

# INSURANCE CONFERENCE 2024

## ADAPTING TO THE CHANGING LANDSCAPE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL RISKS

Name: The case for microinsurance in light of ESG challenges  
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# Introduction to the Hollard Group

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# Origins of the Term ESG

- 2004 Publication of the UN Global Compact Report '*Who Cares Wins: Connecting Financial Markets to a Changing World*' referring to the term ESG

<https://documents1.worldbank.org/curated/en/280911488968799581/pdf/113237-WP-WhoCaresWins-2004.pdf>

# What is ESG?

A set of environmental, social, and governance factors considered by companies when managing their operations, and investors when making investments, in respect of the risks, impacts, and opportunities relating to but not limited to

- *Environmental issues*: potential or actual changes to the physical or natural environment
- *Social issues*: potential or actual changes on surrounding community and workers
- *Governance*: corporate governance structures and processes by which companies are directed and controlled including the governance of key environmental and social policies and procedures

(IFC ESG Guidebook)



# ESG Factors:



# Why Does ESG Matter?

- Creating long-term value
- Optimizing risk management
- Refining corporate purpose & addressing stakeholder priorities

# Progress Review

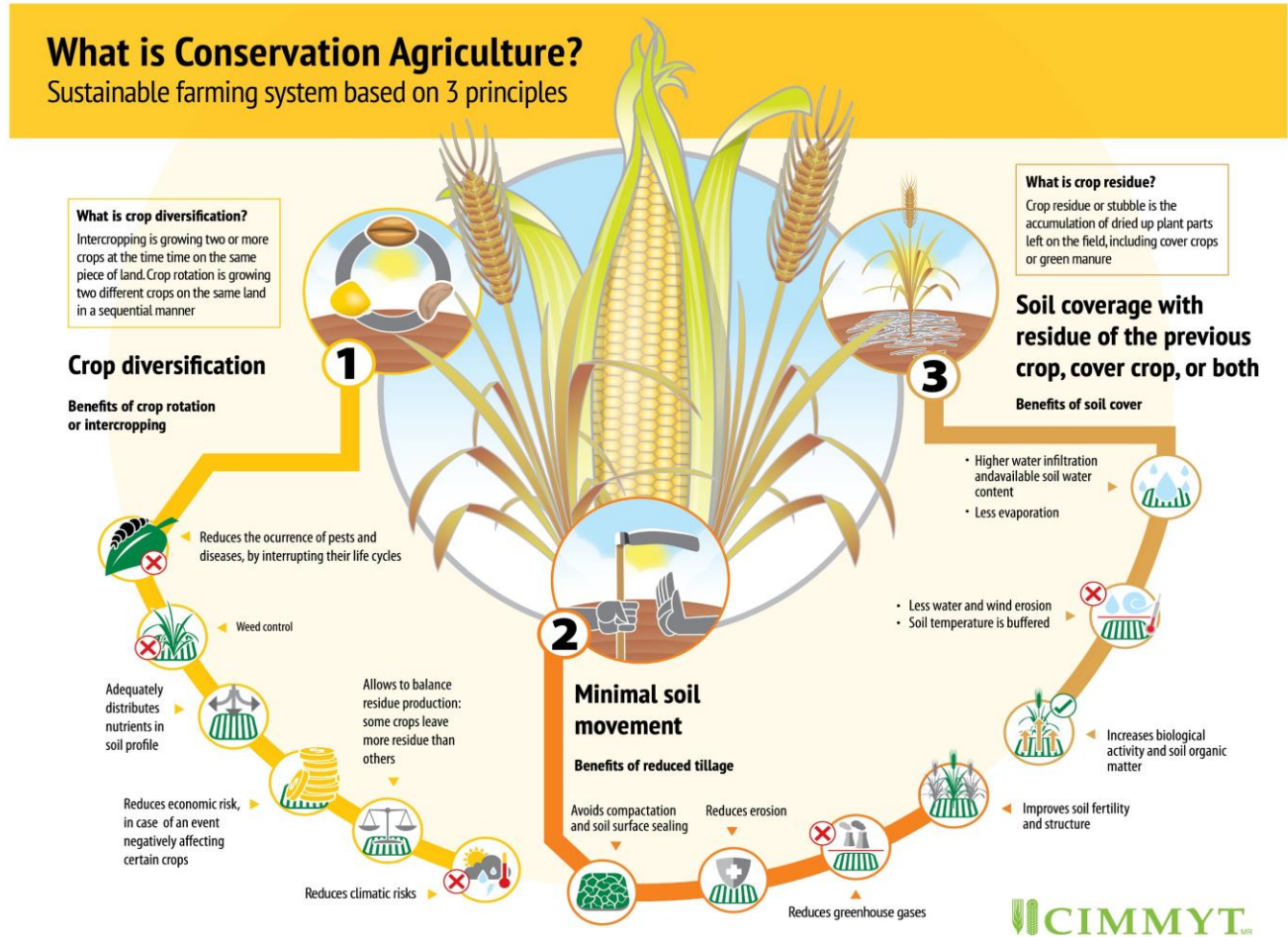
- Very few companies are making meaningful progress
- Slow & incremental changes
- Little or no fundamental strategic or operational shifts
- For most companies, ESG is treated like Corporate Social Responsibility type of activity



