

The Role of the Financial Services Sector in the implementation of the GPA with particular reference to the Insurance Industry

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1. *Introduction*

In autumn 1999, UNEP's Co-ordination Office for the *Global Programme of Action for the Protection of the Marine Environment from Land-based Activities* (GPA) commissioned Jean-Michel Ribouleau (Gerling Sustainable Development Project (GSDP)) with the task to prepare a consolidated sector view on the role of the financial services providers in implementing the GPA and in recommending possible synergies and linkages in order to help UNEP carrying out its mandate and develop new and innovative private-public-partnerships (PPP).

Based on Gerling's commitment to and active participation in the UNEP Insurance Industry Initiative, GSDP¹ consulted with a number of partners in the Initiative and carried-out a rapid survey on the sector's views on and awareness of the mandate of the GPA. The survey format chosen is given in Annex 2.

The following paper describes the context of the sector's environmental activities, the results of the survey, and recommends further steps in order to help implementing the Programme.

2. *The Financial Sector and the Environment – general considerations*

The financial services sector has begun its systemic approach to environmental issues in 1992, as a result of the Earth Summit in Rio. Jointly with UNEP, a Statement of Environmental Commitment was crafted and signed by initially 29 banks. In 1995, the insurance sector also joined into a partnership with UNEP, forming the UNEP Insurance Industry Initiative. Together, they now constitute the UNEP Financial Services Initiatives.

The UNEP Financial Services Initiatives (FSI) are based on voluntary commitments by the financial industries. UNEP has played a catalytic role. The initiatives are run by the institutions themselves. The Financial Institutions Initiative (formally: banks initiative) is directed by a Steering Committee consisting of eleven representatives from member institutions, one representative from UNEP, and a non-voting representative from the International Finance Corporation of the World Bank. The Insurance Industry Initiative has a Steering Committee of six representatives from leading insurance companies, plus a UNEP representative.

In accordance with the CSD mandate, UNEP has launched these initiatives, promoting sustainable development and environmentally sound business practices. UNEP's initiatives have found much interest within the Commission of the European Union and the International Chamber for Commerce (ICC) as well as in the World Business Council for Sustainable Development (WBCSD), where their own activities are taken in close consultation with UNEP, in a complementary and collaborative manner.

¹ Please refer to Annex 1 for a company profile.

Voluntary initiatives are not the only or a new way to achieve sustainable development. However, they are one in the array of tools that are yet to begin to find their way into the international development arena. Many countries have already national and regional experiences with voluntary commitments by various industry and business sectors. The transparency, verifiability and credibility of the commitments made determine the success on the international level. Banks and insurance companies are well positioned to take a leading position.

For the mid- and long-term future, the Initiatives will strive to ensure that the financial services sector becomes increasingly involved in activities under the overall UNEP programme of work, approved by the 20th session of the Governing Council held 1 – 5 February 1999 in Nairobi, Kenya. This also mandates the involvement of the members of the Initiatives in the GPA fora and activities.

The UNEP Insurance Industry Initiative

"The insurance industry recognises that economic development needs to be compatible with human welfare and a healthy environment. To ignore this is to risk increasing social, environmental and financial costs.

We are committed to work together to address key issues such as pollution reduction, the efficient use of resources, and climate change. We endeavour to identify realistic, sustainable solutions.

We will work with the United Nations Environment Programme to further the principles and goals of this Statement, and look for UNEP's active support.

We will encourage other insurance institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.

We will actively communicate our environmental activities to the public, review the success of this Statement periodically, and we expect all signatories to make real progress."

(Excerpts from: Statement of Environmental Commitment by the Insurance Industry)

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Concern about the environment is no optional extra for the insurance community. More and more financial institutions - investors, bankers, insurers, etc. - are realising that their future depends on backing the right kind of economic development.

If infrastructure, industries, economic development and trade are not built on principles of sustainability, it is not just bad for the environment it is also bad business.

In 1995 a group of leading insurance and reinsurance companies as well as pension funds developed a "Statement of Environmental Commitment for the Insurance Industry". In this voluntary commitment of the insurance sector, companies pledge that they would aim at achieving a balance of economic development, the welfare of people and a sound environment. The statement acknowledges the principles of sustainable development and the precautionary principle. It also calls upon insurers to incorporate environmental considerations into their internal and external business activities.

