Söderberg & Partners

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Sustainable non-life insurance in Finland

A report on the non-life insurance companies' sustainability work

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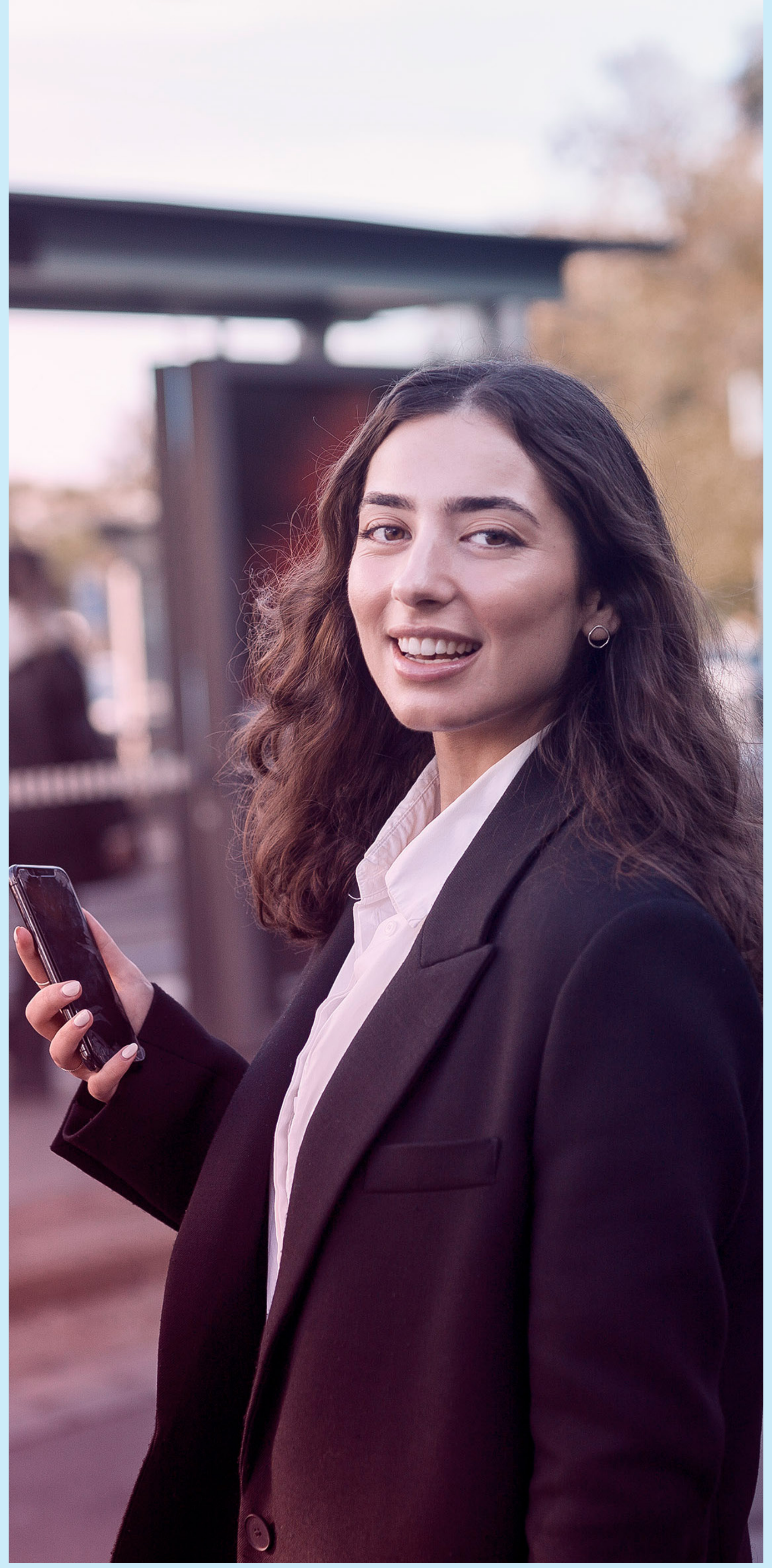
Content



Overview

A yearly assessment

This report includes eight non-life insurance companies that operate in Finland. The complete list over companies that are included in the analysis can be found on page 6 and 9.

This first sustainability report on non-life insurance companies in Finland includes separate analyses for different product areas. The categories we have assessed are transport, motor and business insurances, where the main focus of the latter is on property. The focus on product, rather than company level, is established to make the comparison relevant and fair. For customers that aim to sign an insurance contract it is more relevant to receive a comparison between companies that offer insurance for the specific product that is to be acquired. We have therefore created a relative ranking within these three areas, as well as ranking where all companies are assessed regarding how they manage their premiums and engage in cooperations and disseminate knowledge.

How is the analysis made?

The analysis assesses how the non-life insurance companies take sustainability into account in claims management, procurement, climate adaptations, asset management as well as how they increase customers' and co-workers' awareness on the climate impact of non-life damages and their effect on a sustainable development.

The analysis is based on publicly available information and data retrieved directly from the companies involved through our internally developed questionnaires about their sustainability work. The answers from the forms have often been followed up with additional questions.

The assessment of the non-life insurance companies' sustainability work is relative in each product area, which means that the companies' sustainability work is set in relation to each other. A company that have received a green rating works, according to our assessment, more actively with sustainability issues than a company with a yellow respectively red rating.

The perspectives we assess are:
- Awareness and collaboration
- Sustainability in the premium management
- Sustainability in the damage insurance for:
  - Business insurance (property)
  - Motor insurance
  - Transport insurance

Why choose a company with a green rating in one or more areas?

