

beazley

Climate change and insurance

Adrian Cox, CEO, Beazley



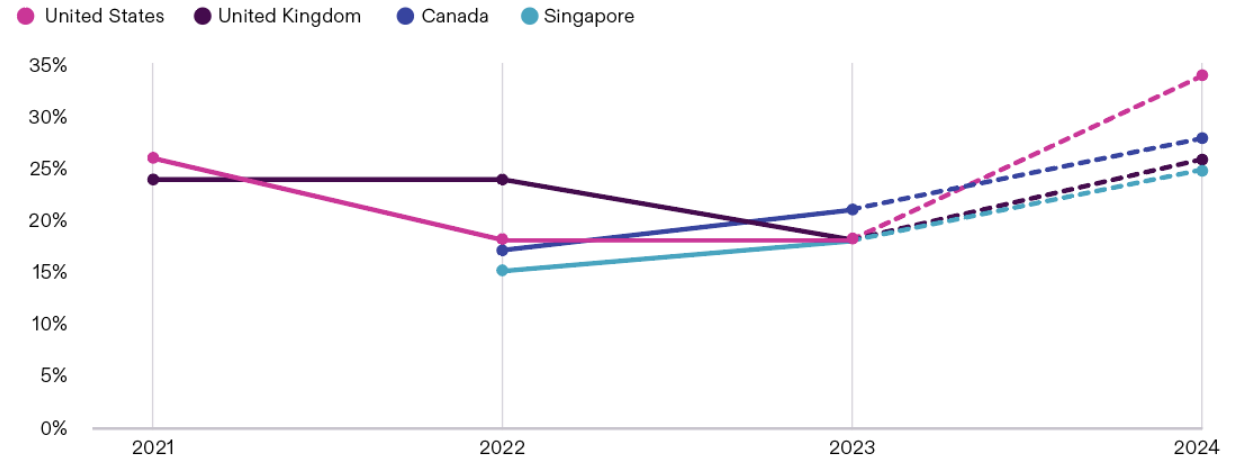
Climate change is real



Business is uncertain how to deal with climate change

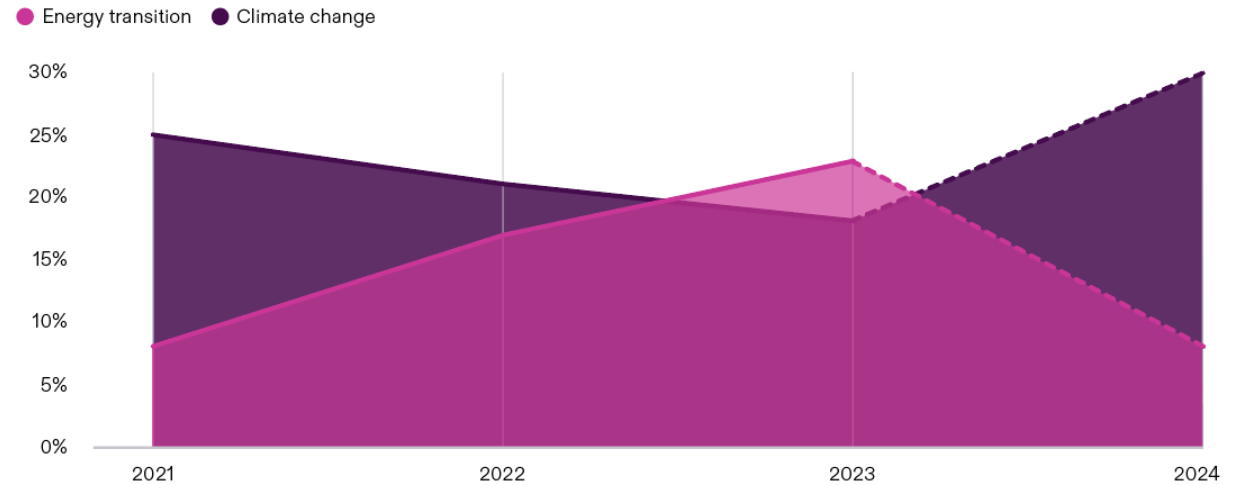
Climate Change to leap into lead position next year

