



Think Insurance.... Think Geminia

ESG & SUSTAINABLE INSURANCE

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Climate change expert & ESG an Sustainability specialist

Geminia Insurance



GEMINIA INSURANCE COMPANY LIMITED

A signatory to Nairobi declaration for sustainable insurance .



THE NAIROBI
DECLARATION ON
SUSTAINABLE
INSURANCE

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Geminia Insurance Co. Ltd
Kenya



Ghana Re
Ghana



GN Reinsurance Company
Ghana



GTA Assurance
Togo



ICEA LION Group
Kenya



ICON
Kenya



Insurance and Pensions Commission (IPEC)
Zimbabwe



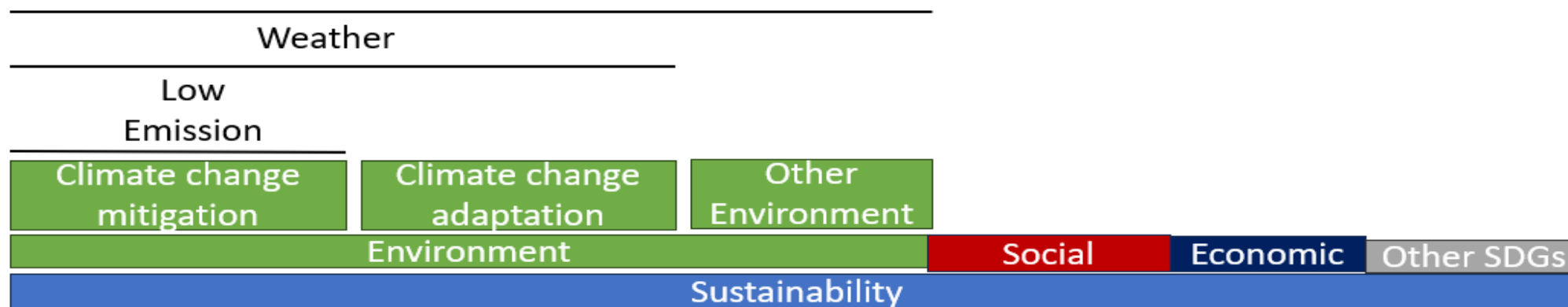
iRisk Management Limited
Ghana



SUSTAINABILITY

“meeting the needs of the present without compromising the ability of future generations to meet their own needs.” (United Nations World Commission on Environment and Development, 1987)

Green



Sustainable insurance



- “a strategic approach in which all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-thinking way by identifying, assessing, managing, and monitoring risks and opportunities associated with environmental, social, and governance issues”.



SUSTAINABILITY DRIVING FACTORS

Influential factors and initiatives.....

1. Paris Agreement

- Limit global warming to below **2 degrees Celsius**, preferably **1.5 degrees Celsius** compared to preindustrial levels.

2. Sustainable Development Goals (SDG)

- Though defined for a state framework, companies' investors and individuals have been also encouraged to adopt the SDG framework.

3. Task Force on climate related financial disclosures (TCFD)

- a framework (*Governance, Strategy, Risk Management and Metrics and Targets*) to assist public companies and other organizations disclose climate-related risks and opportunities.

SUSTAINABILITY DRIVING FACTORS

Influential factors and initiatives.....

4. United Nations Environment Programme Finance Initiative (UNEPFI)

(network of banks, insurers and investors)

- UNEP FI Principles for Sustainable Insurance (PSI) is framework for insurance industry to address environmental, social and governance (ESG) risks and opportunities.

5. The Nairobi Declaration on Sustainable Insurance

- a commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG)

- ESG stands for environmental, social and corporate governance.
- The term Environment, Social & Governance (ESG) was first used in 2005 research “Who Cares Wins” by UN Global Compact urging the financial sector to better integrate ESG issues in securities broking.
- A framework that helps stakeholders understand how an organisation is managing risks and opportunities related to environmental, social, and governance criteria (sometimes called ESG)factors.