If you choose a company with a green rating within multiple areas you, as a customer, can be sure that the company work actively with managing and minimising the sustainability risks you yourself and society stand before. You also have the possibility to contribute to a better future through your insurance premiums when you choose a company that invests sustainably. The insurance industry has an incredibly important role to play, both in managing the effect of climate change that are already happening today as well as in the transition to a more sustainable society. By choosing a company that actively contributes with knowledge through collective industry initiatives you are also supporting the future development of a more sustainable insurance industry.

Sustainability in non-life insurance

Definition of sustainability

The term sustainability is often used synonymously to the sustainable development, which is defined as a ”development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.[1]

Apart from *environmental sustainability*, the term also includes *social sustainability* and *economic sustainability*. In the term environmental sustainability, examples of aspects that are included are environment and climate, biodiversity and an efficient use of earth’s resources. In the term social sustainability, some examples of aspects that are included are human rights, public health, equality, anti-discrimination and labour rights. The term economic sustainability is about how companies or organisations affect their stakeholders from a financial perspective. With stakeholders, aspects such as employees, suppliers and society at large are referred to. The main questions within this aspects are tax evasion and corruption.

Non-life insurance and sustainability

The insurance industry is affected by sustainability risks. These are due to an increased risk for damages on physical items (physical risk) and an increased uncertainty concerning the value of financial assets (transitional risk).

These risk together are usually referred to as environmental risks. As a consequence of these, liability and reputational risks arise. For example, a company’s inability to reach the increasing demands from customers makes it more difficult for the company to compete on the market.

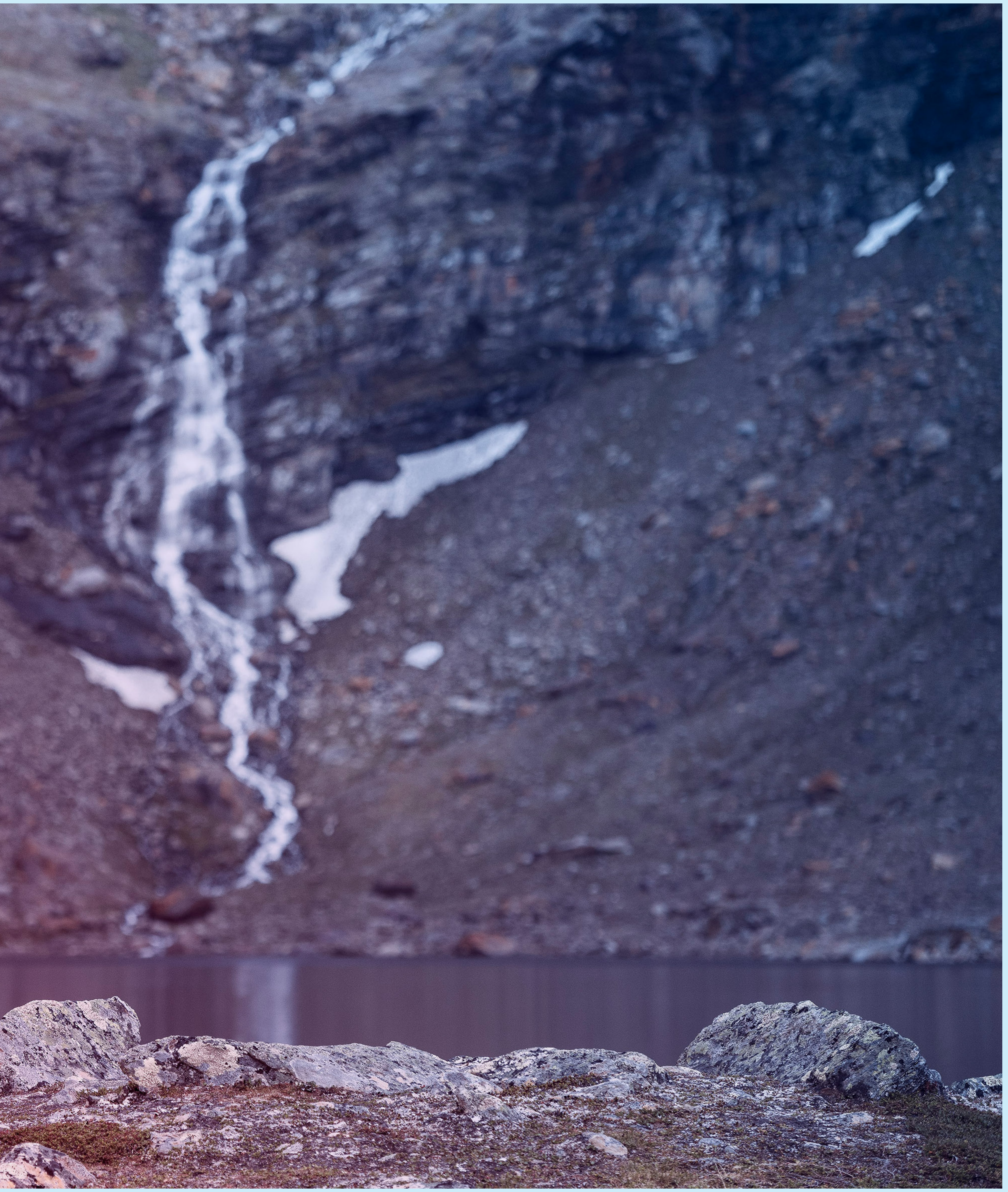
Physical risks often affect companies’ whose production is dependent on climate parameters or the predictable and sufficient availability of natural resources. Due to global supply chains, these effects are no longer geographically specific.