Over the past few years, insurers more and more acknowledged that taking environmental considerations into account in their daily business operations, does not only further stakeholder

dialogues, it also enhances shareholder value and makes good business sense. By the end of 1999, 87 companies representing 27 countries had signed the statement.

The most prominent area, proving the validity of the claim that environment and good business are intrinsically linked, is the climate change debate in which the Initiative engaged as early as 1996. To allow for more targeted and in-depth activities, the most active members in 1997 founded the "Insurance Industry Initiative for the Environment, in Association with the United Nations Environment Programme" (the Association). The Association funds research activities, sponsors awareness meetings and workshops and the annual regular meetings of the Initiative.

It was under her auspices that the Kyoto Protocol was endorsed and the value of the agreement for the sector further explored.

The UNEP Statement currently finds its application mainly in three fields of activities:-

Corporate Environmental Behaviour (internal)

The insurance sector is not an active polluter. Therefore its environmental impact in industrial terms is low but developing a corporate environmental behaviour can be used as an indicator also for environmental performance. It is a component for changing the corporate culture. Many organisations have now a board member with a dedicated environmental responsible staff member whose review often is internal. Some of the sector's insurance companies publish an annual report, thus supporting the recognition of an environmental collective or individual statement. This is also a tool to communicate environmental issues to the public and the shareholders.

Considering the mandate and field of activities of the GPA, it seems to be not too relevant to further dwell on this aspect.

Asset Management

The financial services sector has an important stake in promoting sustainable development also through their asset management policies. Investment in projects that take no heed of the future, that destroy or deplete natural resources needed for future development, does not make economic sense. Environmental degradation and man-made ecological catastrophes may threaten the very basis of the insurance industry, which depends on being able to manage and reduce risks.

The economic rewards of placing environmental concerns high on the agenda are considerable. Sustainability investment is booming as concerned individuals and organisations look for environmentally sound ways to invest and plan for the future. Sustainable development is good long-term investment and a fundamental requirement for a sector that is vulnerable to environmental degradation and weather-related events.

Good environmental performance can give good financial performance. Many financiers continue to ignore the intrinsic link between a healthy bottom line and a healthy environmentally sound business operation. All too often financial officers at banks, investment firms, pension funds and also insurers do regard short- and mid-term dividend as their main objective, ignoring the long-term burden this approach may have. (UNEP Insurance Industry Initiative's Asset Management Working Group)

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Today those who believe that the environment is irrelevant to financial performance are challenged to produce their evidence. Environmental policy is not just a "risk" or a cost-centre for business and investment; it is a huge opportunity for enhancing growth and efficiency and an indisputable investment-value generator. Recognition of this is being hindered by a cultural reluctance among investors and regulators. The realisation will revolutionise investment behaviour world-wide. However, the Initiative as well as individual members are currently working on promoting and implementing this insight. Awareness raising and education of asset managers are forming part of the overall companies' representatives activities.

Numerous studies by academic and financial institutions have found a strong positive correlation between environmental performance - especially eco-efficiency - and sustainable earnings quality and shareholder value.

With the importance of environmental issues growing, eco -efficiency will become ever more important to the financial markets. One example is that of two major oil companies that are viewed in almost identical terms according to the standard financial and business indicators. And yet the one is near the top of its sector in eco-efficiency, the other at the bottom. All other factors being equal, why should a low eco-efficiency be seen as anything other than what it is: a future financial disadvantage?

Climate Change

The Insurance Industry is most concerned about the dramatic increases in claims resulting from weather-related catastrophes and man-induced natural disasters, experienced over the past decade. Over the past 10 years, a dramatic increase in the number of disasters as well as in damage caused could be observed. The continued dramatic long-term incline of insured losses in 1998 led to a loss of at least 15 billion US\$, while the total economic loss was over 90 billion US\$ (source: Munich Re). In order to get an impression on the severity and magnitude of the problem, one might wish to note that a weather event in the order of Hurricane Andrew (1992) hitting the US three times within one year, could destroy the US Insurance Sector and lead to unforeseeable economic losses. An increase of only 10% of a windstorm's wind gust speed of about 200 km/h will lead to an increase of insured losses of over 150%.

