



**LAUDATO SI'  
MOVEMENT**

Catholics for Our Common Home

# Guide to Sustainable Insurance

Universities



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# INTRODUCTION

***“Ecological culture cannot be reduced to a series of urgent and partial responses to the immediate problems of pollution, environmental decay and the depletion of natural resources. There needs to be a distinctive way of looking at things, a way of thinking, policies, an educational programme, a lifestyle and a spirituality which together generate resistance to the assault of the technocratic paradigm.” (Laudato Si’, 111)***

**Laudato Si’** clearly tells us that the current economic model must shift. To better care for creation and each other and to adapt to the realities of life on a changing planet, new models are needed.

The Laudato Si’ Action Platform encourages us to embrace the model of Ecological Economics, a Laudato Si’ Goal. One of the ways in which your University can embrace Ecological Economics is to choose a sustainable insurer.

This guide will help you explore how your University might make the transition to a sustainable insurer. The guide is composed of three sections:

- 1. See**
- 2. Discern**
- 3. Act**

The first section will help you understand sustainable insurance. The second section will help you discern whether your current insurers align with your values. Finally, the third section will help you take action.

Sustainable insurance offerings are just beginning to display signs of future potential and are still in development. Asset owners should consider the obstacles they may encounter in seeking a full suite of services that meet the qualifications of sustainability. However, the active participation and demand for such services from asset owners will contribute to further development of available options across the insurance industries.

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## SEE

***“Encourage the private sector and other non-state actors to transition towards more ecologically sustainable economies.” (Journeying towards Care of Our Common Home, Holy See Interdicasterial Working Group on Integral Ecology, 2019)***

The insurance industry’s core purpose is to understand and manage risk. The planetary emergency has made that task much more difficult. The physical changes on our planet are leading to unpredictability in daily life. Here are a few examples.

- Changing rain patterns can either deluge communities or leave farms in the dust.
- Stronger storms can flood homes and businesses that previously stayed dry.
- Warmer and dirtier air can lead to increased levels of respiratory disease.
- Biodiversity loss can lead to crop failures and the spread of zoonotic disease— infections that are spread between people and animals.

One study found that insured losses from natural disasters in 2018 [amounted](#) to USD 76 billion. These are only the insured losses, with much more damage not covered by insurance.

The majority of those losses weren’t from well studied “primary” risks such as earthquakes or tropical cyclones, but rather from risks that scientists predict will become more frequent as our planet warms, such as floods, landslides, drought, and hurricane-induced rain.

As a University, you should be able to trust that your insurers are accounting for uncertainties on a changing planet while also informing you about any shifts in risk.

You should also be able to trust that your insurers are not providing insurance coverage for industries that contribute to the planetary emergency.

Although industries like fossil fuel exploration, extraction, and production have improved some standards of living and enabled the past growth of economies, we now know that they also do grave harm to our sisters and brothers. It is critical that we make a quick and just transition to more sustainable sources of energy.

Unfortunately, the insurance industry stands to profit behind these industries’ ability to keep growing. Building infrastructure like new coal-fired power plants and new gas pipelines requires insurance. The companies that build this infrastructure need insurance to get loans and permits. Without insurance, they are not able to build, and fossil fuels will stay in the ground.

In contrast, insurers that do provide coverage in these industries are allowing these businesses to cover their own personal risks while dramatically increasing the risk of global environmental degradation.

You should be able to trust that your insurer is not actively contributing to the planetary emergency.

One way insurers make money is by investing the fees we pay them. When you pay an insurance premium, your insurer likely keeps a portion of it in reserve and then invests the rest. The insurer chooses what to invest in.

If your insurer chooses to invest in industries that are deepening the planetary crisis, such as unsustainable mining, logging, or fossil fuel businesses, it may not be serving your values as a University. In contrast, if your insurer invests in industries that protect creation, such as renewable energy, water conservation, or sustainable agriculture, it may be serving your values as a University while also mitigating risk globally.

Selecting an insurance company that both protects you from risk *and* supports activities that are aligned with Catholic Social Teaching is an important way to embrace Ecological Economics, one of the Laudato Si' Goals.