Percentage of executives ranking climate change as their top risk now and in 12 months' time



Short-term energy transition concerns dominate today

Change in environmental risk perception (UK & US)



Find out more about Beazley's Risk & Resilience research [Spotlight on Environmental Risk 2023 | beazley](#)

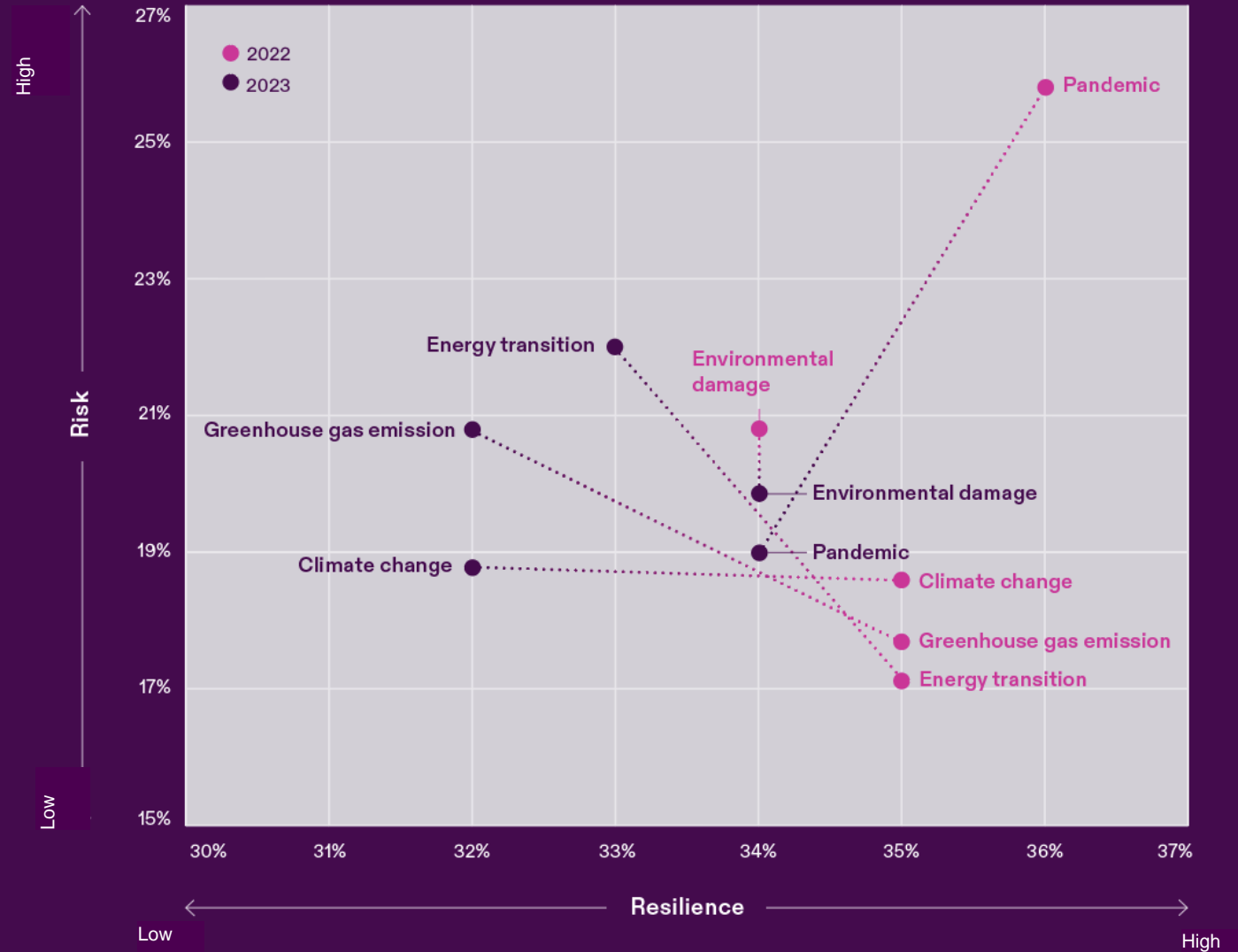
Resilience falls as risk intensifies

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[Spotlight on Environmental Risk 2023 | beazley](#)



