shown in Figure 14, the most common theme to be included in the policy

**Figure 14: Most underwriting engagement policies only cover climate topics**



was climate (11 insurers), followed by human rights (four insurers) and biodiversity (two insurers). Four insurers also included sections in their policies on other social or environmental themes.

Insurers often cite engagement as an alternative to excluding certain companies from their investment portfolios or underwriting books. However, the evidence suggests that many insurers lack meaningful engagement policies altogether, and those that do exist are frequently insufficiently robust or poorly actioned to ensure that companies are held to account or that real-world outcomes improve in line with the insurer's stated sustainability commitments.

# 5. Opportunities

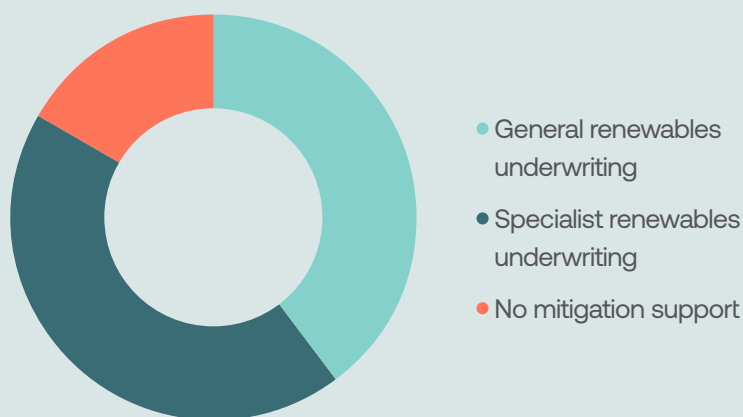


## Finding 17: Most insurers are underwriting climate mitigation, but only some are actively innovating solutions for hard-to-insure renewables, actively facilitating climate adaptation, or providing biodiversity offerings.

Through their underwriting, insurers can enable projects that support climate mitigation, adaptation and biodiversity. They can do this by underwriting assets such as renewable energy generation or nature-based solutions (NbS) (see box entitled ‘How insurers can accelerate NbS’) by incentivising positive behaviours through policy features and preferential terms, or by stewarding clients towards better practices through advisory services<sup>vi</sup>.

We found evidence that 85% (34/40) of the insurers we benchmarked support climate mitigation through specific insurance offerings for renewable energy infrastructure or electric vehicles. Of these insurers, 53% (18/34) actively offered insurance cover for complex, difficult-to-insure renewable energy assets like battery energy storage systems (BESS), offshore wind and green hydrogen. Green hydrogen in particular is seen to play an important role in decarbonising sectors that cannot easily be electrified. These kinds of assets are difficult to insure due to high hazard loss profiles and a lack of historical data<sup>28,29</sup>.

**Figure 16: Most insurers support mitigation through renewables underwriting, with around half of those offering support underwriting specialist, hard to insure renewables like offshore wind, green hydrogen and BESS.**



While most insurers are supporting climate mitigation through standard, insurable assets, those innovating solutions for otherwise uninsurable renewables are having far greater impact by enabling such projects to ahead. For the sector to best support mitigation, all insurers need to play their part.

**Leading practice:** Munich Re’s Green Tech Solutions platform offers performance guarantees for a wide range of green technologies, including offshore wind, energy storage, circular economy, solar, geothermal and green hydrogen<sup>30</sup>. Performance guarantees are essential for unlocking financing, as they protect against underperformance of clean technologies, ensuring future cash flows to lenders<sup>31</sup>.