Transitional risks can lead to financial difficulties for carbon intensive companies due to the transition to a carbon emission lean economy and due to changes in consumer preferences.

Reputational risks can arise when a company’s own climate footprint hinders it from gaining trust, recruiting talents and attracting investors.

Liability risks arise when companies neglect climate related risks in their decision making.

[1] Report of the World Commission on Environment and Development: Our Common Future (1987), WCED.



The extreme weather that we already see today in the form of drought, forest fires and floods are to become more frequent when temperature rises both in the sea and on land. The increasing sea level, with expected flooding of large coastal areas and loss of land is going to continue for a long time.

The increasing sea levels and the force of advancing water can do large damages on buildings and infrastructure. The increasing costs makes it important for insurance companies to take into consideration the climate adaptations that companies in exposed areas do.

The extreme weather is often difficult to predict, which leads to great risks for insurance companies. The total economic cost of global natural catastrophes during 2022, was estimated by Munich Re to be 270 billion dollar, of which only 120 billion dollars were covered by insurances. The average yearly loss of insured goods between 2017 and 2021 amounted to 97 billion dollars. In other words, the loss of insured goods in 2022 overstepped the average by 24%. With this in consideration, the losses have been continuously increasing since the 80's. According to data from Swiss Re Institute, the losses due to natural catastrophes have only exceeded 100 billion dollars four times between 1970 and 2021.

The increasing frequency of damages can in the long run mean that the insurance companies have to increase their risk premiums and deductibles as well as to a greater extent decline insurances to customers in high-risk sectors or specific customers. The price increases can be made with sustainability criteria in mind, by for example increasing the premiums to companies with high sustainability risks and denying insurances to companies that lack transition plans.

This can create incentives for companies to manage their risks and redirect their businesses to be more sustainable.

Nevertheless, it is possible that the price adjustments continue to be made from a pure risk perspective, which could limit coverage for companies that initially may pose high risk due to limited damage-history. This can be the case for new technologies such as infrastructure for sustainable energy. It can even put whole industries that are exposed to high risks at a disadvantage, such as weather dependent food producers and mining companies that extract vital inputs for energy production.

Increasing costs in the insurance industry can even lead to some companies refraining from insurances or signing an insurance with little coverage. This can lead to reputational risks for the industry at large. The European Insurance and Occupational Authority, EIOPA, monitors the development of these economic and societal aspect as well as the more direct effects of climate change.

The companies that are at the forefront in their sustainability work have established processes for integrating sustainability aspects in their risk analyses.

Method & Assessment

Overall method

The aim of the report is to assess the non-life insurance companies' sustainability work. To acquire the data for the analysis we have sent out forms to the non-life insurance companies with questions on their sustainability work as well as, when necessary, using publicly accessible material on the companies' sustainability webpages and their sustainability reports. The answers on the form have often been followed up with additional questions to get correct answers.

The analysis covers the following companies:

- AIG
- Fennia
- If
- LähiTapiola
- Pohjantähti
- Pohjola
- Protector
- Turva

We do separate analyses for the three most common insurance products to make a fairer comparison of the companies according to the different conditions they have in respective product area. We hope this will give additional value to our customers that often choose an insurance within a given product category.

The companies get an individual rating in each area that concerns their operations. This does not result in a total rating, as all companies are assessed in different areas. As all companies are responsible for premium investments, through internal or external management, as well as have the possibility and responsibility to disseminate knowledge within their own organisation and industry, all companies are assessed in these perspectives. The companies have themselves declared what products they offer through the form. In case we have not received responses, we have estimated this using publicly available information.

The analysis include the following parts:

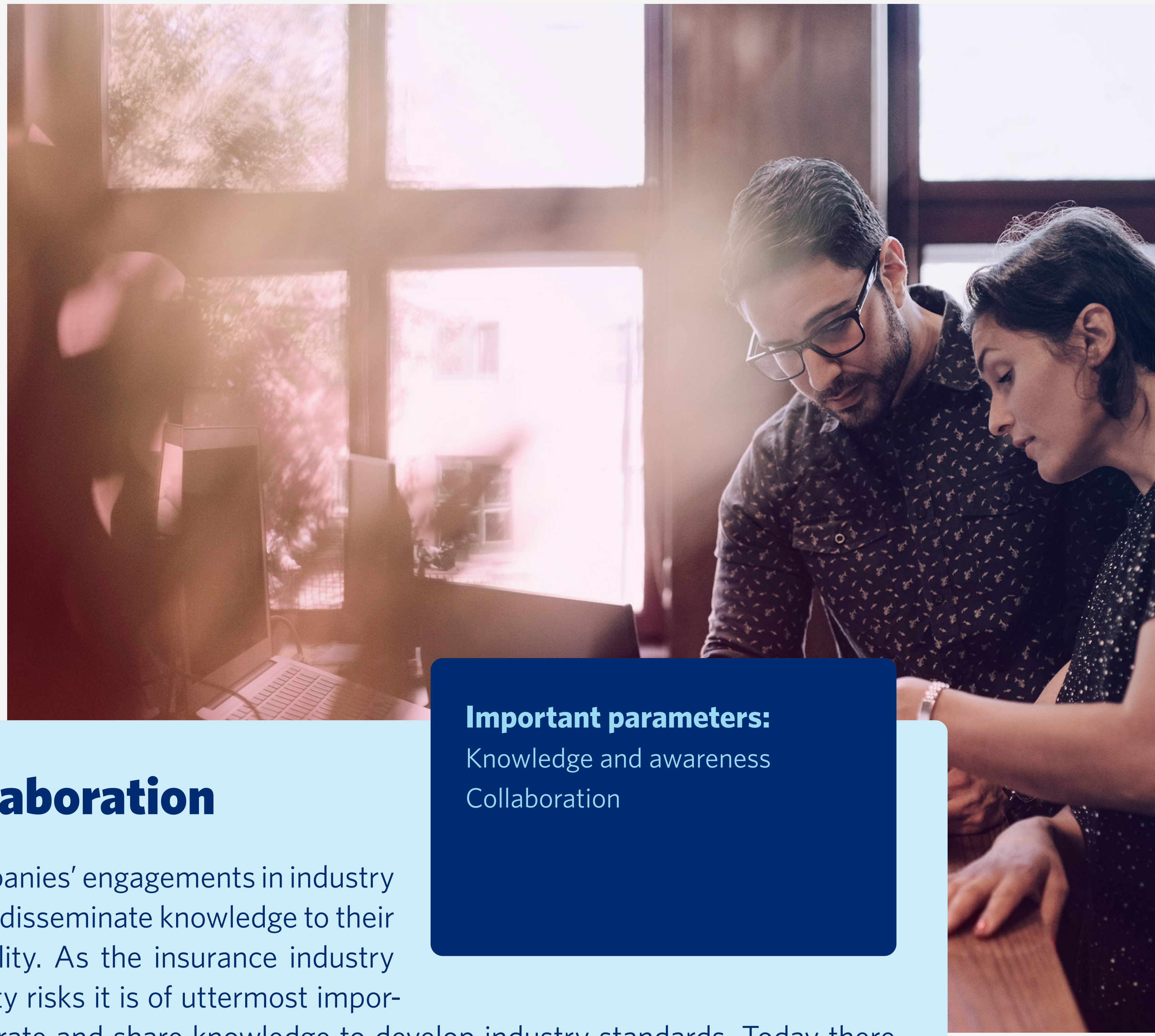
- Awareness and Collaboration
- Sustainability in premium management
- Sustainability in damage insurances for:
    - Business insurance (property)
    - Motor insurance
    - Transport insurance