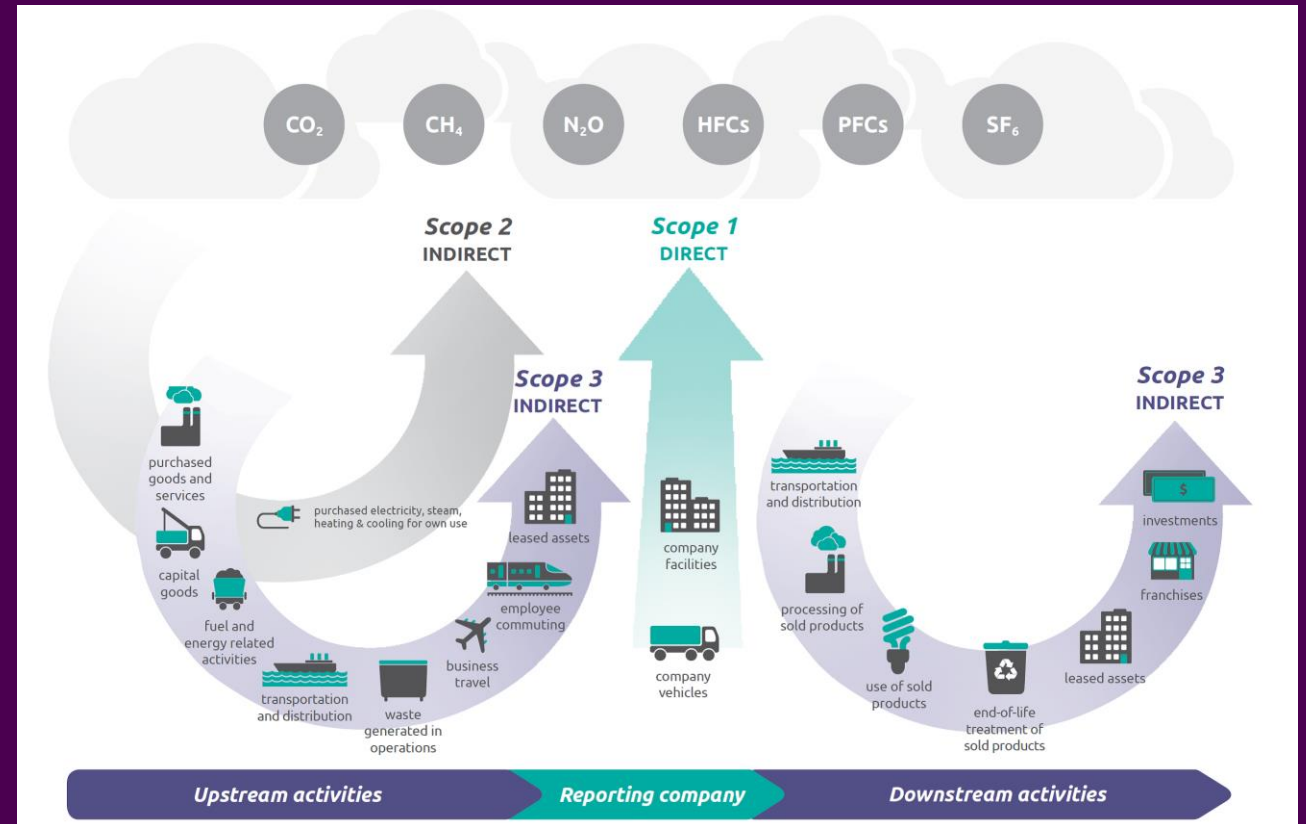
Environmental and climate resilience declines globally

Global year-on-year change of business' risk and resilience to environmental issues 2022-23



What is holding us back?

- Insufficient data
- Lack of consensus on models and frameworks
- Proxy measurements are imperfect



Source: [Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf](#) (ghgprotocol.org)

How do we move forward?

