Press release

08 March 2018

Appropriate and balanced policy actions to support insurers' role in sustainable finance are welcome

Insurance Europe has welcomed the European Commission's Action Plan on financing sustainable growth and continues to strongly support the Commission's objectives of financing a more sustainable world.

Olav Jones, deputy director general of Insurance Europe, said: "The European Commission's efforts to connect finance with the specific needs of the European and global economy for the benefit of the planet and our society are welcome. The insurance industry is keen to continue playing a key role in these efforts, and many companies are already embedding sustainability objectives in their product development and investment strategies. Naturally, the investments must still be good ones that are right for our customers."

The industry looks forward to contributing to the development of a European sustainability taxonomy, and welcomes recognition that this should include investments in climate mitigation/adaptation projects, as well as social investments, such as schools, hospitals and social housing. Similarly, the industry supports an EU label for green financial products which, with appropriate criteria, can play an important role in helping the industry to promote green products.

Commenting on the Commission's objective to mobilise capital into sustainable infrastructure projects, Jones said: "The insurance sector, with its long-term investment focus, is particularly suited to supporting sustainability. Our industry has already demonstrated its interest in long-term sustainable assets. However, insurers' willingness and ability to invest in sustainable assets is not matched by the supply of suitable projects. The industry therefore welcomes steps by the Commission to increase the supply of appropriate infrastructure assets across member states."

Regarding the link between sustainability and prudential requirements, the insurance industry supports rules that measure and capture real risks. If there is evidence that green and/or sustainable investments are less risky than other investments, prudential regulation has to recognise this on the basis of the actual risks, not on the basis of artificial incentives.

Jones added: "In the Solvency II regulation that governs EU insurers, the risks relating to long-term business and investments, including sustainable ones, are currently not correctly measured. This creates unnecessary disincentives. The upcoming Solvency II 2020 review, mentioned in priority action 8 of the Action Plan, must be appropriately scoped and address the pertinent questions and valuable recommendations made by the High-Level Expert Group on Sustainable Finance."

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Notes for editors

1. In 2016, the European Commission established the High-Level Expert Group (HLEG) on Sustainable Finance to advice the Commission on developing a comprehensive EU strategy on sustainable finance. The HLEG is comprised of 20 senior experts from civil society, the finance sector and academia as well as a limited number of observers from European and international institutions.
2. For further information, or to be added to our mailing list, please contact Richard Mackillican, policy advisor communications & PR (tel: +32 2 894 30 69, mackillican@insuranceeurope.eu).
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