# Steps for Full Integration of ESG

1. Identify social & environmental ESG factors that are material for the target value chain
2. Focus on strategic shifts that could be made with fundamental impact on identified ESG factors
3. Assess link between profits and effects on ESG social and environmental issues
4. Aim for win-win partnerships that can help to avoid trade-offs between profit and societal benefit
5. Change organizational roles and structures to integrate sustainability in the company
6. Demonstrate financial benefit of ESG initiatives

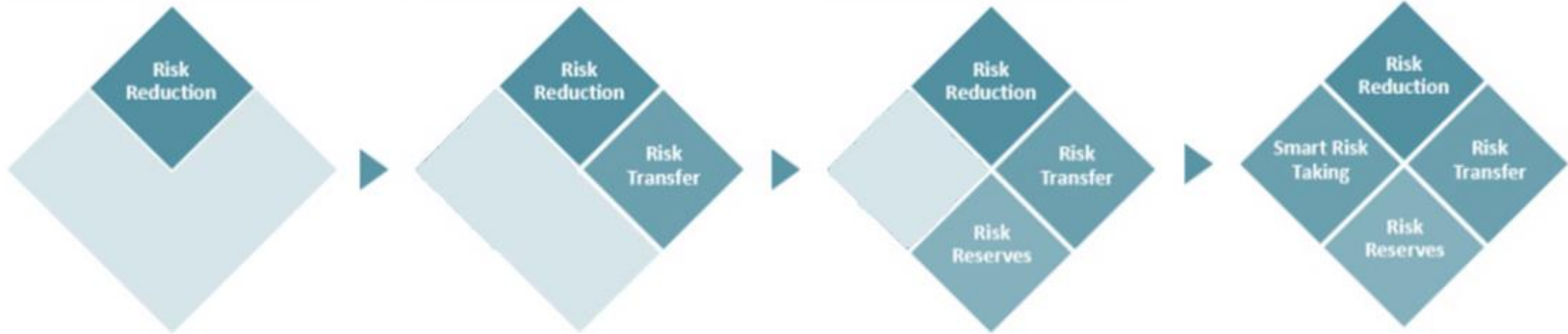
# Hollard Agri-Tech Prototype



# Agricultural Offtaker Scheme

ITEM	DESCRIPTION
Target Policyholder	Agricultural offtaker supporting 150,000 smallholder farmers
Most Critical ESG Issues	<ul style="list-style-type: none"><li>• Food security</li><li>• Land degradation from dependence on target cash crop</li><li>• Slashing and burning of forest for new plots</li><li>• High vulnerability to extreme climatic shocks (GermanWatch)</li></ul>
Solutions	Introduction of food crops with embedded insurance for crop rotation with target cash crop
Benefits	<ul style="list-style-type: none"><li>• Increased food production</li><li>• Protection of soil and improved productivity</li><li>• Positive environmental impact when farmers are happy with yields and do not have to look for new fields</li><li>• Climate resilience</li></ul>