Explore how we can more effectively measure emissions



Create consensus on a measurement framework across the industry



Build reduction strategies that support clients and inform underwriting

Responsible business at Beazley



beazley



Cut carbon emissions in half



Reduce the carbon footprint
of our supply chain

Understanding climate risk

Physical risk



Physical climate risk

Acute physical risks event-driven, increased severity of extreme weather events,

Chronic physical risks longer-term shifts in climate patterns

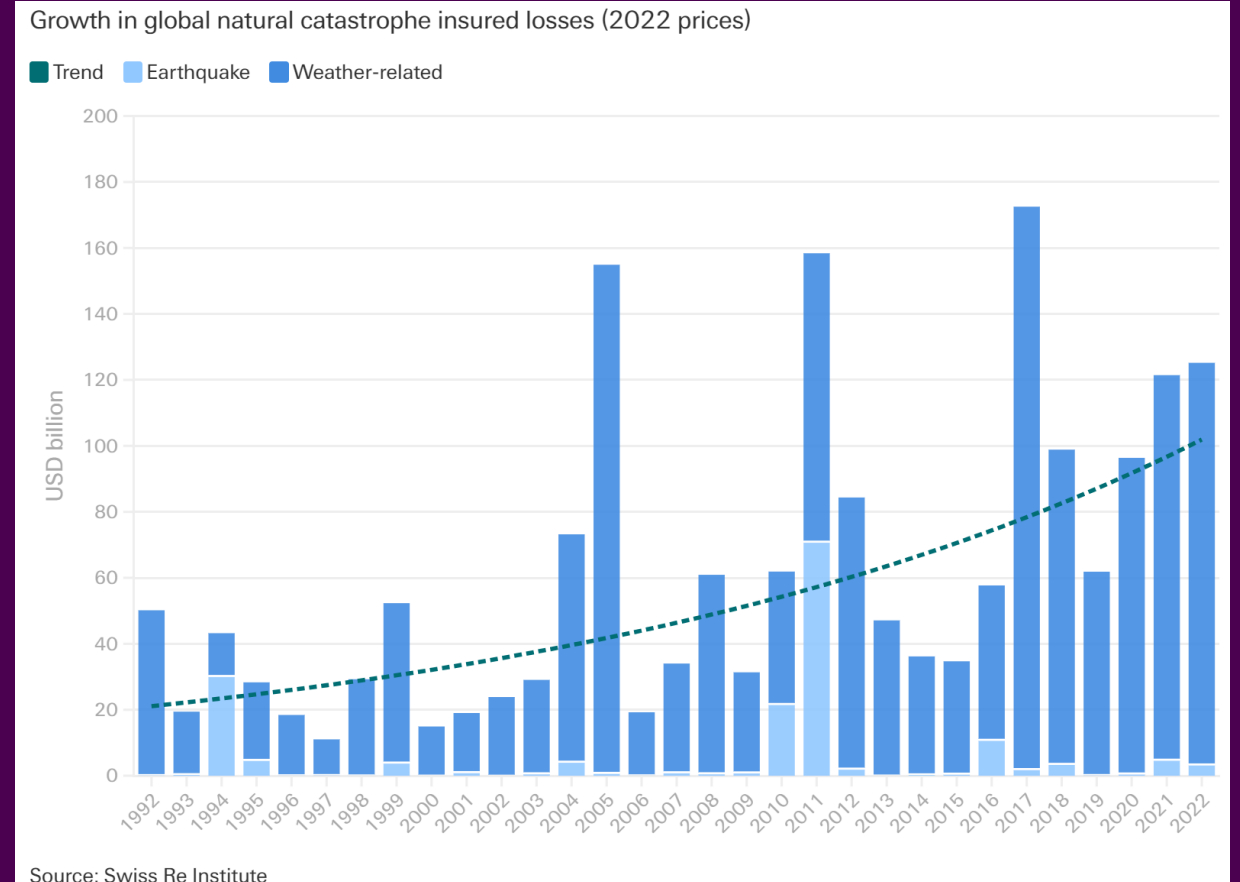
Consequences

- Damage property and other infrastructure
- Disrupt business supply chains
- Impact agricultural output
- Lead to loss of life and migration



