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Re/Insurance CSRD benchmark

April 2024

MAKING AN IMPACT THAT MATTERS since 1845

Re/insurers subject to EU CRSD are at an inflection point in their CSRD implementation journey. In this report, we provide a perspective on industry readiness

ESG is changing how re/insurers think about their business. This is being accelerated by the introduction of the Corporate Sustainability Reporting Directive (CSRD), a cornerstone of the EU Green Deal. CSRD is significantly more comprehensive in its scope, level of detail, and assurance requirements than any other regulations. The first CSRD reporters will report a sustainability statement for FY24 in 2025.

We've conducted a CSRD maturity benchmark to get a pulse of the market as of January 2024 and to provide insights into how re/insurers are coping with the new CSRD regulation. The maturity of the industry is fast-evolving and we will periodically update the results of this benchmark.

CSRD is more than a step change in reporting; it is a transformative opportunity for companies to embed sustainability into their business model and drive long-term value creation.

If you are interested in comparing notes on sustainability reporting, how to best navigate the reporting requirements, and how to embed sustainability in your operating model, please do not hesitate to contact us and/or your primary contact at Deloitte.

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Scope of the benchmark

We captured the progress of 16 re/insurers' CSRD programmes, including life, non-life and composite, as of January 2024

Breakdown per headquarter location

Breakdown per sub-sector

Sub-sector	Headquarter Location		Total
	EU	Non-EU	
Life	1	2	**3**
Non-Life	4	1	**5**
Composite	6	2	**8**
Total	**11**	**5**	**16**
Inc. reinsurance activity:	3	1	**4**

Breakdown per consolidated total assets

Consolidated Total assets (€)	<200bn	200-700bn	>700bn
Total	**9**	**5**	**2**

Breakdown per first year of CSRD reporting

Sector	Headquarter Location		Total
	EU	Non-EU	
Group reporting			
FY24	9	-	**9**
FY25	2	-	**2**
FY28	-	5[1]	**5**
Total	**11**	**5**	**16**
Local legal entity reporting			
FY24	N/A	1	**1**
FY25	N/A	4	**4**
Total	**N/A**	**5**	**5**

(1) One non-EU composite insurer is actively considering early adopting CSRD at group level, applying ESRS, in FY25.

Methodology

- The benchmark is based on information gathered from working directly with re/insurers.
- Where information was not available, the denominator of the impacted statistic has been adjusted accordingly.
- The three UK insurers included in the benchmark performed a DMA to inform their ESG strategy and have not yet refreshed it at group level for the purpose of CSRD. They will fall into the scope of CSRD at group level in FY28. For the DMA outcome benchmark, we mapped the sustainability topics they deemed material to the ESRS even though their DMA was not CSRD-aligned.

Executive summary

11 months from CSRD go-live, the re/insurance industry shows a low-to-medium level of readiness on average. Most plan to apply all transition reliefs available and to disregard CSRD voluntary disclosures

CROSS EXCO LEADERSHIP MOSTLY DRIVEN BY THE CFO

Close to half of the entities have assigned CSRD accountability to the Chief Financial Officer (CFO).

Others have assigned accountability to the Chief Sustainability Officer (CSO), joint accountability to the CFO and CSO or are yet to define their CSRD programme governance.

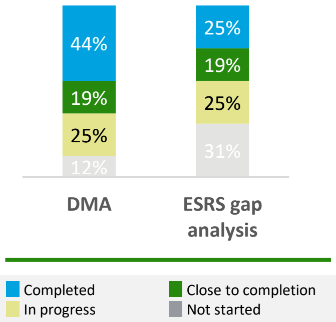
CENTRAL TEAM DRIVING CONSISTENT APPROACH AND METHODOLOGY

Most re/insurers have established a central team of up to 10 FTEs, supplemented by up to 20 external FTEs, integrated within a larger, cross-functional team of 8-40 FTEs**.**

For all non-EU headquartered entities, group is involved in local CSRD implementation.

ONLY A THIRD HAVE COMPLETED THE DMA AND GAP ANALYSIS

Most re/insurers are still in the assessment phase. In some cases, IFRS 17 was prioritised until recently. Those that have not started the gap analysis are all FY25 reporters.