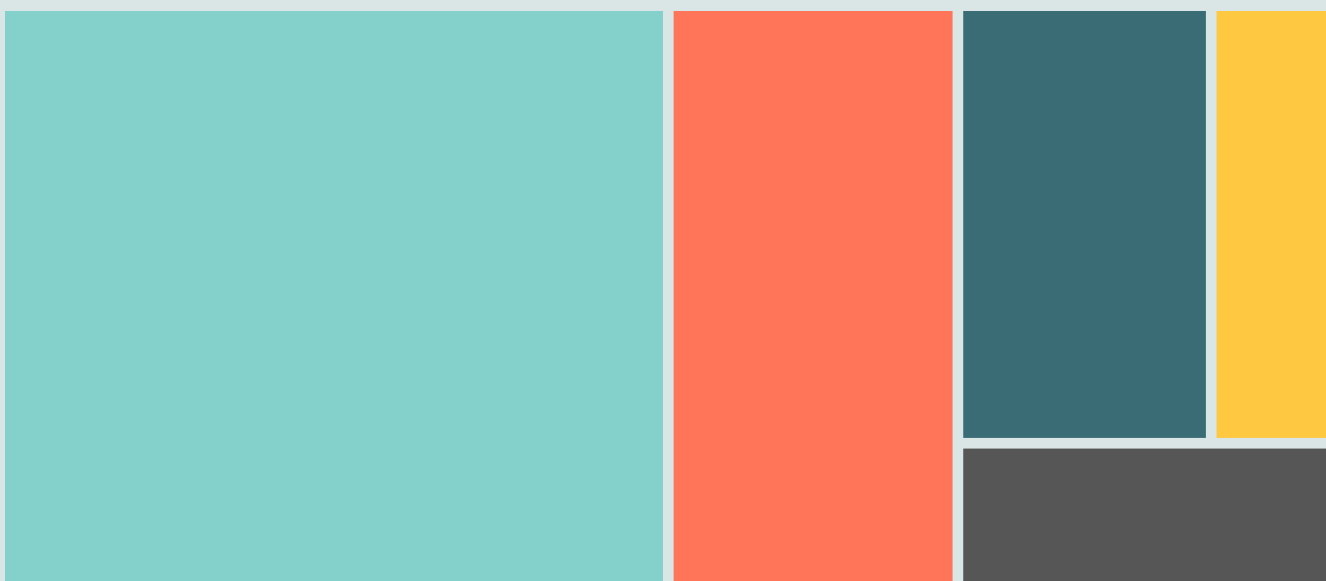
<sup>vi</sup> While opportunities were benchmarked in this report, they form part of general commercial activity and are not published in the same way as formal policies. As such, although every effort has been made to capture data correctly, there may be omissions. Several insurers offer more than one type of adaptation support - each was assigned only one type to avoid double counting. This had no impact on scoring.

We found evidence that 35% (14/40) of insurers actively support commercial adaptation. The most common means of doing this is through risk advisory, which is offered by seven insurers. Such advisory services typically provide exposure assessments alongside adaptation and resilience recommendations. Three insurers, AXA, China Pacific, and SCOR specifically provide insurance for adaptation projects such as ecosystem restoration. MS&AD and Tokio Marine have policy features that incentivise adaptation. Santam actively supports the development and implementation of adaptation plans in local municipalities, and Talanx offer preferential terms to clients that take preventative actions to adapt to natural hazards.

Insurers are highly exposed to climate driven natural catastrophes and hold a great amount of knowledge on natural catastrophe exposure: they have the expertise to support meaningful climate adaptation. As such, it is disappointing to see only a minority of insurers actively supporting adaptation. As well as being hugely impactful from a climate perspective, by supporting adaptation, insurers can reduce losses, gain advisory revenue and improve sector reputation as risk experts.

**Figure 17: Relatively few insurers actively support adaptation, and risk advisory is the most common means of support for those that do.**

- Advisory
- Insurance for adaptation measures
- Policy feature
- Public sector collaboration
- Preferential terms