It is of course not only the increase in extreme weather events that are reason for the loss increase; it is also the population growth in vulnerable areas and the increasing insurance coverage that affect this sector of economy.

However, as for insurers the portfolios need to be managed very prudently and money has to be available on rather short notice once a disaster has struck. Therefore insurers tend to have a very careful eye on loss prevention strategies and risk minimisation before underwriting them. This precautionary principle is a corner stone for all successful insurance business activities.

Subsequently, insurers are of course very concerned and alarmed if there is even a remote possibility that human activities might have altered the climate in a way that weather patterns change and the risk for potential losses increases. It is for this reason that insurers increasingly become involved in the climate change debate, urging governments and policy-makers to adopt all measures deemed necessary to avoid a further deterioration of relatively stable and predictable climate conditions. If return periods can no longer be estimated and calculated for, the basis for premium calculations as well as those for certain safety regulations might vanish. In this event, insurance becomes a very risky economic endeavour.

The Insurance Industry Initiative has come quite a way forward, since the launch of its Position Paper on Climate Change, which was presented in 1996 and re-launched in Kyoto in 1997. One of the goals is to assist governments and various industry sectors to address the problem of Climate Change in a very practical and useful manner.

It should be noted that a changed climate regime will also have implications for investment activities. The economic situation of selected areas (coastal zones, islands) or whole industries could be affected. About one third of investments in global stock markets (with a total capitalisation of more than US\$ 15 trillion) are presently managed by the insurance industry. Therefore the opportunities and challenges need to be fully understood. *The Kyoto Protocol*, negotiated under the *UN Framework Convention on Climate Change (UNFCCC)*, once in force, will ultimately lead to structural changes in economies, favouring carbon light sectors and burdening carbon intensive ones. Subsequently various industry sectors will undergo dramatic changes, which will need to be considered by investors when making the "right" investment choice.

Managing and reducing energy use and greenhouse gas emissions can be a catalyst to improve efficiencies and pave the way to more environmentally benign technologies.

Insurers are convinced that policy-makers have a leadership role in establishing and enforcing long-term priorities and values in the management of natural hazards. This encompasses short- and long-term planning of land-use, infrastructure projects, regulation of building quality, risk education, and implementation of incentives (or disincentives) to promote sound risk management by all sectors of society.

Underwriting Practices

The nexus to the Global Programme of Action (GPA)

The insurance industry in its core activities underwrites and insures industries and sites which may have adverse impacts on water bodies, such as rivers, streams and ultimately the marine environment. On the other hand, insurers also underwrite treatment facilities and land-based sites (such as dumps, wastewater catch areas etc.) that prevent the pollution of the Seas.

In assessing the role of the financial sector in the implementation of the GPA, various elements can be identified as being of relevance:

- Risk assessment/ risk management
Since the beginning of the 1990s, insurers faced an increase of claims. The insurance industry is now doomed to limit their technical negative loss ratio, which in former times mainly was compensated for in a good real estate market by pure financial results.

The increase of technological risks from a quantitative and quality point of view – new environmental underwriting practices and new products are an important component – led to the necessity to provide to industrial customers an extended value service, requiring insurers to build a whole risk management answer. They have been supported in this by a common and general awareness in the industry, and increasing regulatory demands.

Lastly, ethically speaking, insurance and prevention are more than tightly linked. They are not to be dissociated.

Before underwriting a risk, insurers thoroughly assess the risks they are dealing with regard to the corporate policy. It would be interesting to further consider the environmental performance of a client systematically, applying the means of an appropriated rating. In fact, the main considerations and concerns today are driven by aspects of property damages (e.g., fire) and liability insurance (various, such as operation liability). In the early phase, a premium is set and derived at *inter alia* also with considerations given to possible early safety measures taken. The level of the premium is the direct result of this analysis which includes of course the track records. The leverage effect is a first incentive to encourage companies to adopt a preventive policy and sound management. It can also and perhaps more and more frequently help deciding more distinctly on the non-insurability. (conditional)

Considering international standards such as ISO or EMAS (supported by a conventional schedule bonus) insurer really plays a pro-active role.