### Reflection Questions

- How has your University committed to following Catholic Social Teaching? Are there any President's or Board' statements, Annual reports, or other documents that make explicit your commitment to Catholic Social Teaching?
- What extreme weather events (such as unusual floods, droughts, heatwaves, or storms) or health events (such as the spread of Lyme disease and West Nile virus or increases in asthma and seasonal allergies) have you've heard about in the past few years? How could these signs of changes on our planet affect your thinking about potential risks in the University?
- How does your individual choice of an insurer relate to a shared need to address the planetary crisis?
- How would moving to a sustainable insurer encourage members of the University that it cares for all creation, especially the young and most vulnerable?

## DISCERN

There is a movement within the insurance industry to acknowledge and mitigate the risks of our planetary crisis. While there is no one definition of sustainable insurance, the United Nations has developed four [principles](#) for sustainable insurance:

- Embed environmental, social and governance issues in decision-making processes.
- Work with clients and business partners to raise awareness of environmental, social and governance issues, manage risk, and develop solutions.
- Work with regulators and other stakeholders to promote widespread action.
- Demonstrate accountability and transparency by regularly disclosing progress.

These are general principles, and insurers are putting them into practice in a range of ways.

- Some insurers are limiting their coverage of fossil fuel extraction as well as their investment in fossil fuel projects. A database that shows whether the biggest insurers are taking action is [here](#).
- Some insurers are responding to climate, biodiversity and human rights challenges by changing how they do business. A report that evaluates them is [here](#).

- Some insurers help customers adjust to the risks of climate change and embrace more sustainable practices, such as driving low-emission vehicles. A database of insurance products is [here](#). Although this database is managed by the state of California in the U.S., the insurers are located internationally.
- Many insurers have [committed](#) to the UN’s sustainable insurance principles and/or [committed](#) to being net-zero by 2050.

One issue to be aware of is “greenwashing.” Some insurers may claim that they act sustainably because they have environmental, social, and governance (“ESG”) plans, or because they operate sustainable offices.

Although these are certainly good accomplishments, they are likely to be far outweighed by the insurer’s decisions about what to insure and what to invest in.

To learn whether your insurer is sustainable, ask for a meeting with a manager or ESG officer. You may want to consider these questions, and feel free to include additional questions about any policies that are important to you:

- Does the insurer have any environmental, social, or governance criteria for what it insures? Does it have criteria for the investments it makes?
- Does the insurer have any written reports on how those criteria have been met in recent years?
- Does the insurer insure *or* invest in fossil fuel exploration, extraction, processing, refining, or distribution?
- How has the insurer accounted for changing risks in the area of the University, including any current or predicted shifts in weather patterns and associated risks, such as impacts on property and health? How has it worked with its clients to prepare for those risks?
- Has the insurer joined groups such as the signatories to the Principles for Sustainable Insurance, the Net Zero Insurance Alliance, or the Net Zero Asset Owner Alliance? If so, how has the company taken steps to meet its obligations under those commitments?
- Is it important to your University to choose an insurer with internal policies and practices that are just, honest, and transparent?

We’re all called to respond to the reality of life on a changing planet. The signs of the times suggest that your University may want to move toward a more ecological economic system by working with an insurer that shares your values. Discerning whether and how you are called to take action is the task now before you.

### Reflection questions

- Which insurers provide insurance to you University?
- How do our insurers prepare us for any increased risks that we might experience as a result of climate change?
- How do our insurers use environmental, social, or governance criteria to make decisions about their coverage and investments?
- Does our insurer fill our needs and align with our values?
- Do we want to move forward with a switch to sustainable insurance?

# ACT

*“Nature cannot be regarded as something separate from ourselves or as a mere setting in which we live. We are part of nature, included in it and thus in constant interaction with it.” (Laudato Si’, 139)*

If your University makes the decision to move to a sustainable bank, it should take action. These steps are suggested as a way to move through the process.

1. **Establish a committee**
2. **Review your current insurance policies**
3. **Choose which insurance to change**
4. **Find the right insurer**
5. **Make a final decision**
6. **Celebrate**
7. **Monitor for the long term**

## Establish a committee

A committee can bring together viewpoints and help share the work of making the change to sustainable insurance.