# R4 Initiative of the WFP



- Conservation Agriculture

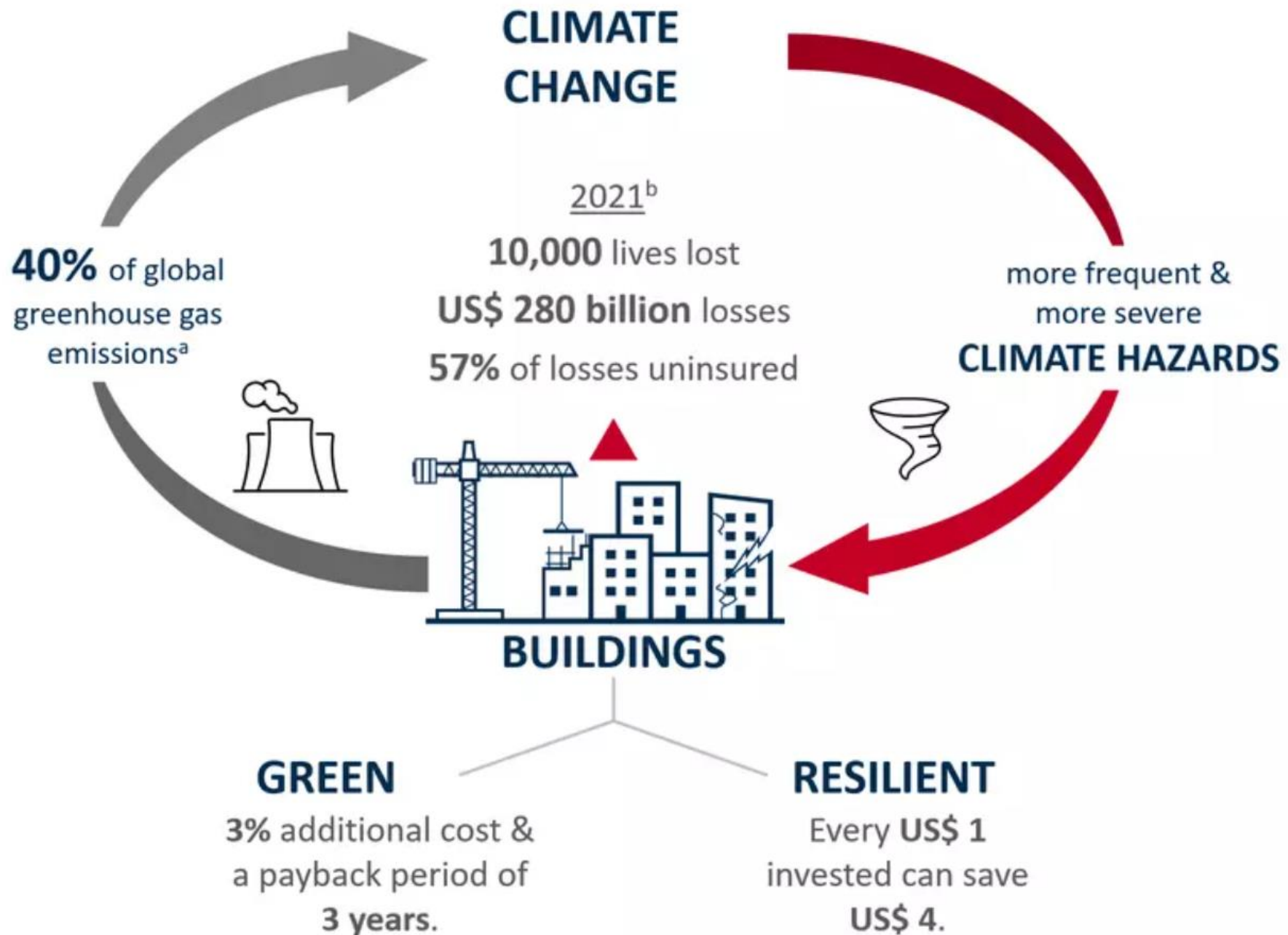
**Microseguros**

- Savings

- Diversification of activities
- Loans



# Building Resilience Index of the IFC



Building sector emissions and resilience cycle (a: emissions including embodied carbon; b: includes data from all natural disasters)

Image: Ommid Saberi, Naz Beykan, IFC; Data from IFC, MunichRE and National Institute of Building Science



# References

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