

Appropriate policy actions may enhance insurers' role in sustainable finance

Insurance Europe comments on EC hearing on sustainable finance and interim report of EC High-Level Expert Group

Commenting on the EC public hearing, Michaela Koller, director general of Insurance Europe, said: "It is very encouraging to hear two Vice-Presidents of the European Commission speak not only about the challenges, but also the great opportunities that sustainable finance could bring to the European economy. The insurance industry stands ready to engage with European policymakers and to support achieve their objectives.

Commenting on the Group's interim report, Michaela Koller said: "The Group correctly identifies the insurance sector, with its long-term investment focus, as particularly suited for supporting sustainability. Our industry has already demonstrated its interest in long-term sustainable assets. However, as the Group notes, insurers' willingness and ability to invest in sustainable assets is not matched by the availability of suitable projects. Given the lack of sufficient supply of green assets for insurers to invest in, it is important to avoid automatic penalisation of brown assets."

"Insurance Europe continues to support further initiatives by the Commission, such as EFSI 2.0, to increase the availability of suitable sustainable finance opportunities."

The High-Level Group's report also identifies that incorrectly designed prudential and accounting frameworks, which do not reflect the business model of insurers, create investment disincentives. Insurance Europe strongly supports the Group's recommendation that further policy discussion is needed in the area of Solvency II, so that areas of it are "adjusted to facilitate long-term products and long-term investment, and to reduce pro-cyclicality".

Michaela Koller added that: "Insurers optimise their investments and the "green" characteristic is one of the decision-making parameters. However, if a project is not economically viable, it will not gain support. Over recent years, insurers have increased the weighting of environmental and social criteria in their investment strategies, which has led to a significant increase in the allocation to green assets. We believe that the appropriate regulatory frameworks can further enhance this trend."

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Background

The European Commission's High-Level Group on Sustainable Finance was set up in December 2016 as part of the EC's commitment to the UN COP 21 Paris Agreement. It published its interim report on 13 July.

The Group is chaired by Christian Thimann, Axa's group head of regulation, sustainability and insurance foresight. It comprises 20 experts from civil society, the finance sector, academia and observers from European and international institutions. The Consultation on the interim report runs until mid-September. The Group is expected to publish its final report in December.

Notes for editors

1. For further information, to request a media interview or to be added to our mailing list, please contact Annemarie Bos-de Roos, policy advisor, communications & PR (tel: +32 2 894 30 71, bos@insuranceeurope.eu).
2. You can also receive updates from Insurance Europe by signing up [here](#) or by following us on Twitter @InsuranceEurope.
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