A relative analysis

It is important to point out that the analysis is a relative one to help the customers choosing the most sustainable option that is offered at this point. In other words, the sustainability ratings are set in relation to the each other in each perspective described above. A company that have a green rating in an area work according to our assessment more actively with sustainability than a company that have a red rating.

Description of the assessment parameters

Söderberg & Partners' analysis is based on a relative analysis. This lets us identify and give green ratings to the non-life insurance companies that have gotten furthest and are the most innovative in their sustainability work compared to their peers. This is to facilitate for the insured party to choose the most sustainable products. In this chapter, the chosen perspectives are defined.



Sustainability in non-life insurance

Important parameters:
Sustainability in claims management
Damage prevention work
Sustainable procurement
Environmental considerations in client selection

A separate assessment is made within this perspective for business insurances, motor insurances and transport and cargo insurances. Within the perspective, the insurance companies' integration of sustainability aspects with claims settlement, risk analysis, procurement and damage prevention is assessed. In the assessment, companies that have clear quantitative goals tied to reduced material use which are followed-up on regularly, are valued. Companies with a high rating also have a supplier policy where sustainability plays a crucial role and a continuous follow-up on the compliance. The companies also work proactively with assessing sustainability risks and the effect of different damage prevention measures. This allows for an effective advisory and directed advice to clients, which are accompanied by financial incentives.

Awareness and collaboration

Important parameters:
Knowledge and awareness
Collaboration

The perspective includes the companies' engagements in industry initiatives as well as how well they disseminate knowledge to their employees concerning sustainability. As the insurance industry needs to handle large sustainability risks it is of uttermost importance that the companies collaborate and share knowledge to develop industry standards. Today there are several collaborations for sustainable investments and sustainable insurances, such as UNPSI, Swesif and Climate Wise. The employees' abilities within sustainable non-life insurance have a defining role in the actual implementation of guidelines and codes of conduct. To enable the best practical implementation of internal courses it is important that these are adjusted for different functions and targeted to non-life insurance.

Important parameters:
ESG integration
Analysis
Responsible ownership

Sustainability in investments

Non-life insurance companies manage large sums of capital. Within this perspective, the level of sustainability integration in the premium management is assessed. This includes both how they use sustainability analyses to consider risks and opportunities in the portfolio construction and how they influence the underlying assets in the portfolio in a more sustainable direction through dialogues with the underlying companies or the external manager.

ESG-integration means that the managers systematically weigh in sustainability related risks and opportunities in their investment decisions. Companies with a high rating often have both dedicated sustainability investment as well as a high minimum level for the other assets under management. The availability of ESG-data, analytical tools and internal sustainability analyses are important factors for asset managers to have sufficient information for making well founded decisions. If the companies use external asset managers, they are assessed on the demands that are made on the managers and the follow-up on these demands. The companies with the highest rating often have an internal policy and follow-up on the sustainability level of the external asset managers.

Proactive dialogues with the aim to influence the underlying portfolio companies indicates that the asset managers not only act once there are clear signs of breaches, but instead conduct dialogues as a preventative measure with the aim to make the underlying companies manage their sustainability risks and rearrange their operations to positively contribute to sustainability. In the cases where the premiums are externally managed, the companies have the possibility to conduct proactive dialogue on how they expect the managers to integrate sustainability.

Results & ratings

In the following chapter, the sustainability ratings are described within each product area for the insurance companies. The ratings are summarised in the table bellow and the grey areas represents products that are not offered by the company. In cases where the companies have not responded, we have used the information we were able to find on the companies' respective websites about their product offerings.