The fact that insurers consult with their (potential) clients in the construction phase of an industry or facility and advise on how best to avoid and manage these risks (preventative action) is a good indicator for the future.

- Claims handling

While risk management appears obviously as the preferred option for prevention, it has also without no doubt an important role in minimising negative impacts on the environment in crisis and emergency situations. If we can try to prevent the occurrence of an event we can also do something during the management of an emergency and during repair and reconstruction.

This field may be the meeting place for all partners (industry, states at the national and local level, insurers, scientists and NGOs for a joint action. A realistic approach could be through the initiation of a partnership, reflecting on scenarios concerning a precise site. This could be done in conjunction with UNEP's APELL Programme of the Division of Technology, Industry and Economics. Anticipation is the best way to launch a change.

- Liability insurance

Liability insurance for the operation of a plant is mandatory in some countries. However, environmental risks are basically excluded and require a special environmental liability insurance protection. In some countries this is also mandatory for certain industries (e.g., Finland). However, these insurance policies do only cover accidental and well-defined risks. While they may cover clean-ups and compensation for third parties (business interruption is subject to another special insurance product), some environmental damages are results of long-term pollution, undetected sources or wilful bad environmental practice. These can generally not be insured.

- Government role

In cases where insurance cover cannot be provided, governmental action is needed. In some instances, good management and infrastructural practice can be regulated. Certain mandatory facilities for communities as well as industries (establishment of treatment plants, waste water removal and collection systems etc.) would reduce risks and thus – if the cause was accidental - eventually make non-insurable insurable.

As mentioned above, certain insurance coverage may be mandatory and regulated. There is for instance a mandatory nuclear power plant pool insurance in Germany and a mandatory liability insurance for the operation of an industrial plant – mandatory car third party liability ultimately is needed in order to get license plates in Germany.

These examples prove that there is a role for Governments to develop appropriate regulatory frameworks in order to enhance the implementation of the GPA.

- Particular regional differences
The regulatory frameworks in the various regions of the world differ considerably when it comes to the implementation of environmental standards. While there may be infrastructural deficits in one region, strict regulations of specific industries that may have considerable environmental impacts (such as chemical industry and energy suppliers) are characterising another region. Insurers cannot and will not play environmental enforcement bodies or even an environmental police force. However, through investment decisions, new products (such as clean-up and recycling policies) and pilot project, the sector could play an important role in the implementation of the GPA.

3. A rapid survey – a glance of the sector's awareness

In January an informal survey among selected members of the UNEP Financial Services Initiatives was conducted. The result gave a sobering view on the awareness of the sector with regard to the GPA. While the response rate was , only two of the surveyed companies knew about the existence of the programme and only one very proactive company did some work in the area of protecting the marine environment (eco-sponsoring), which were done independently from the GPA framework and resources.

The results prove that there is a considerable need for companies to get acquainted with the GPA and to further develop a strategic approach to the issues addressed by the Programme.

4. Recommendations and way forward

In order to provide a more consolidated list of possible activities to the 2001 GPA Review Meeting, the following actions are suggested:

- The Co-ordination Office of the GPA to inform the Steering Committee of the UNEP Insurance Industry Initiative on their activities and man date and to *request* the Committee to consider the GPA's activities within the framework of their work plan for 2000/2001 with the goal to recommend some sector support for GPA's implementation.
- To request the UNEP Economics and Trade Unit to develop a partnership between the GPA Office and ETU, leading to the full consideration of the GPA activities within the discussions with WTO and WBCSD as well as the Financial Institutions Initiative.
- To assist the international and national professional insurers and re-insurers in providing information on the GPA, involving them in workshops and ultimately use them as advocates for the goals and cause of the GPA in their client dialogues.
- To invite the co-operation with professional technical pools or institutes and especially those of them, directly focussing on environmental issues and products to exchange experiences and develop a common language and data bases.

