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Statement from the UN Environment Programme on the Net-Zero Insurance Alliance Reports on Target Progress

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By Jason Halper
Partner and Co-Chair | Global Litigation



By Sara Bussiere
Special Counsel | Global Litigation

On July 5, the UN Environment Programme (UNEP) [released a statement](#) on the Net-Zero Insurance Alliance's (NZIA) progress towards net-zero targets. The NZIA is convened by the [UN Principles for Sustainable Insurance \(PSI\)](#) and aims to decarbonize insurance and reinsurance underwriting portfolios in order to advance the transition to a net-zero economy. The commitment signed by NZIA members is accredited by the [UN Race to Zero](#) and the Alliance is a member of the [Glasgow Financial Alliance for Net Zero \(GFANZ\)](#).

Since its launch two years ago, NZIA has worked to develop foundational concepts and frameworks to support its member companies in their efforts to achieve net-zero emissions. These include the [NZIA statement of commitment](#), the [NZIA white paper on net-zero insurance](#), the [PCAF Insurance-Associated Emissions Standard](#), and the [NZIA Target-Setting Protocol](#).

The Race to Net-Zero

The UNEP statement confirms that going forward, NZIA members are not required to set or publish any net-zero targets. Each member is responsible for and also publicly accountable for any net-zero targets, the roadmap created to achieve those targets, relevant methodologies adopted for this purpose, and measuring and monitoring progress toward net-zero commitments. Members independently determine their own path to net-zero with the NZIA providing support, including best practices, “to aid in the accurate measurement, standardization, and comparability of science-based decarbonization targets for insurance and reinsurance underwriting portfolios and to enhance overall transparency and accountability

across the insurance industry on climate action.” The statement emphasizes that NZIA membership does not involve any “coordinated competitive conduct or exchanges of competitively sensitive information.” While the protocol is specifically designed for NZIA members, UNEP encourages all insurance market participants, whether NZIA members or not, to utilize it and the methodologies set out to align with any proposed net-zero transition pathway.

Taking the Temperature: Although not stated expressly, the UN Environment Programme’s statement may represent at least in part a reaction to NZIA membership losses. [As we have discussed](#), Munich Re, Zurich and Hannover Re, three major insurance providers, announced their exit from the NZIA in the span of one month between March and April 2023. Other departures have followed. Munich Re cited “material antitrust risks” as the reason for withdrawing. On May 15, 2023, twenty-three Republican state attorneys general (AGs) [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. At the same time, as they grapple with the politicized nature of ESG in the U.S., insurers also are dealing with business risks associated with climate change. We have reported on the findings in Goldman Sachs Asset Management’s [12th annual insurance survey](#), where just over one-third of insurance executives surveyed stated that climate change could also affect their ability to [insure for extreme weather events](#). Likewise, an [Allianz report](#) cited as risks for carriers increasing climate-focused litigation against companies and their boards, noting that “the cumulative number of climate change-related litigation cases has more than doubled since 2015.” Particular types of cases cited included those asserting claims for greenwashing, failure to comply with international agreements such as the Paris Agreement, and claims based on companies making insufficient progress toward articulated sustainability targets. Reflecting these challenges, insurance industry groups in addition to NZIA and regulators have offered support and guidance. For instance, [we have discussed](#) the Association of British Insurers publishing 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.