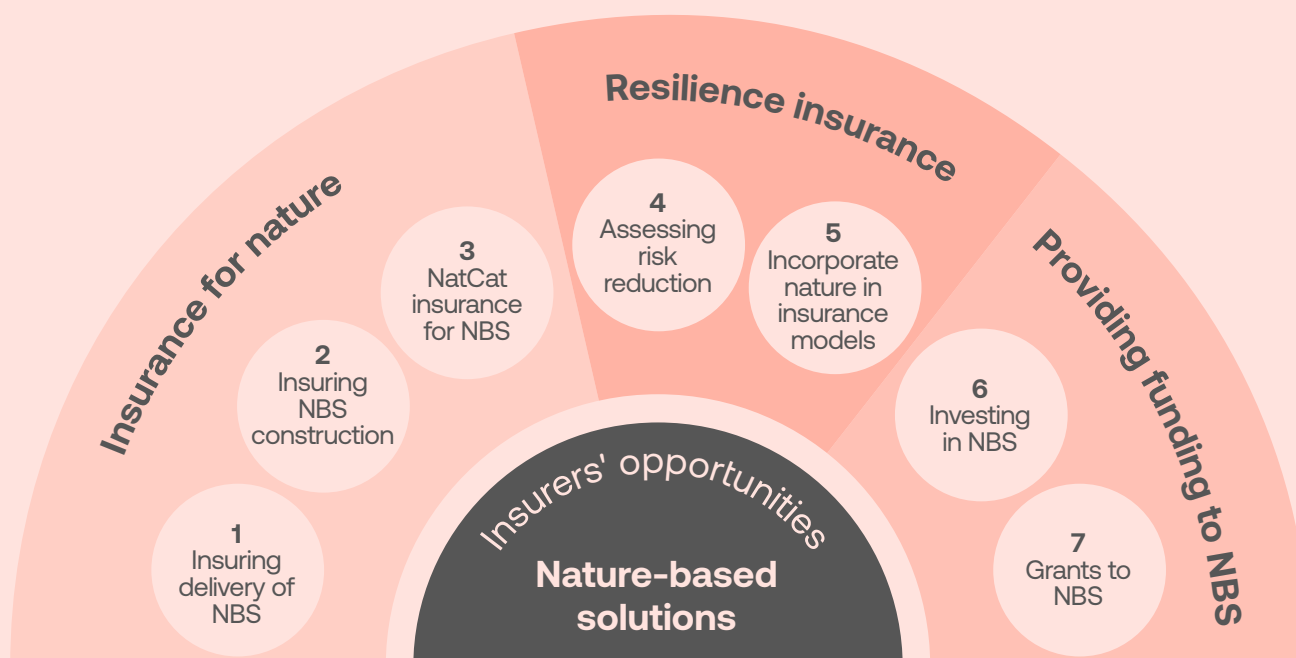


45% of insurers (18/40) disclose biodiversity-related underwriting offerings. The majority (15 insurers) focus on preventing biodiversity loss or supporting ecosystem restoration. Hannover Re, Munich Re, AXA and Swiss Re, for example, have supported the development of parametric insurance to fund coral reef restoration following storm damage. Such are examples of the ‘natural catastrophe insurance for nature’ opportunity outlined in the box entitled ‘How insurers can accelerate NbS’ (opportunity 3). Meanwhile, Groupama, CPIC and Sompo, all disclose offerings linked to carbon sinks and associated credits. Other insurers primarily provide biodiversity-related advisory support, including risk assessment tools (Tokio Marine) and resilience support for agriculture and land management (Chubb).

## How insurers can accelerate Nature-based Solutions (NbS)

Insurance companies have a distinctive role to play in integrating nature preservation and restoration into resilience and adaptation strategies. Beyond phasing out activities that drive nature loss from their underwriting and investment portfolios, and supporting the transition of high-impact sectors, insurers can actively use their capabilities to support and scale NbS. This includes recognising the potential of NbS to mitigate, protect against and adapt to growing risks from climate change. Figure 18 sets out seven opportunities for insurers, to accelerate NbS, grouped into three functions. Case studies for each are available in the NATURANCE Digital Library<sup>32</sup>.

**Figure 18: Seven opportunities for insurers to accelerate NbS**



Source: WWF Switzerland (2026)<sup>33</sup>

**Insurance for nature (opportunities 1 –3).** Insurers can underwrite the delivery of NbS, for example, guaranteeing carbon or biodiversity credit investors against under-delivery, or covering parties with legal NbS obligations that have been outsourced to a contractor. They can cover the construction of NbS and green infrastructure, particularly large projects with multiple contractors and technical complexities (“All Risks” cover). Insurers can also provide natural catastrophe or ‘NatCat’ insurance for ecosystems such as coral reefs, forests, mangroves, or wetlands. These products are often parametric, paying out automatically when a defined trigger is breached, which can create rapid post-disaster restoration funding and narrow the protection gap for nature.