Increasing loss trends

- Insured losses have grown by **5-7%** annually over the past three decades.
- Natural catastrophe insured losses were **\$125 billion** in 2022. Fourth highest since 1970.
- Hurricane Ian in 2022 estimated insured losses of \$50-65 billion second only to 2005's Hurricane Katrina



Underwriting physical risks with climate exposure

Beazley action

Transition to forward-looking modelling

Pricing each peril, asset and location

Client benefits

Additional capacity – based on risk

Positive feedback loop with clients to consistently update

Understanding climate risk

Climate litigation risk



Climate litigation risk - causes

1 Not doing enough

2 Not doing what you promise

3 Doing harm

Climate litigation risk – grows and goes global

Cases increase everywhere

Jurisdictions expand beyond the United States

Figure 1.1. Total climate change cases over time, US and non-US (up to 31 May 2022)

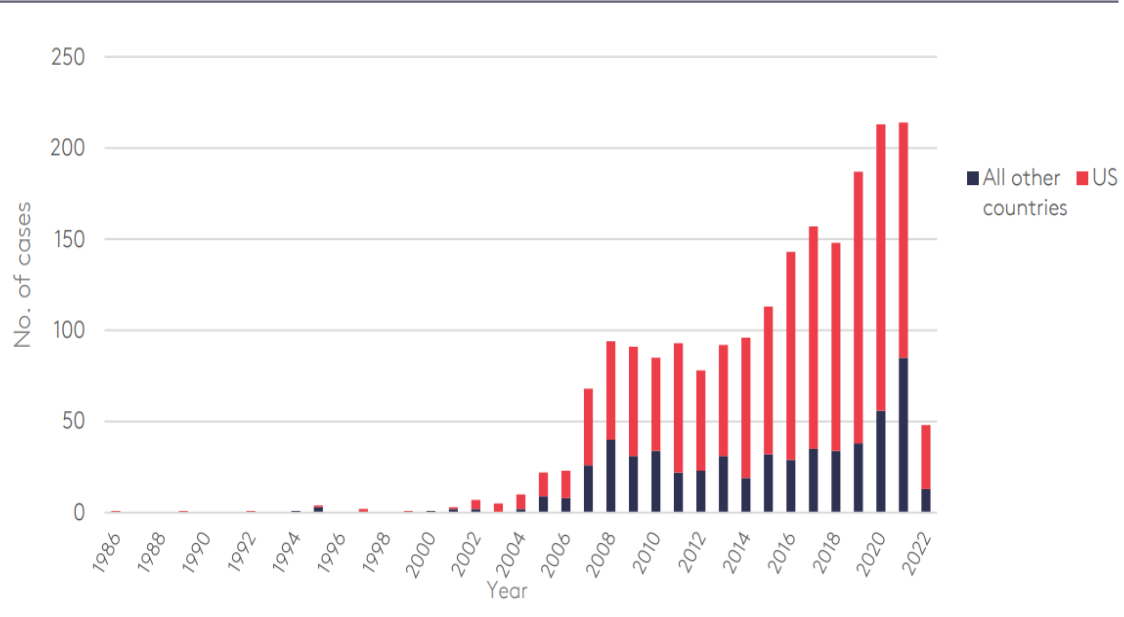
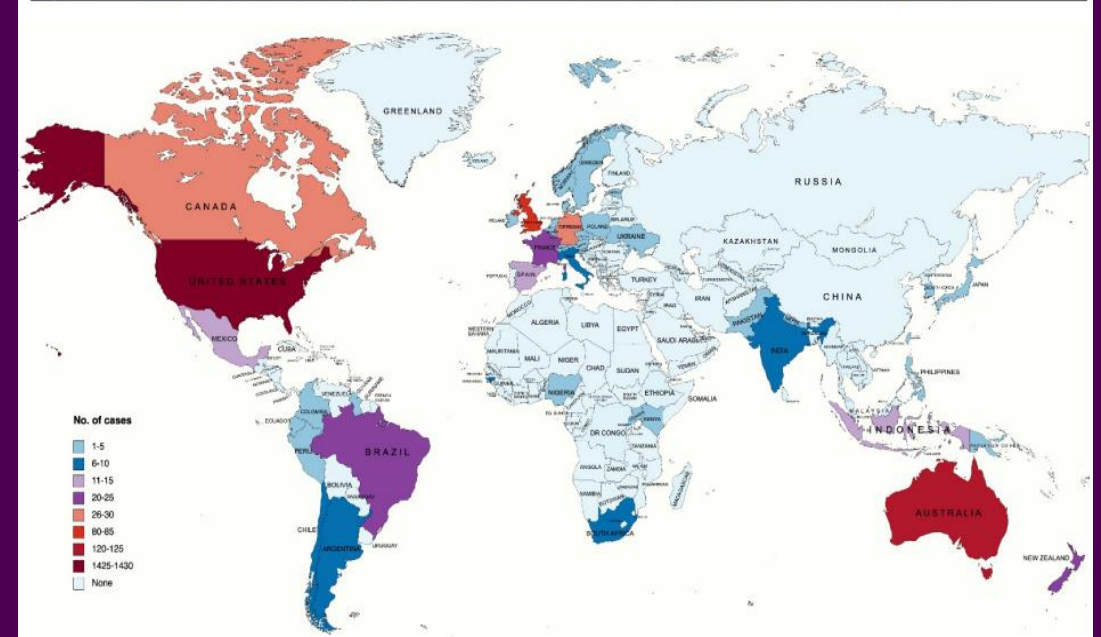