- To develop a strategy for assisting states and governments, the government departments regulating the insurance sector as well as other departments, generally involved in GPA issues.
- To initiate a sensibilisation through specific actions such as internal training and information seminars within the insurance companies and at the university level developing specialised masters.
- To explore the possibility to establish a joint working group on the marine protection and related matters under the umbrella of the UNEP Financial Services Initiatives and,
- To aim for the development of at least two innovative financial instruments that would further the implementation of the GPA. (One major key issue to boost insurance sector involvement consist in constitution of tools able to allow a translation of environmental impacts in financial impacts).
- To request core funding for research activities needed for the exploration of the GPA/Financial Services Sector nexus and eventually implementation of a possible pilot project.
- To conduct a global survey on GPA-related matters and the work of the financial services sector.
- To establish a joint work plan for 2001/2002 between GPA and UNEP's FSI

5. Conclusions

The financial services sector has a possible role to play in implementing the *Global Programme of Action for the Protection of the Marine Environment from Land-based Activities*. In order to allow for a fruitful co-operation in the sense of public-private-partnerships and help in the development of joint projects, the sector needs to be more aware about the role and functioning of the GPA and its office in The Hague. Tangible results of such a partnership are possible if the recommended dialogue with the UNEP Initiatives (through the establishment of working groups or regular contacts) could be enhanced and joint work plans or projects be crafted.

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ANNEX 1

Gerling Sustainable Development Project– GSDP

Introduction to GSDP

"... to meet the needs of the present without compromising the ability of future generations to meet their own needs."

Gerling Sustainable Development Project GmbH – GSDP is a project development company of Gerling Group, based in Cologne - Germany. **GSDP** was established to make Sustainable Development (SD) principles operational. That is, to develop and implement practicable, business-oriented solutions in form of concrete innovative European and international projects and programmes for defined areas of reference (regions, cities, sites). This directly contributes to the Environmental Policy of Gerling .

GSDP's sustainable development policy stems from Gerling's signing of the **United Nations Environment Programme (UNEP)** - „Statement of Environmental Commitment by the Insurance Industry“ and it's active participation in the UNEP Insurance Industry Initiative. Gerling also complies with the aims of the **World Business Council for Sustainable Development (WBCSD)**.

GSDP's mission is the active contribution to global sustainable development and the initiation and participation in attractive joint projects and ventures with new clients and partners from the political, economic and scientific spheres. This makes **GSDP** the **Partner for Sustainable Development**.

GSDP pursues the objective of supporting and encouraging regions, cities and specific sites to develop under „Sustainable Development – Aspects“ in a holistic way. This is achieved within 3 complementary action fields following the Gerling Corporate Culture ad business principles - responsible performing, way of acting and creating - :

I. Economy:

- international investment promotion
- regional economic development
- site development
- technology management
- cross-border and multi-national co-operation

II. Environment:

- global environment & climate protection
- global risk assessment
- nature conservation, bio-diversity & sustainable forestry

III. Civil society:

- human resources development
- quality of life

„Man, organisations, society and nature form a whole that is worth protecting.

(Gerling Corporate Culture, 1996)

ANNEX 2

Background

The UNEP Intergovernmental conference adopted in 1995 a **Global Programme of Action for the Protection of the Marine Environment from the Land-Based Activities**. The **GPA** calls for actions to be taken at the national, regional and international levels.

The target of this survey following the former sent at the end of the last year by the Insurance Industry Initiative, is to identify the level of involvement of the private sector, especially of the insurance sector, in the implementation of the GPA.

The report of that survey will be used as background documentation to an expert group meeting to be organised by the GPA Coordination Office in April 2000.

Objectives of the survey

The survey has the following objectives.

- to evaluate the knowledge about the action of the GPA
- to review the participation of the insurance sector in the programme
- to understand how the insurance sector gets involved in environmental initiatives
- to identify the main projects in which they get involved

Introduction to the survey

The survey should be completed by a senior staff member with relevant knowledge of the environmental policy and procedural considerations within your organisation. Feel free to call upon the support of other staff members as appropriate.

Responses should be returned direct to GSDP E-mail : either gscp@gerling.de or ribouleau@aol.com.