TYPICALLY, 5 TOPICS ARE DEEMED MATERIAL

All re/insurers identified E1 Climate Change and S1 Own Workforce as material.

S4 Consumers and end-Users and G1 Business Conduct were deemed material for respectively 92%[(1)] and 85%[(1)] of re/insurers.

GERMAN INSURERS ARE LEADING THE PACK

German head-quartered entities are the most mature in their CSRD journey, whereas those with non-EU HQ were much further behind.

It could be that the local requirement for external assurance on EU Taxonomy disclosures, along with the complexity of their global footprint, encouraged German re/insurers to start their CSRD journey earlier.

A SPECTRUM OF TACTICAL AND STRATEGIC SOLUTIONS

Most FY24 reporters are actively implementing tactical solutions for the first year of reporting.

Most are planning for their strategic solution to re-use and extend existing architecture and incorporating "best of breed" point solutions where required.
Some have started to automate components, such insurance-associated emissions calculation.

(1) Data captured for 13 entities, including 3 insurers who have not refreshed their DMA for the purpose of CSRD yet

Programme maturity and implementation

Most insurers are still in the assessment phase. Leaders are large, EU-headquartered FY24 reporters; they have performed data dry-runs, started to test their assurance readiness and prepared a first iteration of a disclosure mock up

Current state of the CSRD programme

Phase I: Assess	Phase II: Design	Phase III: Implement
DOUBLE MATERIALITY ASSESSMENT; ESRS GAP ANALYSIS; ASSESS AS-IS DATA GOVERNANCE	DESIGN TO BE ESG KPIs AND DISCLOSURES; ENHANCE STEERING AND PERFORMANCE MGMT; RISK MGMT, CONTROLS AND AUDIT READINESS	IMPLEMENT (ITERATIVE) SYSTEM CHANGES
REVIEW AND REFINE ESG AMBITION AND STRATEGY	DEFINE TO BE DATA GOVERNANCE AND TECH REQUIREMENTS; BUILD IMPL. ROADMAP & INV. CASE	EXECUTE FIRST PERFORMANCE CYCLES AND ENHANCE; VALIDATE ASSURANCE READINESS
BUILD HIGH LEVEL IMPLEMENTATION ROADMAP & INV. CASE	ALIGN ORGANISATION, GOVERNANCE AND BEHAVIORS	EMBED NEW ORGANISATION, GOVERNANCE AND BEHAVIOURS

PROJECT MANAGEMENT

CHANGE MANAGEMENT, COMMUNICATIONS AND TRAINING

Key: Completed or close to completion for: <15% of re/insurers; 15-40% of re/insurers; 40-60% of re/insurers; >60% of re/insurers

Progress at a glance

44% **Double materiality assessment** have completed a DMA

25% **ESRS Gap analysis** have completed the ESRS Gap Analysis

3.95 months Average DMA duration; [2;8] months range

3.63 months Average ESRS Gap analysis duration [1.5;4] months range excluding post DMA true up

63% **Engagement with auditor** have started to engage with their external auditor. One will seek reasonable assurance for the first year of reporting

Programme governance

Accountable function for CSRD programme:

CFO	43%
CSO	19%
Joint CFO/ CSO	19%
Not defined yet	19%

Amongst the 5 non-EU entities:

- **2** have a local-led programme
- **1** has a group-led programme
- **2** have not determined their programme governance yet

86% of re/insurers who have completed their DMA have an **EU HQ**

100% of EU entities have a **group-led** project with local (non-HQ) contribution

Programme maturity and implementation (cont'd)

There is a significant range in readiness across the industry. Tactical solutions will be primarily used for first year of reporting, with strategic solutions planned to be implemented for subsequent years

Findings

Leaders have completed the DMA, while followers aim to complete it in Q1 2024 when in scope for FY24 reporting.

Under-estimation of the time required for internal governance approval of DMA outcomes was a common occurrence.

To optimise the time, many started the ESRS gap analysis in parallel to the DMA, on a no-regret basis. They often focussed on the highly likely material E1, S1 and G1 topics and then performed a true-up following the DMA completion. Data points could then be revised accordingly.

63% of re/insurers have already engaged with their external auditor; One insurer will seek reasonable assurance for FY24 CSRD reporting.

Early and regular engagement with the external assurance provider is recommended to ensure timeliness and compliance.