Figure 1.2. Number of climate litigation cases around the world, per jurisdiction (up to 31 May 2022)



Source of graphs: [Global trends in climate change litigation 2022 snapshot.pdf](#)

Underwriting for climate litigation risk

Beazley
action

Greenwashing RDS

Expert advice to better understand the risk

Client
benefit

Help clients identify and mitigate risks

Opportunity



The Property opportunity

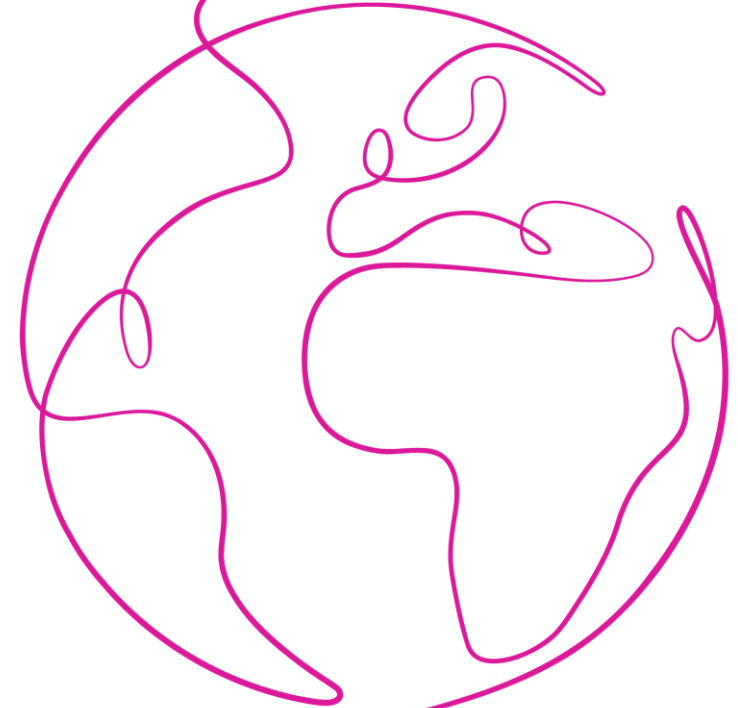
- Global commercial property market to be **US\$724 billion*** by 2032
- **Medium-term** - De-commoditisation of property insurance – as capacity is scarce and inflation has driven claims values up
- **Long-term** - Climate change is causing uncertainty for property owners and driving demand for insurance and risk management

*Allied Market Research



Energy opportunity

- Energy consumption and demand continues to grow
- Carbon capture can expand to provide part of the solution
- Renewable adoption is moving at pace
- New alternatives are needed – particularly for transportation – marine and aviation



How do we move forward?

Climate change is real



Insurers have a big part to play in supporting business



To better understand and manage the future risk



And power the next industrial revolution

Questions