Responses should be returned before the 20/02/2000

Confidentiality

The survey responses will be analysed by GSDP and the data will be treated as *strictly confidential*. Reference to individual organisations within the final report to the GPA will be limited to inclusion within a list of respondents and survey results of individual organisations will not be published. The data obtained during the survey will remain the property of UNEP-GPA. A results report, used as a background documentation to an expert group meeting organised by GPA Co-ordination Office will be distributed to the nominated respondent no later than April 2000.

Survey format

The survey takes the form of a series of questions and optional responses. It focuses on the GPA's actions and aims at establishing the level of involvement of Insurance Industry in the protection of marine environment.

All supplementary information or comment you provide will help the enhancement of tools and mechanisms for the benefit of all.

This questionnaire is set out in 4 sections

- 1 Background Information**
- 2 About the GPA**
- 3 Core Activities related to GPA**
- 4 Examples**
- Supporting comments**

Respondent Particulars

Name of organisation _____

Contact name _____

Position _____

Address _____

Address of Headquarters if different _____

Telephone number _____

Fax number _____

E.mail address _____

Web site address _____

Date of response _____

Section 1 Background Information

1.1 What is the main domestic country of operation of your organisation? _____

Please indicate in which other areas your organisation operates:

Africa	<input type="checkbox"/>	America	<input type="checkbox"/>
Asia	<input type="checkbox"/>	Europe	<input type="checkbox"/>
Australasia	<input type="checkbox"/>		

1.2 What was organisation's market capitalisation as at previous year-end? US\$ '000s__

1.3 How many staff does your total organisation employ:

Less than 500	<input type="checkbox"/>	500 to 1,000	<input type="checkbox"/>
1,000 to 5,000	<input type="checkbox"/>	5,000 to 10,000	<input type="checkbox"/>
10,000 to 50,000	<input type="checkbox"/>	More than 50,000	<input type="checkbox"/>

1.4 In which of the following areas does your organisation operate?

Please rank (1= highest priority, 5= lowest)

Reinsurance	<input type="checkbox"/>	Investment	<input type="checkbox"/>
Primary/ Direct Insurance	<input type="checkbox"/>	Asset management	<input type="checkbox"/>
Please indicate type of activities:			
Personal	<input type="checkbox"/>	Commercial	<input type="checkbox"/>
Life/ Health	<input type="checkbox"/>	Property	<input type="checkbox"/>
Casualty	<input type="checkbox"/>	Employment	<input type="checkbox"/>
Natural Perils/ Agriculture	<input type="checkbox"/>	Transportation/ Engineering	<input type="checkbox"/>
Credit/ Surety	<input type="checkbox"/>	Other, please specify:	<input type="checkbox"/>

Section 2 Concerning UNEP/Global Programme of Action for the Protection of the Marine Environment from Land – based activities

2.1 Please indicate if a member of your organisation has been involved in any of the following UNEP ACTIVITIES:

- UNEP Governing Council Meeting
- Launch of the insurance statement on environment
- Insurance Industry Steering committee meeting
- Annual Insurance Initiative Conferences
- Insurance and Mining Industry Meeting
- UN Side Events (CSD, UNFCCC etc.)

2.2 Do you have a good acquaintance with the UNEP/**Global Programme of Action for the protection of the marine environment from land-based activities** please rank (1=highest, 5 lowest)

2.3 More precisely ?
please rank (1=highest, 5 lowest)

- 2.31 -its organisation
- 2.32 - its aims
- 2.33 - its tasks and activities

2.4 Indicate if your organisation or one of its member made any contribution to the GPA's activities

Yes No

- Participation in conferences
- Participation in expert debates
- Participation in sector specific environmental group meetings
- Collaborative research projects

Other: _____

If your answer is no: Are you planing to do so and under which conditions?

2.5 Indicate if your organisation has adopted any environmental statement on the protection of the marine environment(e.g with regard to CITES or GPA's field of activities)

Public policy/ statement	<input type="checkbox"/>	<input type="checkbox"/>	_____
Internal policy	<input type="checkbox"/>		
As part of GPA's programme	<input type="checkbox"/>	independently	<input type="checkbox"/>

Section 3 Core Activities In the field of GPA *(as most of the following questions are similar to the former survey of UNEP, please answer with the regard to the marine environment)*

3.1 Have you noted losses which one could directly proceed from an environmental damage?

Yes No

In which type of activity ?