KPI and disclosure design is the least well progressed.

A third have started a disclosure mock up and are evolving it.

No re/insurer has fully completed it yet.

Data and technology design shows greatest variability of progress. Leading insurers have assessed how to gather data and have started thematic data dry runs. Some are moving towards a central data platform hosting accounting, actuarial, planning and sustainability data to allow for cross-functional reporting.

Insights

Starting early allows time for developing new data collection and review processes.

Increased reporting scope may require new performance measures and technology investment for capturing relevant metrics.

Leaders are developing a sustainability learning curriculum incorporating CSRD.

The CSRD has cross functional impacts due to the breadth of potential disclosure topics. Upskilling key stakeholders across a wide range of businesses and functions is critical.

Assurance providers are on similar learning journeys as insurers. Experience with existing mandatory reporting requirements, such as TCFD, is accelerating readiness. Social topics have proved challenging given limited existing mandatory reporting requirements.

Having a clear understanding of the end goal for the content of the sustainability statement is key. This informed the data requirements and key actions for management to take to remediate gaps and ensure first year compliance.

First year reporting shows a tactical, compliance led-approach being favoured. As re/insurers gain more experience and understanding, their approach will become more strategic, integrating sustainability into their wider business and reporting operating model.

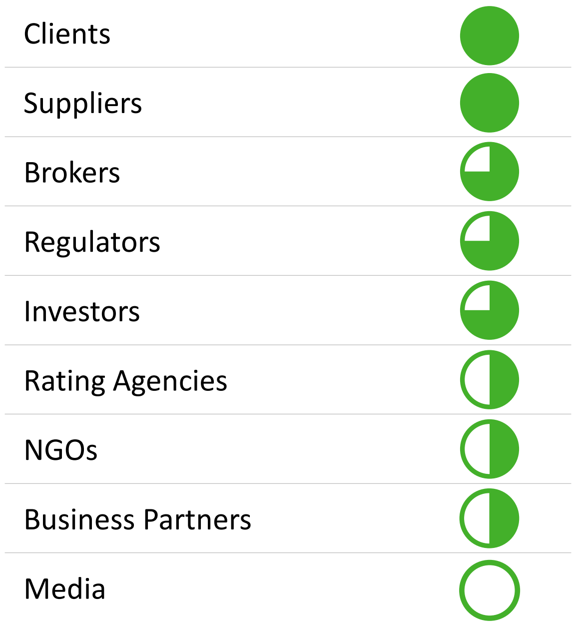
Double materiality assessment approach

Engaging with a broad set of internal and external stakeholders is critical to provide a comprehensive understanding of the impact and financial materiality of sustainability matters and related impacts, risks and opportunities

External stakeholder engagement level

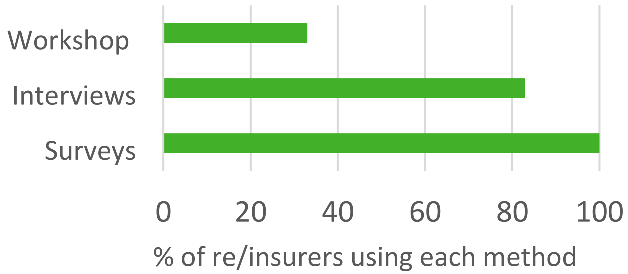
EFRAG highlighted stakeholder engagement as the cornerstone of a DMA to provide insights into diverse perspectives on the re/insurer's impact and the reciprocal influence of society and the environment.

The level of stakeholder engagement for a re/insurer's DMA is outlined below:



Stakeholder engagement approach

Multiple approaches were employed to engage stakeholders. In some cases, internal teams are being used as proxies for external stakeholders



Internal stakeholders

Employees were mostly engaged with via surveys. Additionally, representatives of functions were interviewed; the word map shows the most frequently engaged internal functions in the DMA.

Highlights

A core component of the DMA is the value chain assessment. **A key challenge facing re/insurers is how to define their value chain, including its start and end point.**

Stakeholder engagement is a cornerstone of the double materiality assessment. **Many re/insurers have highlighted the importance of stakeholder education to make the interviews more effective**, for example via pre-reads and briefing sessions upfront

One re/insurer opted for a strategic client engagement approach across its retail motor insurance business and leveraged the surveys to also learn more about clients' preferences. **Whilst an exception today, we expect that, in the future, insurers will use the DMA engagement a strategic tool for wider value-add outcomes.**

The DMA requires significant judgment, and the DMA disclosure is subject to external limited assurance. **The assurance documentation requirement should not be under-estimated**, especially with regards to impact materiality, and to scoring of the sustainability topics, sub-topics and sub-sub-topics which are not clearly material or immaterial.