ESG PILLARS

for

SUSTAINABLE INSURANCE

ENVIRONMENT

1. Adaptation
2. Biodiversity
3. Climate change
4. Energy
5. Environmental compliance
6. Greenhouse gas emission
7. Pollution
8. Resource depletion.
9. Waste
10. Water

SOCIAL

1. Child labour.
2. Diversity Equity and Inclusion.
3. Employees relations.
4. Health and safety.
5. Human Rights
6. Local community impacts.
7. Non- Discrimination
8. Privacy and security.
9. Training and Education.
10. Union relations.
11. Whistle blowing and reporting.

GORVERNANCE

1. Board diversity and structure
2. Executive compensation.
3. Bribery and corruption.
4. Political lobbying and donation.
5. Risk Management.
6. Procurement practices.
7. etc

Quality foundation (Reliability, Granularity, News, Breath, Executability and Availability)

Build your ESG strategy on what is so material to you organization

ESG MEGATRENDS DRIVING INSURANCE

Megatrends: a set of social, environmental, economic, etc., aspects directed in a specific direction, transforming behaviors, values and consumption habits and causing global and long-term impact.

Environmental Megatrends

The social component such as climate change, water scarcity, climate migrations, pollution, natural resource degradation, etc. Physical and Transitional risks are real and will have an impact on insurance business with growing demand reduce insurer emissions i.e. Underwriting Climate chaos.

Social megatrends

- These are long term social changes that affect economic agents, governments, society and promote behavioral changes and statistics in the individual, the human being, values, etc.

Technological megatrends

- These are derived from scientific advances. e.g. *use of IoT and AI in product development and Insurance processes.*

ESG MEGATRENDS FOR INSURANCE ...