Risk Management/ underwriting

Loss Prevention

Product Design/ Management

Claims Handling

Asset Management

To give one or more examples _____

3.2 Did conversely, note profits or improvements of results because of a best environmental management?

In which type of activity ?

Risk Management/ underwriting

Loss Prevention

Product Design/ Management

Claims Handling

Asset Management

To give one or more examples _____

3.3 Environmental priority. Please rank the following core activities in order of priority of environmental/marine consideration (1=highest priority, 5=lowest):

- Risk Management/ underwriting
- Loss Prevention
- Product Design/ Management
- Claims Handling
- Asset Management

3.4 Data gathering. Which of the following environmental factors are considered in transactions? Please classify:

	Not considered	Sample reviewed	Key issues reviewed	Case by case reviewed	Implemented	All cases reviewed
Legal compliance						
Conformance with multi-lateral guidelines						
Conformance with voluntary codes						
Industry/ sector risk level						
Nature & extent of risks & liabilities						
Contingency planning						
Evidence of sound management						
Public opposition						
Company reputation						

3.5 Assessment methods. Please indicate which of the following methods form the basis of environmental assessment for core activities:

Desk top review – by-hand

Desk top review - computer based

Site visit

Scientific investigation commissioned

Not considered

Other _____

3.6 Risk control. Please indicate if any of the following methods are used to control environmental risk exposure:

Environmental assessment noted previously	<input type="checkbox"/>
Work with the client	<input type="checkbox"/>
Contract clauses & conditions	<input type="checkbox"/>
Risk related pricing	<input type="checkbox"/>
Internal guidelines on approving or declining a transaction	<input type="checkbox"/>

3.7 Performance measurement. How is a clients/ portfolios environmental performance indicated in internal documentation?

No reference	<input type="checkbox"/>	Details of judgement documented	<input type="checkbox"/>
Risk rating (e.g. numerical scale)	<input type="checkbox"/>	Risk ranking (e.g. by category:low..)	<input type="checkbox"/>

Other _____

3.8 Transaction monitoring. Does your organisation formally monitor environmental issues that have led to the following?

Policy rejection	<input type="checkbox"/>
Claims refusal	<input type="checkbox"/>
Potential claims/ liabilities outstanding	<input type="checkbox"/>
Loss in asset value	<input type="checkbox"/>

3.9 From the list below please indicate by ranking the three most significant challenges for your organisation in advancing the integration of environmental considerations with core activities please rank (1=highest, 5 lowest)

Data availability problems	<input type="checkbox"/>
Lack of scientific agreement on relevant issues	<input type="checkbox"/>
Lack of comparable data at organisational level	<input type="checkbox"/>
Lack of client demand/ incentives	<input type="checkbox"/>
Cost of environmental assessment	<input type="checkbox"/>
Changing corporate culture	<input type="checkbox"/>
Problems translating environmental impacts into financial impacts	<input type="checkbox"/>

Lack of materiality of environmental issues to bottom line

Other _____

3.10 What economics instruments, incentives and financial mechanisms are you expecting or seem essential for enhance a sustainable policy with regard to the protection of the environment, especially of the marine environment?

Section 4 Examples

Please provide examples of particular environmental initiatives relating to core and non-core activities which your organisation perceives to be examples of current environmental best practice. Attachment of reports and case study documents would be welcomed. Please mark confidential items since examples will be used to illustrate the final report to the public. We will be in touch with you for a "coded" version of your confidential examples before public release.

Supporting Comments

Please provide any commentary below which you would like to add to support your answers or reflect on the survey process.

Thank you for your participation in this survey.

If you have any queries regarding completion of the questionnaire please contact Sabine Paget at GSDP 7/9 Kaiser Wilhelm Ring 50672 Cologne Germany. Tel: 49.221.144.76.79.
fax : 49.221.144.76.66. **E-mail: Sabine.paget@gerling.de** or
Jean Michel Ribouleau 19, rue du Panier 13002 Marseille. Tel.: 33.(0)4.91.91.97.91
fax: 33.(0)4.91.91.82.63. **E-mail: ribouleau@aol.com**

Your reply and any queries will be treated as confidential at all times.