	Business Insurance (Property)	Motor Insurance	Transport and Cargo Insurance	Investments	Awareness and Collaborations
AIG	Red	Grey	Yellow	Red	Red
Fennia	Yellow	Yellow	Yellow	Yellow	Red
If	Green	Green	Green	Green	Green
LähiTapiola	Yellow	Yellow	Yellow	Green	Yellow
Pohjantähti	Yellow	Red	Red	Green	Yellow
Pohjola	Green	Green	Green	Yellow	Green
Protector	Red	Red	Red	Yellow	Red
Turva	Yellow	Red	Red	Red	Yellow

Results

Non-life Insurance – Business (property)

Sustainability in non-life insurance

Within this perspective, the insurance companies' integration of sustainability aspects in claims management, risk analysis and procurement as well as whether they work proactively to prevent damages is assessed. A separate assessment is made for each product category.

Business insurance

Business insurance includes property, consequential damage, legal protection and responsibility. Within this perspective the weight is primarily on property, as the insurance companies have the greatest possibility to have create impact through the claims management within this area. Within property, the insurance companies can for example support the reduction of material usage: for reconstructions, in treating damaged material, and in the damage prevention. All of which has a direct impact on the climate. The table on the next page illustrates a summary of the ratings for the area "Sustainability in non-life insurance" for the insurance companies that provide business insurances.

Green companies

Green-rated companies proactively mitigate their material impact in claims management by imposing clear demands on suppliers, setting ambitious targets, and implementing robust follow-up processes. Their damage prevention efforts are ambitious and target-driven, and they proactively share knowledge on damage prevention measures with clients. Clear and ambitious demands are placed on suppliers to ensure that sustainability is considered throughout the underwriting process. Sustainability criteria are also accounted for in client relationships, where it sometimes steers the decision to offer insurance.

Yellow companies

Yellow-rated companies strive to minimize their material impact in claims management by imposing demands on suppliers and implementing clear follow-up processes. However, their actions are often less proactive and target-driven compared to green-rated companies. While they actively work to prevent damages by advising clients on preventive measures, they frequently lack explicit targets for this purpose. Clear sustainability demands are placed on suppliers to ensure consistent integration in procurement and claims handling. Limited sustainability consideration is taken when approving clients for insurance offerings.

Red companies

The red-rated companies are less ambitious in their sustainability integration and often less transparent about their processes. While general action is taken to ensure sustainability considerations in the underwriting process, their processes are described in less detail and are often less ambitious than those of the green and yellow-rated companies.

Ratings

Non-life Insurance – Business (property)

Result
If proactively mitigates material use in its claims handling by, for example, making formal agreements with contractors and monitoring quantitative targets. A large focus is placed on damage prevention measures, which are supported by clear advice and incentives for clients. All suppliers are required to follow If's code of conduct and sustainability demands are also made towards clients.
Pohjola proactively strives to make their claims handling more circular by working together with partners to monitor recycling and repair rates. Damage prevention advice is shared proactively with clients, and the measures are followed up upon regularly. Clear sustainability demands are placed on suppliers, and Pohjola seeks to give coverage to clients with specific sustainability profiles.
Fennia strives to minimize material consumption in its claims handling by collaborating with operators and monitoring some recycled parts. Clients receive damage prevention advice, but Fennia's processes for knowledge sharing in this area can be done more proactively. Proactive sustainability demands are placed on suppliers.
LähiTapiola aims to reduce its material use in claims handling processes but does not proactively set targets to measure this. Damage prevention advice and knowledge is actively distributed to clients, but the measures are not proactively targeted and measured. Suppliers receive clear demands on how to integrate sustainability.

Result
Pohjantähti aims to limit material use in its claims handling by collaborating with local workshops and taking measures to minimize damages that have already occurred. This work is not driven by clear targets though. Clients receive proactive damage prevention advice and incentives. Sustainability is discussed with suppliers but demands towards them could become more ambitious.
Turva generally strives to minimize its material use in its claims handling through internal guidelines and agreements with contractors. General damage prevention advice is distributed to clients, but it is not done in a systematic proactive manner. Clear demands are placed on suppliers, but no sustainability considerations are taken when evaluating clients.
AIG has not responded to our questionnaire, which signals a lack of transparency. The firm has a clear supplier code of conduct and a commitment to reach net zero in its underwriting process. It is however unclear what is done in practice to achieve this specifically in this product segment in Finland.
Protector has not responded to our questionnaire, indicating a lack of transparency. The firm aims to reduce and actively measures it carbon footprint in its claims management and has a clear risk prevention focus. However, it is unclear how this is implemented in practice specifically in this product segment in Finland.

Results

Non-life insurance- Motor

Sustainability in non-life insurance

This includes an assessment of how insurance companies integrate sustainability considerations into claims management, risk analysis and procurement, and whether they are proactive in preventing claims. A separate assessment shall be carried out for each product category.

Motor liability insurance

Motor liability insurance includes individual and multi-vehicle insurance policies as well as protection for dealers and service providers. The table on the next page summarizes the ratings of insurance companies offering motor liability insurance in the "Non-life insurance sustainability" area.

Green companies

Green-rated companies proactively mitigate their material impact on claims management by setting clear requirements for suppliers, setting ambitious targets and implementing robust monitoring processes. Sustainability risk assessments lay the foundation for ambitious damage prevention work, and proactive communication on prevention measures is shared with clients. Clear and ambitious requirements are set for suppliers to ensure that sustainability is taken into account throughout the insurance process. Sustainability criteria are also taken into account in customer relationships, where it sometimes guides insurance distribution decisions.

