

**Deloitte.**



Green Insurance  
Operations Survey

**MAY 2024**

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# Deloitte orchestrated a green operations survey aiming at understanding the sustainability maturity & interest of Belgian insurers

## Global background & context



Due to the **increase in natural catastrophe events** as a consequence of **climate change**, insurance companies face heightened **financial risks** and must adapt their **operations** to today's reality.



The **European Green Deal** implies a duty for insurers to **report** their environmental **impact** and sustainability **practices** transparently and they are encouraged to achieve **net-zero carbon emissions** by 2050.

## Survey objectives, methodology & scope

To better understand where Belgian insurers stand in terms of **maturity** and **interest** in sustainability, a survey was conducted among six life and non-life key Belgian insurers holding a majority of the total market shares. The survey analyzed their **approach** towards:



The implementation of a sustainability **strategy**



The impact of climate change on their **business operations**



Their **communication** methods.

## Who we surveyed

6 from  
Top-7 Belgian  
Insurers

6 insurers from the **top 10** Belgian **life** and **non-life** insurers, together accounting for **65%** of the **total market shares in 2022** <sup>(1)</sup>

(1): Assuralia (2023)

## Sustainability is already a key topic on the strategic agenda of most leading insurers

Most insurers started their sustainability journey with small-size initiatives like defining a carbon footprint reduction plan...



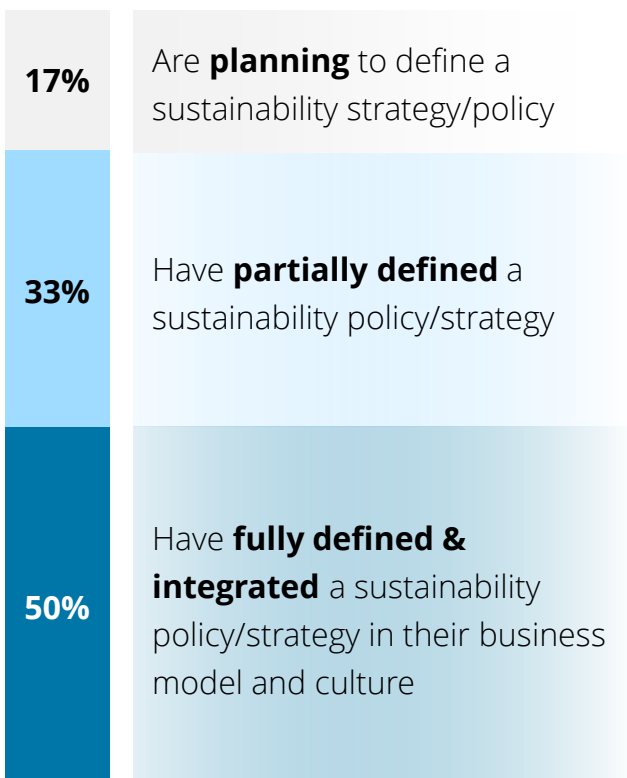
Of respondents have fully defined carbon footprint reduction plans, with specific targets & timelines **and** have built a dedicated sustainability department or team



### Sustainability plan & dedicated team

**All** the insurers interviewed have a **plan** to **reduce** their **carbon footprint**, including targets to be achieved. One player is still in the **process** of establishing a **complete** carbon footprint reduction plan. The remaining 5 players have a complete plan and rely on a **dedicated** sustainability **team** ranging from 1 to more than 10 members to implement and **develop** sustainability **initiatives** in their **operations**.

...But only 50% of insurers have a fully integrated a corporate sustainability strategy



### Policy & strategy

83% of the insurers surveyed from the **top 10** life and non-life insurers in Belgium have a **sustainability policy or strategy** in place. The **3 best-ranked** insurers in the market in terms of **market shares** have already implemented a formal **system to plan**, regularly **monitor**, and **report** on their sustainability **performance**. One surveyed insurer has **neither** a sustainability **policy/strategy** nor a monitoring & reporting **system**, although it has plans to **develop** both aspects.