**Resilience insurance (opportunities 4 – 5).** Insurers can start assessing risk reduction by making the protective value of nature visible, and applying these insights into advisory services, that help clients and public authorities to include nature in resilience and adaptation planning. Building on this, they can incorporate nature into natural catastrophe models (as described previously) by adopting a long-term, holistic view of risk by integrating ecosystem services into how risks are assessed, modelled, priced and managed.

**Provide funding to NbS (opportunities 6 – 7).** By investing in NbS as asset owners, insurers can choose projects that fit their relatively conservative investment profiles. They can also provide pilot grants to NbS, which are usually small but can de-risk early stage NbS work.

Importantly, when deploying these capabilities, insurers should ensure they do not underwrite or invest in activities that harm the same ecosystems their nature-related solutions seek to protect. These actions are also strategically important. But insurers are largely private, for-profit actors, and generally do not finance prevention directly. Instead, they expect clients to bear these costs. So, insurers cannot solve nature's funding challenges alone. Government leadership, multi-stakeholder and public-private partnerships, as well as cooperation from other financial institutions and businesses benefiting from regional ecosystem services are all essential to creating an enabling policy and financial landscape for nature-positive underwriting and investment.

# 6. Social



## Finding 18: Insurers rarely consider Indigenous Peoples' rights in their policies

Insurers have a duty to respect the rights of Indigenous Peoples, and can reduce legal and reputational risk by ensuring that underwriting clients and investee companies do so, including adherence to the principles of Free, Prior and Informed Consent (FPIC)<sup>vii</sup> and related international standards<sup>34</sup>. Despite this, only 10% of insurers (4/40) – Axis Managing Agents, Swiss Re, Hannover Re and Talanx – disclosed clear requirements for FPIC within underwriting processes, while none had clear restrictions for investee companies that violate the right of FPIC for Indigenous Peoples. Five additional insurers reference FPIC within broader human rights investment policies but provide limited detail on how it is operationalised in practice.

The gap is also significant because Indigenous Peoples are custodians of some of the world's most important biodiverse and ecologically intact landscapes<sup>35</sup>. As such FPIC can play a dual role in safeguarding human rights and managing nature-related risk. Respecting Indigenous Peoples' rights requires not only processes that ensure that communities can participate in decisions affecting their lands, but also recognition of the important role that Indigenous Peoples play in protecting and stewarding those landscapes. However, not a single insurer disclosed restrictions on underwriting in Indigenous and Community Conserved Areas (ICCAs) (Figure 9). This highlights an opportunity for insurers to better align human rights commitments with biodiversity safeguards, ensuring FPIC principles translate into practical protections for areas recognised as under Indigenous and community stewardship.

## Finding 19: Only a minority of insurers restrict controversial weapons<sup>viii</sup> across investment and underwriting

Russia's invasion of Ukraine has prompted growing calls for financial institutions to increase their support for the defence sector. But in pursuing this, insurers must not lose sight of their legal and ethical obligations. In several jurisdictions, insurers are legally prohibited from supporting the production of certain weapons<sup>36,37</sup> and many have made public commitments to responsible business conduct and human rights. Against that backdrop, it is notable how few insurers disclose explicit restrictions covering these weapons.

As shown in Figure 19, only 16 of the 30 conventional (P&C) insurers (53%) had an explicit underwriting restriction covering some or all the following controversial weapons: anti-personnel landmines, cluster munitions, chemical and biological weapons. For investment restrictions, the picture is slightly better, though for 10 conventional insurers (33%) we were unable to find any explicit mention of restrictions.





<sup>vii</sup> Affirmed under international human rights law (such as the UN Declaration on the Rights of Indigenous Peoples), FPIC is a special right that gives Indigenous Peoples and local communities the authority to give or withhold their consent for any project or activity that may impact their lands, territories, resources, or customary rights.