Double materiality assessment outcomes

Most re/insurers deem E1 Climate change, S1 Own workforce, S4 Consumers and end-users and G1 Business conduct material

Material ESRS

The sustainability topics deemed material determine the ESRS to comply with. The choice of ESRS topics varies based on their insurance specialisations and investment focus.

Cross-cutting standards

- ESRS 1 General requirements
- ESRS 2 General disclosures

Environment

- ESRS E1 Climate change – 100%
- ESRS E2 Pollution – 23%
- ESRS E3 Water and marine resources – 15%
- ESRS E4 Biodiversity and ecosystems – 69%
- ESRS E5 Resource use and Circular economy – 46%

Social

- ESRS S1 Own workforce – 100%
- ESRS S2 Workers in the value chain – 15%
- ESRS S3 Affected communities – 0%
- ESRS S4 Consumers and End-users – 92%

Governance

- ESRS G1 Business conduct – 85%

Never material | Infrequently material | Frequently material | Always material | Mandatory

Data captured for 13 entities

Insights

Re/insurers deem a range of 3 to 8 topics as material, with a median of 5. There is a correlation between the number of material topics and the diversity of the business.

Environmental topics

One re/insurer deems E1 material primarily in the medium and long-term, rather than in the short-term.

E2 Pollution is deemed material mostly because of exposure to real estate (investments) and mobility sectors.

E3 Water and marine resources is deemed material mostly in relation to marine and transit underwriting.

E5 Resource use and circular economy is deemed material mostly in relation to investments portfolio and non-life underwriting, such as motor insurance.

Social and Governance topics

Two re/insurers encountered challenges determining the materiality of S2 and S4. They both ultimately concluded that S2 was not material to their business. One deemed S4 as material and one is still debating whether S4 is material.

Two re/insurers which deem G1 immaterial include a business conduct element to the S4 topic, which they deem material.

Double materiality assessment outcomes – Environment

Energy, Direct impact drivers of biodiversity loss, and Impacts on extend and condition of ecosystems are the most frequently deemed material after climate change adaptation and mitigation

Environment

	E1 Climate Change	E2 Pollution	E3 Water & Marine Resources[2]	E4 Biodiversity and Ecosystems	E5 Circular Economy
Always material	Climate change adaptation Climate change mitigation				
Frequently material	Energy			Direct impact drivers of biodiversity loss Impacts on extent and condition of ecosystems	
Infrequently material		Pollution of soil Pollution of water Pollution of air		Impacts and dependencies on ecosystem services Impacts on the state of species	Resources outflows related to products and services Resources inflows, including resources use Waste
Never material		Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics	Water Marine resources		

Never material | Infrequently material | Frequently material | Always material | Mandatory

Data captured for 9 entities

Insights

- The sub-topics and sub-sub-topics deemed material inform which disclosure requirements and data points within the respective ESRS are material.
- Those who have performed a gap analysis in parallel of the DMA on a no-regret basis performed a true up of the gap analysis post-DMA, and descoped a number of datapoints relating to sub-topics and sub-sup-topics deemed immaterial.
- 83% of entities which deem the sub-topic *Direct impact drivers of biodiversity loss* material within E4 have also signed the Finance for Biodiversity Pledge [1]. This sub-topic is identified as material primarily because of its effects on the investment portfolio; fulfilling the pledge may have played a role in the materiality assessment outcome.

(1) Finance for Biodiversity Pledge was launched by group of 26 financial institutions in 2020 and has been signed by 163 institutions.