## Insurers consider themselves mature, but still have a long way to go before sustainability becomes an integral part of their business model

Half of all insurers consider to fully integrate climate change and environmental risks in their day-to-day operations...



**Fully integrated in their core business operations**

**50%** Take climate change and environmental risks into account in **most** aspects of business operations



**Partially integrated in their core business operations**

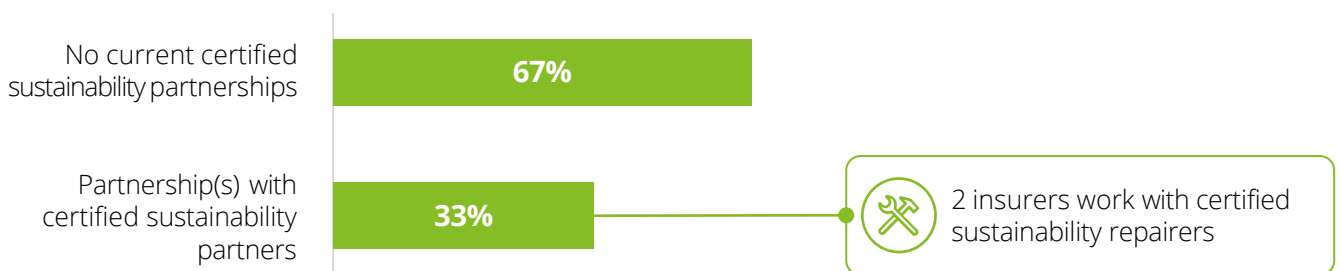
**50%** Take climate change and environmental risks into account in **some** aspects of business operations



### Impact on operations

All the insurers surveyed state **considering climate** change and environmental **risks** in the way their operations are structured and managed. 83% of them **perform** climate scenario **analysis** or stress tests.

...But only 33% of them work with certified sustainability partners



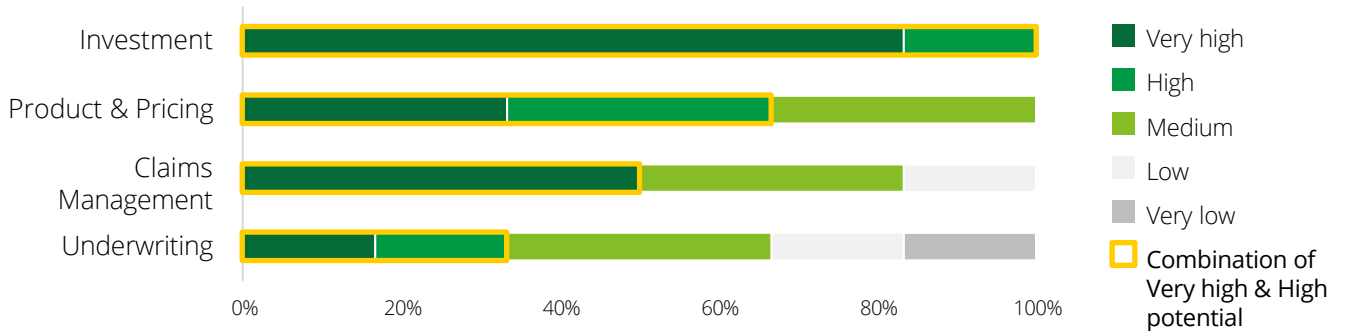
### Sustainability partners

While all insurers consider having a partial or fully integrated approach, only **2** of them work with certified **sustainability partners** in their value chain, namely **repairers. Experts, brokers** and **NGOs** were never mentioned as partners by any of the insurers. All **other** insurers either have **no sustainability partnerships**, or their partners are **not** formally **certified**.