Yellow companies

Companies with a yellow rating seek to minimize their material impact in claims management by setting requirements for suppliers and implementing clear monitoring processes, often backed up by clear objectives. Their damage prevention work is good, but it could be improved through more systematic work and clear objectives. Clear sustainability requirements are set for suppliers to ensure consistent integration into procurement and claims handling. Limited liability is taken into account when accepting customers for insurance offers.

Red companies

Red-rated companies are less ambitious in their sustainability integration and, in some cases, less transparent about their processes. Although general steps are taken to ensure the sustainability aspects of the insurance process, their processes are described in less detail and are often less ambitious than those of companies rated green and yellow.

Ratings

Non-life insurance- Motor

	Result
	If proactively minimizes material use in its claims handling by for example collaborating with local repair shops and monitoring quantitative targets. Damage prevention measures are actively monitored and encouraged through clear advice and incentives for clients. All suppliers are required to follow If's code of conduct and sustainability demands are also made towards clients.
	Pohjola proactively strives to make their claims handling more circular by targeting and monitoring recycling and spare parts usage. Damage prevention advice is shared proactively with clients. Clear sustainability demands are placed on suppliers, which are monitored regularly. Pohjola seeks to provide coverage to clients with specific sustainability profiles.
	Fennia strives to minimize material consumption in its claims handling through agreements with contractors and monitoring of recycled and reused parts. Clients receive general damage prevention information, but Fennia does not proactively share advice on measures to all clients. Clear demands are placed on suppliers, who are monitored regularly, but sustainability considerations are not taken into account in client evaluations.
	Lähitapiola aims to reduce its material use in claims handling processes and has proactively set targets to measure this. Damage prevention advice and knowledge is actively distributed to clients, but the measures are not proactively targeted and measured. Suppliers receive clear sustainability demands, but no significant sustainability considerations are part of client evaluations.

	Result
	Pohjantähti has some processes in place to limit material use in its claims handling, which is done in collaboration with local workshops. Although this work is not driven by clear targets. Clients receive damage prevention advice and incentives, but the measures are not proactively targeted. Sustainability is discussed with suppliers but demands towards them could become more ambitious. Sustainability considerations are limited in client assessments.
	Protector has not responded to our questionnaire, which signals a lack of transparency. The firm aims to reduce and actively measures it carbon footprint in its claims management and has a clear risk prevention focus. However, it is unclear how this is implemented in practice specifically in this product segment in Finland.
	Turva generally strives to minimize its material use in its claims handling by for example targeting and measuring the share of reused material, but the level of ambition could increase. General damage prevention advice is distributed to clients, but it is not done in a systematic proactive manner. Clear demands are placed on suppliers, but no sustainability considerations are taken when evaluating clients.
	AIG does not offer motor insurance in the Finnish market.

Results

Non-life Insurance – Transport

Sustainability in non-life insurance

Within this perspective, the insurance companies' integration of sustainability aspects in claims management, risk analysis and procurement as well as whether they work proactively to prevent damages is assessed. A separate assessment is made for each product category.

Transport and cargo

Transport and cargo insurance includes goods insurance as well as transport responsibility. The table on next page illustrates a summary of the ratings within the area "Sustainability in non-life insurance" for the insurance companies that provide transport and cargo insurances.

Green companies

Green-rated companies actively work on damage prevention efforts to minimize losses and proactively share knowledge on damage prevention measures with clients. They require suppliers to follow their code of conduct to ensure sustainability integration throughout the underwriting process. Sustainability criteria are also considered in client relationships, where it sometimes influences the decision to offer insurance.

Yellow companies

Yellow-rated companies engage in damage prevention efforts and knowledge sharing with clients, but their processes are often less clear and systematic than those of the green-rated companies. Their demands on suppliers vary, but most of the companies could increase their ambition level. Some companies take sustainability criteria into account when providing insurance offerings to clients, but this is often not done to the same extent as for the green-rated companies.

Red companies

The red-rated companies are less ambitious in their sustainability integration and, in some cases, less transparent about their processes. While general action is taken to ensure sustainability considerations in the underwriting process, their processes are described in less detail and are often less ambitious than those of the green and yellow-rated companies.

Ratings

Non-life Insurance – Transport

Result	
	If systematically reviews claims statistics to steer dialogues on preventative measures with clients. Knowledge on the topic is also actively distributed digitally to clients. A supplier code of conduct based on UN Global Compact is used towards suppliers throughout the under-writing process, ensuring minimum that minimum sustainability standards are met. If also engages with clients to ensure that they comply with similar standards.
	Pohjola evaluates loss statistics and engages in loss prevention projects. All suppliers must follow their code of conduct, which includes ESG considerations. Some clients are offered or denied insurance specifically for sustainability considerations.
	AIG has not responded to our questionnaire, signaling a lack of transparency. The firm has a clear supplier code of conduct and a commitment to reach net zero in its underwriting process. Through these are firmwide undertakings which should cover all countries, it remains unclear what is done to achieve this within this product segment in Finland. AIG further has thorough processes for managing ESG-risks.
	Lähitapiola works together with their partners to recycle damaged goods. Damage prevention measures are discussed with clients, where special priority is put on clients with high claims frequency. Suppliers with reliable processes are used, but no clear demands or code of conduct is described. Sustainability is considered when evaluating clients on a case-by-case basis.

Result	
	Fennia shares information and hold dialogues with clients on damage prevention measures. Although reputable suppliers are used, Fennia does not describe any clear sustainability related demands towards them, or offered support for clients in cases where procurement is done through them.
	Pohjantähti processes are mainly risk-focused, but some damage prevention guidance is given to clients. No integration of sustainability considerations in procurement or insurance coverage decisions is described.
	Protector has not responded to our questionnaire, which signals a lack of transparency. The firm aims to reduce and actively measure it carbon footprint in its claims management and has a clear risk prevention focus. However, it is unclear how this is implemented in practice specifically in this product segment in Finland.
	Turva does not describe any significant integration of sustainability consideration into the underwriting process.