To create your committee, identify the leader(s) in your University who contribute to financial, legal, and operational decisions. Because insurance is fundamental to the University’s long-term health, it is important to make sure that all key decision makers are included.

It would also be important to include leaders who contribute to decisions about how the University acts on its values. The Office of Sustainability, investment committees, finance, administrative or bursar office, students board, members of the Economy School, development office, and trustees’ board could be good options.

## Review your current insurance policies

Create a simple, comprehensive overview of your insurance providers and what they cover. Be sure to note whether you have contracts with any of these insurers and, if so, when they expire. Bringing this information together will help ground your decision making.

In addition, you may want to consider whether adding any new coverage categories makes sense. For example, catastrophe insurance can help cover risks from weather-related catastrophes, green building insurance can help cover sustainable materials and technologies, and green energy insurance can cover risks associated with changing to renewable energy.

## Choose which insurance to change

Your University may have different insurers for different needs. For example, your health insurance, property insurance, and auto insurance may all be covered through different insurers.

As you consider changing to a sustainable insurer, decide whether you'd like to change all or one. If only one is feasible right now, establish some criteria for making that decision. For example, you could make your choice based on which insurance receives the biggest portion of your budget, making the biggest impact, or you could focus on the insurance that is easiest to change.

## Find the right insurer

Create a list of insurers that offer the type of coverage you need by conducting an Internet search for “sustainable insurance” or similar. You might also use the links outlined in the **Discern** section above.

Email or call those insurers to learn more about them. You might want to use this checklist to create profiles of insurers for easy comparison:

- Does the insurer meet any minimum requirements set by your University or municipality? As examples, these might include being licensed for the area, meeting a minimum stability rating as measured by independent agencies, or being of a certain size.
- What is the insurer's reputation overall? Does it have good customer service reviews? Is it financially stable?
- Does it provide the type of insurance coverage you need? To what extent does it cover risks? Are there any gaps in its coverage?
- What is the cost of the insurance?
- Does the insurer offer transparent data about its performance on sustainability?
- Has the insurer limited its insurance of activities that harm creation and human wellbeing? Examples could include fossil fuel exploration, extraction, production, and distribution, mountaintop removal mining, or monoculture agribusiness.
- Has the insurer limited its investments in activities that harm creation and human wellbeing?
- Has the insurer evaluated changing risks related to climate change and biodiversity loss? Has it advised its clients about those risks?
- Does the insurer offer any special insurance products for things you might do to reduce environmental impact, such as purchasing electric vehicles or installing solar panels? How about products for things you might do to adapt to the changing reality in your area, such as installing sump pumps or retrofitting roofs?

Compare insurers and choose the company that best fits your needs.

## Make a final decision

In a typical process, the committee would make a formal recommendation to the finance or operations office. The trustees' board validates the proposal, the administrative council



evaluates and forwards the proposal to the executive office, and the President grants the final authorization.

### Celebrate

The decision should be celebrated via the communications channels of the University and included in the University's Laudato Si' Plan on the [Laudato Si' Action Platform](#).

The University may want to plan activities to engage students, faculty, and staff in ecological economics.

### Monitor for the long term

If possible, the committee should review the insurer's commitment to sustainability at key moments, such as the annual review of the University's Laudato Si' Plan.

If the insurer publishes reports on how it is protecting our common home, the committee should share them with the University's communications office, which may in turn wish to publish updates about the University's overall efforts on ecological economics.

## ADDITIONAL RESOURCES:

[The Dicastery for Promoting Integral Human Development](#) offers a wealth and depth of guidance and teaching on integral ecology, including information about [Laudato Si'](#).

[The Laudato Si' Action Platform](#) offers a library of inspiring [Laudato Si' Plans](#) and personalized tools to [create your own plan and take action](#).

[FaithInvest](#) supports faith groups to invest in line with their values, for the benefit of people and planet. It offers resources, insights and case studies on its dedicated [Living Laudato Si' resource hub](#).