## While insurers are grasping the potential of sustainability investment, this is far from being the case within insurance core operations

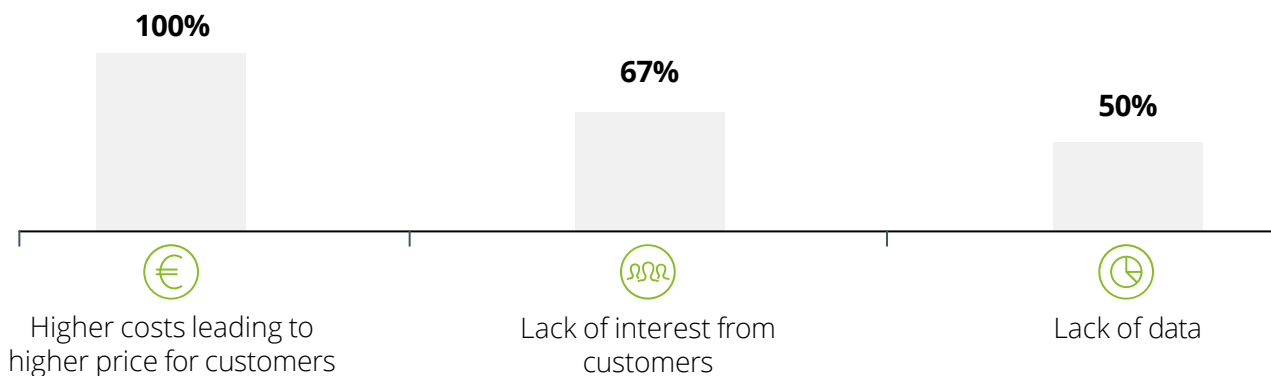
The potential of sustainability perceived by insurers varies widely through the insurance value chain...



### Areas with potential

**Investment** is undoubtedly the area in which all participants see the **greatest potential** for integrating **sustainability criteria**, in contrast to underwriting. Even though most insurers seem to see potential in the product & pricing area, **2** insurers have **not** yet begun to **integrate** sustainability into their **offer** and/or **pricing**. **3** insurers see a **very high** potential in integrating sustainability prioritization criteria in **claims management**.

...However, they still face some challenges when it comes to sustainability product innovation



### Challenges to product innovation

The **higher costs** leading to higher **price** for customers and the lack of **customer interest** are seen as the main **challenges** for sustainability **product innovation**. No insurer mentioned the **lack of knowledge** about climate change or a **lack of interest** from the company as a **barrier** to innovation in sustainability products.

**Leading insurers are leveraging on several communication channels to promote the sustainability benefits of their products, while still identifying significant opportunities in communication and in core insurance operations**

**Half of the insurers believe they need to improve their communication...**

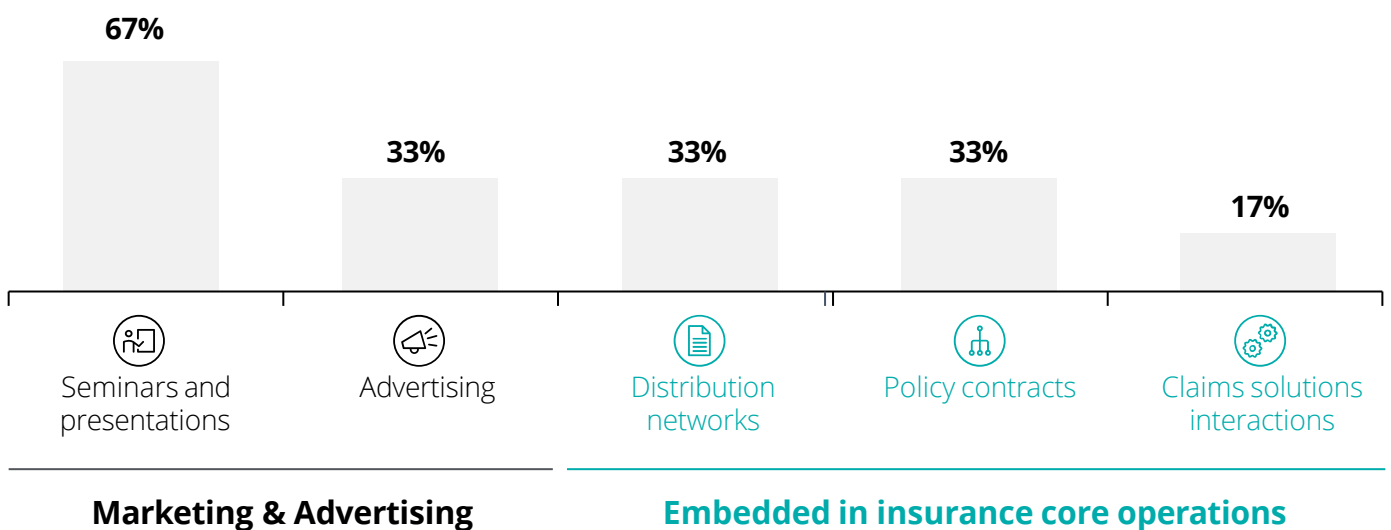
**5,7/10** Sustainability efforts & achievements communication average rating