Results

Investments

Investments

Within this perspective, the insurance company's respect to sustainability aspects in their premium management is assessed. It is also about if the asset managers tries to affect the portfolio's assets in a more sustainable direction, for example with engagements with underlying assets or external asset managers. The table on next page illustrates a summary of the ratings within the area "Sustainability in premium management" for the non-life insurance companies.

Green companies

Green-rated companies implement robust sustainability processes in their premium management. They utilize well-founded sustainability analyses and regularly monitor investments with various ESG characteristics. Investments are underpinned by the firms' net zero targets, which speaks to their sustainability ambitions. Engagement is an integral part of the companies' strategies, which is conducted either with internal resources or external providers or managers. Clear and ambitious expectations are set for external managers, who are proactively monitored.

Yellow companies

Yellow-rated companies have robust processes for integrating sustainability into their portfolio management. They leverage various data sources to align with their defined ESG characteristics. However, their level of ambition often falls short compared to green-rated companies. This gap may manifest in areas such as sustainability integration, engagement processes, or proactive communication of expectations to external managers.

Red companies

The red-rated companies are not very transparent about how they integrate sustainability into their investment processes. Their investments are driven by clear targets, but it is often unclear how they work to achieve those targets in practice.

Ratings

Investments

Result
If uses well-grounded analyses and has a range of methods for integrating sustainability considerations into investments decisions. This includes targeted investments in green and sustainability-linked bonds. Engagement dialogues are conducted through an external supplier. The firm has also set science-based targets, which covers the investments. This ensure regular monitoring of the portfolio's sustainability level.
Lähitapiola uses a robust data coverage to integrate sustainability across its portfolio, including specific sustainability targeted mandates with enhanced criteria's. Active engagement is conducted with holdings regarding sustainability issues and the firm has set a net zero target covering the portfolio. They proactively place ambitious demands on external mangers to adhere to their sustainability policy.
Pohjantähti manages investments in accordance with their set net zero targets. They place clear and ambitious demands on external mangers in line with this and hold proactive dialogues to make them improve their sustainability integration. External mangers are further expected to utilise solid analyses and adhere to Pohjantähti sustainability policy.
Fennia has a good data coverage and the method to integrate sustainability varies per asset class. Clear demands are placed on external managers, of which a large proportion have net zero targets. Fennia does not, however, actively engage internally and conduct limited engagement towards external mangers.

Result
Pohjola has a robust data coverage, which it utilises to integrate sustainability across the portfolio and in sustainability enhanced mandates. The firm has a net zero target, but no significant internal engagement work is described. Relevant demands are placed on external mangers, including adhere to Pohjola's sustainability policy and engagement activity, although this could be monitored more proactively.
Protector has good access to sustainability analyses, which it uses to integrate sustainability across the portfolio. However, sustainability focused investments are limited. Protector seeks to minimize carbon intensity but is still working on formalising a net zero target. Engagement dialogues are held internally, and clear demands are placed on external managers.
AIG has not responded to our questionnaire, indicating a lack of transparency. A net zero target is set on the investment portfolio, and ESG factors are considered in investment decisions. However, it is unclear how they work to achieve these targets in practice.
Turva investments are steered by net zero targets but are otherwise described in very little detail. Other than engagement dialogues with external managers, it is therefore unclear how the firm works to achieve these targets in practice.

Results

Awareness and collaboration

Awareness and collaboration

Within this perspective, the insurance company's engagement in industry collaborations are assessed, as knowledge dissemination within the industry is important in driving the sustainability work forwards within the insurance market. The rating is adjusted according to the number of business areas that each company have, to ensure that companies that only offer non-life insurances are not put at a disadvantage when being compared to companies that offer other types of insurances, management and banking operations. This is done because companies with multiple business areas tend to benefit from collaboration memberships within the entire group. The companies' work to increase their co-workers sustainability knowledge is also assed, which has a determining role in how the actual implementation of guidelines and code of conducts regarding sustainability is made. The table on the next page illustrates a summary of the ratings within the area "Awareness and collaboration" for the insurance companies.

Green companies

The green-rated companies are engaged in a large number of collaborations targeted toward sustainable investments and insurance. They sometimes actively contribute content to these collaborations. Additionally, they work actively on knowledge dissemination concerning sustainability within their own organization through both mandatory courses and informal exchanges. Trainings specifically targeted to relevant areas, such as sustainability within underwriting, damage prevention, and climate risks, ensure applicability to employees' daily work. The companies' board and executive management both receive sustainability training and incentives.

Yellow companies

The yellow-rated companies are members of a few industry collaborations, but their engagement is not as extensive as that of the green-rated companies. They use several means to spread knowledge within their organizations and offer regular courses for their employees. Courses directly related to sustainability within insurance are offered, making them directly applicable to daily activities. Although sustainability training is often offered to both the board and executive management, these are not always paired with incentives.

Red companies

The red-rated companies are either engaged in very few collaborations or are offering limited knowledge-sharing opportunities internally. Some of the companies lack transparency regarding their internal and external engagement.