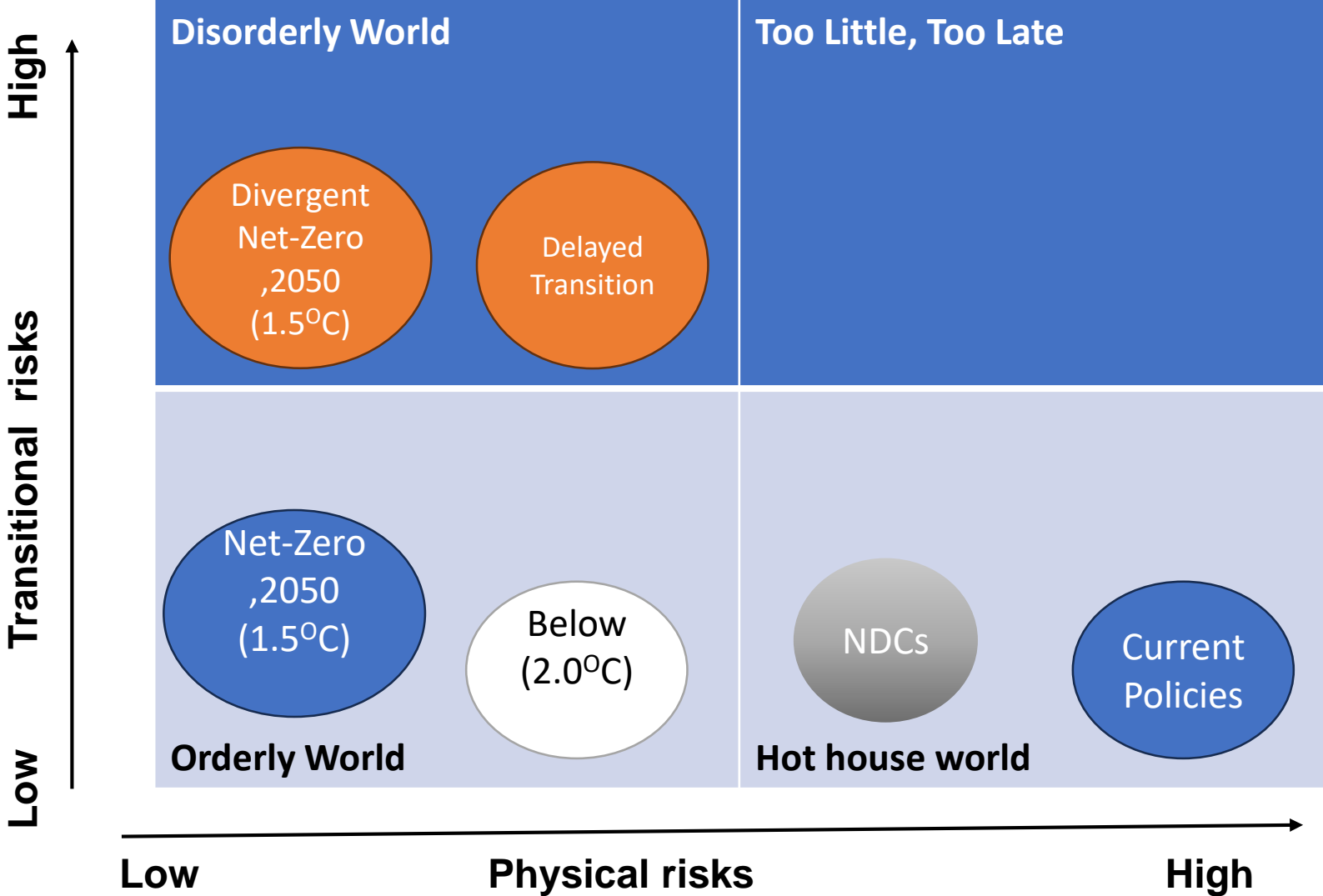
Economic Megatrends

Those derived from economic variables such as inflation, expansionary monetary policy, asset purchase programs, supply and demand.

CLIMATE CHANGE & RISKS

- **Threats:** The main one mankind will have to face in the coming decades if not millennia.
- **Cause:** Global warming as a result of high concentration of greenhouse gases.
- **Responsible:** Human Activities (Anthropogenic) contributing to high emissions.
- **Impacts:** extreme weather conditions, biodiversity loss, rising sea levels, melting of glaciers, and ocean acidification.
- **Risks to insurers:** Physical and Transitional risks channels

SCENARIOS OF FUTURE RISK TO INSURANCE INDUSTRY



PLAUSIBLE RISK SCENARIOS

Disorderly

- higher transition risk due to policies being delayed or divergent across countries and sectors.

Orderly

- assuming climate policies are introduced early and become gradually more stringent and physical and transition risks are relatively subdued.

Hot house world

- Assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming.

PRINCIPLES OF SUSTAINABLE INSURANCE

Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to Insurance business.

Principle 2

We will work together with our clients and business partners to raise awareness of Environmental, social and governance issues, manage risk and develop solutions.

Principle 3

- We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

GEMINIA AREAS OF COLLABORATION WITH AIBK

Fact and reality: *ESG is changing and will continue to change the insurance industry.*

Product and services development.

➤ Co-development of products and services that align with ESG.

1. **Motor insurance** for transition to greener energy sources and embedding circular economy to the existing ones.
2. **Green Insurance products** for infrastructure projects , facilities and economic production.
3. **Products tailored to customer specification, Digitalisation ,Hybrid products, Incentive-based insurance products.**
4. **Cybersecurity.**

Capacity

➤ **Sufficient** capacity exist in Geminia Insurance to face risks and opportunities in ESG insurance.



OUR COMMITMENT TO SUSTAINABLE INSURANCE

“Geminia Insurance Company Limited being among the market leaders in the Kenyan Insurance space endorses the Nairobi declaration on sustainable Insurance. We have full understanding of what is required of us in line with the UN Sustainable Development Goals and are committed to deploy our resources and expertise towards this noble course.

Through collaboration with other industry players, we are sure that no one will be left behind in this transformative agenda.”



Q&A

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The End