**Satisfaction of communication efforts:**

When asked to **rate** themselves on a scale of 1 to 10, most insurers are **dissatisfied** with how effectively they **communicate** their sustainability **efforts** and **achievements** to their **customers** and other **stakeholders**.

**...And currently use various means of communications**



**Communication channels**

Out of the 6 players surveyed, 1 does not **communicate** on the sustainability **benefits** of its products. **Seminars & presentations** are the most **popular** form of communications, used by 4 insurers. The insurers deploying the **greatest number** of communication channels, awarded themselves the 3 **highest scores** among all participants.

# Insurers tend to overestimate their sustainability maturity, outlining a long road ahead before sustainability becomes fully embedded in their businesses

## An overview of Belgian insurers' maturity and interest in sustainability



**Strategy & Organization**

All insurers are increasingly **involved** in **sustainability initiatives**, such as carbon footprint plans, but **not** all have **yet** reached **maturity** in their overall sustainability **strategy**.

Among the most mature are the **top three** Belgian insurers, encompassing both life and non-life sectors, who already consistently **track**, and **disclose** their sustainability **progress**.



**Operations, Product & Pricing**

The surveyed players claim to be taking **climate risks** into account in the **management** of their day-to-day **business** and are convinced of the potential of integrating sustainability across different areas.

However, they are not ready to make a significant **societal impact**. Many of them still have to **involve partners** in their value chain, are **struggling** to **innovate** new insurance products, and have yet to **integrate sustainability** into their **offer** and **pricing**.



**Communication**

Many insurers express **dissatisfaction** with their current **communication methods** for promoting their sustainability **efforts** and **achievements** and have the perception that **client interest** is still **lacking**. This indicates that significant **improvements** are **needed**.

Notably, the insurers making use of the **most** communication **channels** tend to be among the **best-placed** in the market.

## Recommendations

- **Strengthen** dedicated **sustainability teams** by providing appropriate training and resources to enhance their effectiveness
- Ensure that **sustainability** is an **integral** part of the **business model** and **culture**, shifting from a reactive positioning which tends to minimize the negative impact, to a proactive and fully integrated positioning where the **positive impact is maximized**

- Foster an ecosystem and capitalize on **synergies** among various stakeholders to **provide** a complete **"end-to-end" sustainability value chain**
- **Collaborate** with **third-parties** such as repairers to enhance **repair over replace** philosophy
- Join **alliances** such as the Net-Zero Industry Act (**NZIA**) to publicly commit to **achieving net-zero emissions**

- Increase **awareness** and enhance customer **communication** by sharing ESG data regarding products and educate the **distribution networks** about the **sustainability offerings**



# Contacts

To find out how we can help you genuinely integrate sustainability into your daily core operations, please contact us.

## Sustainability in Insurance Operations



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