<sup>viii</sup> Nuclear weapons (as defined by the 1968 Treaty on Non-Proliferation of Nuclear Weapons and 2017 Treaty on the Prohibition of Nuclear Weapons); Chemical weapons (as defined in the 1997 Chemical Weapons Convention); Biological weapons (as defined in the 1972 Biological Weapons Convention); Landmines (as defined by the 1997 Ottawa Treaty (covers anti-personnel landmines)); Cluster munitions (as defined by the 2008 Convention on Cluster Munitions).

**Figure 19: Only a minority of insurers have an explicit restriction for controversial weapons which includes nuclear weapons for their (a) Underwriting and (b) Investment (Both n=30).**

**(a) Underwriting**



-  Insurer has no controversial weapons restrictions
-  Insurer restricts controversial weapons but this does not include nuclear weapons
-  Insurer restricts controversial weapons and nuclear weapons for states that are not permitted them under the nuclear Non-Proliferation Treaty
-  Insurer restricts controversial weapons and nuclear weapons including states that are permitted them under the nuclear Non-Proliferation Treaty

**(b) Investments**



The picture is even more alarming for nuclear weapons, with only 30% of conventional insurers (9/30) explicitly stating that they have a restriction on underwriting companies that derive revenue from nuclear weapons, and just 43% (13/30) applying a comparable restriction on the investment side. Critically, the restrictions that do exist are often narrower than they first appear. Six of the nine insurers with underwriting restrictions referenced the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), meaning their exclusions may not apply to nuclear weapons produced by states that are permitted to hold them under the Treaty (i.e. US, Russia, UK, France and China). The same

NPT carve-out applies on the investment side, where six of the 13 insurers with restrictions used the same framing. This leaves a significant portion of the global nuclear weapons industry potentially outside the scope of their restrictions.

Taken together, these findings paint an alarming picture of the insurance sector's approach to controversial and nuclear weapons restrictions. Most insurers do not disclose explicit restrictions covering weapons whose use is prohibited or restricted under international law, in either underwriting or investment. Where restrictions do exist, they are undermined by narrow framings such as NPT references that leave significant portions of the weapons industry outside their scope. The gap between underwriting and investment restrictions is also striking, with underwriting consistently lagging despite the direct role it plays in enabling the production and trade of weapons. The humanitarian consequences of controversial weapons are well documented, and international frameworks for restricting them are well established. The limited disclosure of corresponding restrictions represents a significant gap that warrants greater scrutiny.

# 7. Key standards & recommendations



## Key standards for insurers

ShareAction's headline recommendation for insurance companies is to adopt the key standards set out below in full. These represent the level of policy and disclosure ambition for insurers to be aligned with a credible transition and responsible investment and underwriting practices more generally. Table 5 highlights the proportion of insurers meeting each standard, the proportion of insurers meeting underwriting standards includes conventional insurers and Lloyd's MAs (n=40), while investment only includes conventional insurers (n=30).

**Table 5: ShareAction's Key Standards for insurers**

Theme	Key standard text	Proportion of insurers meeting standard
<b>Stewardship &amp; Engagement</b>	Has reported use of a specific escalation tactic in engagement with investee companies (as shareholders or bondholders) since 1st January 2024 [1]	17%
	Has reported engagement with underwriting clients in relation to environmental or social issues since 1st January 2024.	28%
<b>Climate Change - Investment</b>	The insurer has a defined criteria for transition-related investments using an internal or external methodology and has set a measurable target for the share of its investment portfolio allocated to these investments.	40%
	The insurer excludes thermal coal mining and power across its corporate debt investments [2]	53%
	The insurer excludes investments in unconventional oil & gas extraction and places restrictions on companies developing new conventional oil & gas capacity [2] [3]	0%
	Has set an interim target to reduce CO <sub>2</sub> e emissions that meets ALL of the following: 1) at a rate of at least 50% by 2030 2) covering all listed equity and corporate bonds, and 3) using either absolute or inflation-adjusted intensity-based metrics.	3%
<b>Climate Change - Underwriting</b>	The insurer has a defined criteria for transition-related underwriting using an internal or external methodology and has set a measurable target for the share of its underwriting portfolio allocated to these investments.	15%
	The insurer excludes single-risk/facultative reinsurance for coal mining and coal power [2] [4]	25%
	The insurer excludes underwriting of unconventional oil & gas projects and any new projects that increase conventional oil & gas production capacity [2] [3] [4]	0%
	The insurer has established an interim target aimed at reducing CO <sub>2</sub> e emissions arising from underwriting activities in the highest-emitting sectors of its portfolio and has reported their progress against this target.	18%
<b>Biodiversity - Investment</b>	Has specific biodiversity-related requirements for investments covering at least two critical sectors. [5]	13%
	Assesses direct biodiversity-related impacts and dependencies across its investments, and publishes detailed results [6]	33%
	Restricts investment in companies operating in the most sensitive locations for biodiversity, using at least two definitions, including either IUCN protected areas or Key Biodiversity Areas	0%