Double materiality assessment outcomes – Social and Governance

Most re/insurers deem S1, S4 and G1 as material; None of them deem S3 as material

Social / Governance

	S1 Own Workforce	S2 Workers in the Value Chain	S3 Affected Communities	S4 Consumers and End-Users	G1 Business Conduct
Always material	Equal treatment and opportunities for all; Working conditions; Other work-related rights				
Frequently material				Social inclusion; Information-related impacts	Corporate culture; Management of relationships with suppliers inc. payment practices; Whistleblower protection; Political engagement; Corruption and bribery
Infrequently material		Equal treatment and opportunities for all; Working conditions; Other work-related rights		Personal safety	Animal welfare
Never material			Communities' economic, social and cultural rights; Communities' civil and political rights; Rights of indigenous people		

Never material | Infrequently material | Frequently material | Always material | Mandatory

Data captured for 9 entities

Insights

- S4 Consumers and end-users is frequently deemed material, especially because of the **social inclusion** sub-topic.
- No re/insurer deem S3 Affected communities material. This may reflect how the insurance industry have adapted their underwriting exclusion and responsible investment policies.
- All insurers that deem S2 Workers in the value chain material are head-quartered in the EU.
- All insurers that deem corruption and bribery material are head-quartered in the EU.

ESRS Gap analysis

The environmental disclosures require overall the highest effort, followed by social disclosures

The **ESRS gap analysis** identifies gaps between current disclosures and reporting capabilities and the required disclosures relating to policies, actions, targets, and metrics. Prioritising these gaps enables the development of an implementation roadmap.

ENVIRONMENT

- E1 requires a significant uplift in granularity of disclosures even for leaders in TCFD.
- Many are in the process of forming a 1.5°C aligned transition plan. Most local EU subsidiaries of non-EU undertakings plan to disclose for first year of reporting that they don’t have one in place.
- Most don’t plan to disclose IAEs(1) and IAE reduction targets the first year given the extensive use of proxies and expert judgment in a limited assurance context, the low coverage of the overall portfolio, and transition relief for disclosures relating to the value chain(2).
- Extensive research and development efforts are underway to collect metrics that are not readily available. This will increase investment in data and technology in the coming years.

SOCIAL

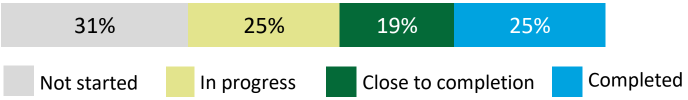
- Mapping working arrangements with the definition of employees and non-employees in Own workforce is a challenge and is in progress at most entities.
- Gathering data on harassment, gender pay gap and on non-employees in Own workforce and employees in Own workforce and harassment present key challenges, and there is also a low disclosure maturity on human rights and collective bargaining.
- Legal data restrictions may limit data completeness on topics such as disability and gender, and we expect reporters to disclose the information available with appropriate caveats. Fostering an inclusive culture can help increase voluntary disclosures by employees.
- Collecting data across different countries with varying HR systems was highlighted as a concern.

GOVERNANCE

- Business conduct represents a lower implementation effort due the regulated nature of the re/insurance industry.
- Supplier Management and Payment Practices metrics are often the most challenging data points to source.

Insights

What is the status of the ESRS Gap Analysis?



All FY24 reporters have started their ESRS gap analysis. Those that have not started the ESRS Gap analysis are all FY25 reporters (at local or Group level).

As re/insurers manage the sheer volume of reporting and granularity required by CSRD, **minimal compliance** is currently the preferred course of action. Most are planning to disclose mandatory disclosures (subject to materiality assessment) only and are disregarding voluntary ESRS disclosures.

Existing **EU Taxonomy** programmes are evolving to meet the limited assurance requirement under CSRD and to incorporate the related disclosures into the CSRD sustainability statement.

To comply with **ESRS 2 General disclosures**, the more advanced reporters have mapped their inventory of existing **policies** and process-guides to the sustainability matters and related IROs they deem material. They are reorganising them to align with the sustainability matters covered (e.g. consolidating existing policies under an umbrella policy) and planning to complement them as necessary (i.e. when a sub-sub-topic deemed material is not fully addressed yet), with defined action owners and timelines, which can be beyond the first year of CSRD reporting.

(1) Insurance associated emissions (2) In line with ESRS 1 10.2 Transitional provision related to chapter 5 Value chain

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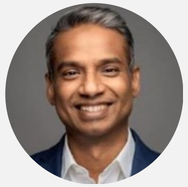

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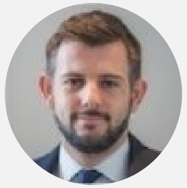

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