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Association Of British Insurers Releases Guidance for Members on Taking Action Against Nature and Biodiversity Loss

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The Association of British Insurers **published guidance** (the Action on Nature Guide) setting out what insurers and long-term savings providers can do to help prevent biodiversity loss in the UK and become more “nature positive.” Recognizing the challenge that many businesses face when trying to assess their impact or reliance on nature, the ABI produced the Action on Nature Guide to assist its member firms to better understand the issues policyholders are facing and how they can protect themselves from the risks associated with nature and biodiversity loss.

The ABI cited several compelling reasons for the sector to take action:

- nature loss exposes the properties and businesses of policyholders to a wide range of risks, impacting markets and financial performance;
- according to studies cited by the ABI, approximately half of global GDP – USD 44 trillion – is highly to moderately dependent on nature;
- a link between physical and mental health of the human population and healthy ecosystems, impacting the business models of long-term savings providers, life and health insurers;
- the reputational risk of perceived inaction to prevent biodiversity and nature loss; and
- net zero transition cannot be achieved with new technologies alone, and nature plays an important part in decarbonization.

The Action on Nature Guide is intended to assist relevant firms with developing a strategy to take action to address biodiversity loss and as such, provides: tools and best practice examples for expertise and guidance from external organizations; information on developing a heatmap as an estimation of potential impacts; and best practice examples from first movers in the sector and information on setting up internal working groups within firms to agree on guiding principles.

The ABI is the latest sector-focused body to **turn its attention to the prevention of biodiversity loss** following the adoption of the Kunming-Montreal Global Diversity Framework (GBF) at COP15 in 2022. The GBF is an agreement among almost 200 countries to, among other things, protect at least 30% of the planet's lands, inland waters, coastal areas and oceans by 2030.

The Action on Nature Guide has been produced as part of the ABI's umbrella action plan, the **Climate Change Roadmap**, which sets targets that the sector must meet by 2025 to keep it on track to halve emissions by 2030 and reach net zero by 2050.

Taking the Temperature: As observed by Goldman Sachs Asset Management in its 12th annual insurance survey, climate change considerations impact coverage decisions. Relatedly, in its staff paper on nature-related risks and impacts for insurance, the European Insurance and Occupational Pensions Authority postulated that insurers could help reduce nature-related impacts through underwriting activities while also mitigating risk to their investment portfolios.

Like many other industries, participants in the insurance sector have adopted differing stances in relation to climate change. Munich Re for example, the world's largest reinsurer and a founding member of the Net Zero Insurance Alliance (NZIA), **announced earlier this year** that it would cease investment in and exclusive coverage of contracts and projects related to new oil and gas. On the other hand, several insurers including Munich Re recently have **withdrawn from the Alliance** due to U.S.-based challenges to membership based on antitrust grounds. And, on May 15, 2023, twenty-three Republican state attorneys general sent **a letter to members of the NZIA** expressing "serious concerns" about whether the NZIA's requirements comply with federal and state laws, and demanding certain information.