<b>Biodiversity - Underwriting</b>	Has specific biodiversity-related requirements for underwriting covering at least two critical sectors. [5]	10%
	Assesses direct biodiversity-related impacts and dependencies across its underwriting, and publishes detailed results [6]	15%
	Restricts underwriting in companies operating in the most sensitive locations for biodiversity, using at least two definitions, including either IUCN protected areas or Key Biodiversity Area	8%
<b>Social - Investment</b>	Has a policy that excludes investment in controversial weapons (including nuclear weapons) [7]	13%
	Has an investment policy that restricts investment in companies that violate Free, Prior and Informed Consent of indigenous peoples [8]	0%
<b>Social - Underwriting</b>	Has a policy that excludes underwriting in controversial weapons (including nuclear weapons) [7]	8%
	Has an underwriting policy that considers Free, Prior and Informed Consent for companies operating in high risk sectors/projects [8]	10%

[1] The specific escalation steps rewarded here include filing shareholder resolutions, refusing to purchase new issues, communication of conditions for the purchase of new issues as part of a collaborative group (where this is legally permissible), litigation, and divestment. Other escalation steps, such as making a public statement, were rewarded within the survey and contribute to insurers' scores, but were not deemed sufficient for this standard.

[2] To meet these standards, insurers required either absolute or strong revenue-based threshold restrictions. We categorised exceptions (loopholes) within restriction policies as being "minor", "moderate", or "significant"; insurers with "minor" or "moderate" exceptions could still meet the restriction standards, provided that the restrictions had an otherwise broad scope and strength. In other words, insurers meeting these standards may still have gaps in their restriction approaches, but are still meaningfully ahead of those that do not meet them.

[3] We include in the unconventional definition oil sands, Arctic oil & gas, ultra-deepwater oil & gas, and fracked oil & gas. Meeting this standard requires midstream as well as upstream restrictions.

[4] These restrictions emphasise single risk insurance and facultative reinsurance; treaty reinsurance is scored separately within the survey, but does not yet contribute directly to a standard in our assessment. Company-level underwriting restrictions were scored separately, but do not contribute to this standard.

[5] Critical sectors include: Agriculture and forestry, Fisheries and aquaculture, Energy, Mining, Chemicals, Transportation, Construction/Real Estate

[6] We define biodiversity-related impacts and dependencies as the ways in which businesses affect (both positively and negatively) and also rely on natural ecosystems. Impacts and dependencies can arise directly from business operations or indirectly from the use of products and services (either upstream or downstream).

[7] This must include anti-personnel mines, cluster bombs, chemical weapons, biological weapons, and nuclear weapons including to states permitted them under the NPT.

[8] FPIC is a right that is recognised in the UN Declaration on the Rights of Indigenous Peoples. It allows Indigenous People to give or withhold consent to a project that may affect them or their territories. It also enables them to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated.