Ratings

Awareness and collaboration

Result	
● ● ●	**If** is actively engaged in and contributes content to several industry collaborations. All employees, including the board and management, undergo mandatory regular trainings. The trainings specifically relates to sustainability areas within insurance, covering topics such as damage prevention and application of supplier code of conduct. ESG considerations are part of renumeration policies for the board and executive management.
● ● ●	**Pohjola** is a member of several industry collaborations. All employees, including the board and management, undergo mandatory regular trainings. Areas covered in the training are specifically related to sustainability within insurance, including topics such as climate risks and environmental certifications. ESG targets form part of renumeration policies for the board and executive management.
● ● ●	**Lähitapiola** is a member of several industry collaborations. All employees, including the management, are offered courses, but these are not mandatory. The course subjects include damage prevention and advisory and general sustainability considerations in claims handling. No ESG considerations are described as part of renumeration policies of boards and management.
● ● ●	**Pohjantähti** is engaged in a few industry collaborations, but these are relatively few. All employees, including the board and management, undergo mandatory regular trainings. The trainings include insights about climate risks and damage prevention measures and advisory. ESG considerations are not described as being part of renumeration policies of boards and management.

Result	
● ● ●	**Turva** is only a member of a few collaborations. Their external engagement thus has room for improvement. All employees, including the management, undergo courses. Topic include relevant areas such as damage prevention and advisory. No ESG incentives are described as part of management and board renumeration policies.
● ● ●	**AIG** has not responded to our questionnaire, which signals a lack of transparency. The firm is a member of several collaborations, but do not describe the level of engagement within these. General trainings are described, but it is not clear whether they cover specific sustainability areas within insurance. Neither is it clear if management or boards have specific ESG incentives or training.
● ● ●	**Fennia** is a member of some industry collaborations and spread knowledge of sustainability through internal events and presentations. Although the board undergo sustainability trainings, no formal trainings are offered to employees.
● ● ●	**Protector** has not responded to our questionnaire, signaling a lack of transparency. The firm is a member of some collaborations, but the extent of their engagement is unclear. Employees receive some training, but it is unclear what and who it covers.

Glossary

Carbon Disclosure Project

CDP is an international cooperation project that aims to lower companies' climate impact and increase awareness on climate change.

Climate Action 100+

An investor led initiative where members lead engagements with the world's largest greenhouse gas emitting companies to make them transition their operations.

ClimateWise

ClimateWise supports the insurance industry to better communicate and answer to the risks and opportunities concerning the increasing division between the total economic losses and insured losses due to climate change.

Engagement dialogues

Engagement dialogues, in some cases called "responsible ownership" or "engagement and stewardship" means that the assets managers engage with portfolio holdings to make them improve their sustainability work.

ESG

A common acronym within sustainable investments that stands for Environmental, Social & Governance. The investors consider environmental, social and governance questions.

ESG-integration

Integration, or ESG-integration, means that an asset manager weights in the risks and opportunities related to sustainability in their financial investment analysis.

Exclusions

A strategy which means that one refrains from investing in individual companies or industries.

IPCC

Intergovernmental Panel on Climate Change (IPCC) is the UN's climate panel. The organisation was founded to provide the world with a scientific perspective on the present knowledge on climate change and it's environmental and socio-economic consequences.

Montréal Carbon Pledge

By signing the Montréal Carbon Pledge, investors pledge to yearly measure and make public the carbon emissions of their investment portfolios.

Net Zero Asset Owner Alliance

The UN assembled climate leader group 'Net-Zero Asset Owner Alliance' consist of global asset owners that have pledged to lower their emissions and limit the global warming to 1.5 °C. The asset owners have pledged to a net-zero emission of green house gases in their portfolios by 2050. The intitiative was launched at the UN General Secretary's climate meeting in September 2019.

Paris agreement

A climate agreement that was concluded in Paris in 2015 where countries agreed to limit the global warming to well bellow 2 °C. In article 2.1c, the signatories have set up a goal on financial flows' alignment with a carbon lean societal development.

PRI

An abbreviation of the UN's investors initiative "Principles for Responsible Investment", which states that investors should:

1. Integrate sustainability factors (environmental, societal and governance factors) in analyses and decision making on investments.
2. Be an active owner.
3. Urge companies they invest in to be transparent and work with sustainability factors.
4. To work for that the principles should be accepted and implemented in the financial industry.
5. Cooperate with other investors and stakeholders regarding res-

ponsible investments.
6. Report on how PRI's principles are implemented and how the work with responsible investments develop.

PSI

An acronym for the UN's Principles for Sustainable Insurance, which states that companies should:
1. Integrate relevant sustainability questions for the insurance industry in their decision making.
2. Work together with customers and business partners to increase awareness on sustainability questions, manage risks and develop solutions.
3. Work together with the authorities, law makers and other important stakeholders to promote measures in society concerning sustainability.
4. Show responsibility and transparency by making public their work on implementing the principles

Science Based Targets initiative

A framework for companies to set science based climate goals that are aligned with necessary measures to fulfil the Paris agreement.

SFDR

Sustainable Finance Disclosure Regulation, on sustainability related information for the financial market actors, strive for a greater insight in how financial market actors take sustainability into consideration in their investment decisions.

Article 8: Products that promote social or environmental characteristics

Article 9: Products that have sustainable investments as their objective

Sustainable investments

According to EU, a sustainable investment contributes to the environmental and/or social sustainability and do not harm it in any way. It must also follow common practice and rules within governance and international norms and standards.

TCFD

Task Force on Climate-Related Financial Disclosures (TCFD) have as a goal to develop uniform voluntary climate related information that can be useful for investors and loan givers to understand how companies manage climate related risks and opportunities.

UN Global Compact

International principles aimed at companies to regard human rights, labour rights, the environment and anti-corruption. The principles are based on the Universal Declaration of Human Rights, the Rio Declaration, UN Convention against Corruption and ILO Conventions on Labour Rights.

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