## Recommendations for policy makers

Patrick Nolan – former CRO of European multinational insurer: “The 2026 ShareAction Insurance Report provides us with insight into the progress made to date but also, crucially, the distance still to go when it comes to the insurance sector’s ability to identify, analyse and mitigate existential and societal-level risks. Clearly, the sector does not lack the will, creativity, and expertise to rise to the task. Indeed, the report includes excellent examples of best practice for the treatment of (almost) all areas of risk. However, these best practices remain isolated and vulnerable to the whims and tides of internal politics. This demonstrates the need for a unifying and coordinating force to encourage insurers to step up to the challenge of measuring, monitoring and mitigating systemic threats to all our future prosperity and wellbeing. A force that rewards innovation and removes financial and political impediments to better-aligned approaches. Historically, this role has been the domain of the regulator. Indeed, across the decades, insurers have repeatedly shown their willingness and ability to comply with a regulatory plimsoll line that raises all boats. However, on the issues included in this report, regulation remains globally fractured, dangerously unstable, and frequently fails to provide clear, unambiguous, and actionable guidance. I would encourage regulators to take seriously the threat to market stability and competitive viability that is presented by these risks, co-ordinate with each other, and empower the industry to properly take the action we all need.”

This report assesses insurers' practices across multiple jurisdictions with varying regulatory maturity. The policy recommendations below identify overarching issues and priorities, but their relevance and specificity vary by jurisdiction. Some jurisdictions may have already implemented measures addressing certain recommendations; others may be less advanced and require additional foundational developments before certain recommendations become actionable. Readers should assess each recommendation against their relevant jurisdictional context and regulatory landscape.

For recommendations specifically tailored to the EU legislative framework, [please refer to our accompanying briefing](#).

### Risk standards and transition planning

Establish common baseline climate and nature scenarios and acceptable risk levels to inform adaptation decisions and investments.

Support insurers and catastrophe modelling agencies to integrate nature and the risks created by its degradation in natural catastrophe models and gradually phase in requiring such modelling when appropriate.

Establish streamlined, science-based emission-reduction transition plan standards for insurers to ensure comparability and credibility. In jurisdictions where prudential transition plans are already a requirement, strengthen supervision by linking these plans to capital treatment and enforcement.

Additionally, extend scope of transition planning to nature-related risks as frameworks mature.

## Reporting and disclosure

Make climate and nature disclosure mandatory across underwriting and investment.

Require insurers to assess and report climate and nature-related risks through solvency assessments, including forward-looking scenario analysis.

## Financial stability

Treat climate and nature risks as material threats to financial stability, for example by regularly running climate and nature stress tests that capture the knock-on economic effects of increased natural catastrophes – such as supply chain disruption and uninsurability leaving households in high-risk areas ineligible for mortgages. Monitor systemic risk using watch indicators such as proportion of properties insured to trigger preventative supervisory action, adopting a precautionary approach given the uncertainty and potential irreversibility of climate and nature risks.

Introduce risk-sensitive capital charges that explicitly reflect the elevated transition risk of carbon-intensive and fossil fuel assets, including through higher capital requirements for such exposures.

## Concept of ‘risk builders’

Introduce the concept of ‘risk builders’: insurers whose underwriting or investment activities actively undermine resilience by exacerbating systemic climate and nature risks – for example, through insuring fossil fuel expansion or the destruction of natural ecosystems. Risk building leads to an increased frequency and severity of natural disasters, increasing long-term underwriting loss exposure for the entire insurance sector.

Penalise risk building to disincentivise it and internalise its long-term cost to the sector – for example, by increasing risk builder contributions to national natural catastrophe backstops through a climate risk surcharge, and restricting participation for risk builders above a threshold.

## Risk reduction

Incorporate adaptation into solvency models to credit well-adapted insurance underwriting portfolios with lower capital requirements, reflecting their reduced natural catastrophe risk. Introduce a standardised methodology for measuring the risk-reduction value of adaptation and nature-based solutions to underpin this.

Incentivise innovations that actively reduce risk, for example using nature-based solutions, rather than exclusively focusing on financial products that transfer risk.

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## About ShareAction

ShareAction is an independent charity and an expert on responsible investment. We work to build a world where the financial system serves our planet and its people.

We set ambitious standards for how financial institutions, through their investment decisions, can protect our planet and its people and we campaign for this approach to become the norm. We convene shareholders to push companies to tackle the climate crisis, protect nature, improve workers' lives and shape healthier societies. In the UK and EU, we advocate for financial regulation that has society's best interests at its core.

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