

Green Insurance (10)

Study on Green Insurance Business of Insurance Company



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Abstract

Green insurance, also known as "environmental pollution liability insurance", was first proposed to avoid financial risks caused by environmental pollution. It was developed in the 1970s along with the awakening of human ecological consciousness and the concept of sustainable development. With the passage of time and the increasing attention of the international community to the environment, resources, climate, and other issues, the contents of green insurance are gradually enriched. In addition to supporting environmental improvement, green insurance also supports addressing climate change, saving and efficient use of resources, and other aspects.

The first time the concept of green insurance was formally put forward in China was in August 2016, when seven ministries and commissions including the People's Bank of China jointly issued the Guiding Opinions on Building a Green Finance System (Yinfa [2016] No. 228), which stipulated that green insurance should be included in the scope of the green finance system and put forward three requirements for the development of green insurance: First, establish a compulsory liability insurance system for environmental pollution in areas with high environmental risk; Second, encourage and support insurance institutions to innovate green insurance products and services; Third, encourage and support insurance institutions to participate in the construction of environmental risk management system. These three requirements provide the top-level design for the development of green insurance, so far, green insurance has been formally developed in China.

Since the government has not formulated the identification standard for green insurance, and the regulatory authorities have not put forward relevant statistical requirements, the boundary between green insurance and other

insurance is blurred, and the insurance industry has not unified understanding of green insurance, and it is difficult to promote the evaluation and assessment work related to green insurance, which restricts the development of green insurance to some extent.

To realize statistical and monitoring of green insurance, improve the effectiveness and targeting of green insurance policy formulation, and guide the healthy and orderly development of green insurance, the China Banking and Insurance Regulatory Commission issued the Notice on Printing and Distributing Statistical System of Green Insurance Business (hereinafter referred to as the Notice) on November 11, 2022. According to the circular, green insurance refers to the economic activities of the insurance industry that provide risk protection and financial support in environmental resources protection and social governance, green industry operation, and green living consumption. The green insurance business mainly involves green ecology, green industry, and green life, including 14 first-level projects and 30 sub-projects. The first is the insurance business that protects environmental, social, and governance risks (ESG). Second, insurance provides protection; The third is the insurance business that protects green living.

This is the first time that the definition and statistical caliber of green insurance have been clearly defined in China. To understand the information on the green insurance business of different insurance companies, Green Jiangnan Public Environmental Concern Center (hereinafter referred to as "Green Jiangnan") researched and summarized the green insurance business published by 14 insurance companies on their official websites. In addition, the insurance businesses selected by various insurance companies are classified according to the statistical aperture in the Notice, to the current emphasis of various insurance companies in the field of green insurance, the correlation between insurance products and the current policy trend, and the degree of innovation,

hoping to promote the insurance companies to carry out active exploration and attempts in the field of green insurance. Continuously enrich and expand the business scope and service scope of green insurance products to provide a solid foundation for the development of green insurance.

1. Research object

In Green Insurance (IX) -- Environmental Information Disclosure List of Top Insurance Companies of PICC Property Insurance, Lvse Jiangnan refers to policies and regulations such as Guidelines on Environmental Information Disclosure of Financial Institutions and Management Measures for Information Disclosure of Insurance Companies. The environmental information disclosure status of 31 insurance companies was quantitatively evaluated based on their official websites, 2021 annual reports, and social responsibility reports. According to the evaluation results of the previous report, Lvse Jiangnan selected the top 14 insurance companies as the evaluation objects this time, including PICC Property Insurance, Hua 'an Insurance, Taishan Insurance, etc.

Table 1 Observation object of this report

NO.	Insurance company	Official website
1	People's Insurance of China Property Insurance	https://property.picc.com/
2	Hua 'an Insurance	https://www.sinosafe.com.cn/
3	Taishan Insurance	https://www.taishanpic.com/index.html
4	YongAn Insurance	https://www.yaic.com.cn/
5	Yongcheng Insurance	https://www.yongcheng.com/
6	Cathay Property Insurance	https://www.cathay-ins.com.cn/
7	Pacific property insurance	http://property.cpic.com.cn/xccbz/?hit=ShouyeDhGsCcbx
8	Ping a Property Insurance	https://property.pingan.com/
9	Bohai property insurance	http://www.bpic.com.cn/
10	China Life Property Insurance	http://www.chinalife-p.com.cn/
11	Sunshine property insurance	https://www.4000-000-000.com/#/home
12	Taiping property insurance	http://www.cntaiping.com/service-ywbltqcx/

13	Asia Pacific property insurance	https://www.apiins.com/maechannel/home.do
14	Dubon insurance	https://www.dbic.com.cn/

2. Distribution of green insurance business

According to the statistical caliber in the Notice, Lvse Jiangnan studied the green insurance business published on the official website of 14 insurance companies in line with their statistical caliber and found that the green insurance business of 14 insurance companies is involved in the three major sectors of ESG, green industry, and green life, which are distributed in 8 first-level projects and 15 sub-projects in the three major sectors respectively. See Table 2 for details.

Table 2 14 insurance companies involved in the green insurance business

Business scope	Detailed classification		Involves or not
	First-level project	subproject	
Environmental, social, and governance (ESG) risk insurance business	Climate change risk type insurance	Catastrophe insurance	√
		Carbon insurance	√
		other	
		Insurance business involving green industries	
	Environmental risk insurance	Environmental pollution liability insurance	√
		Marine pollution liability insurance	√
		other	
		Insurance business involving green industries	
	Social governance risk insurance	Work safety liability insurance	√
		other	
Insurance business involving green industries			

	other	Insurance business involving green industries		
Green industry insurance business	Eco-environmental industry	Ecological agriculture	Ecological planting industry	√
			Ecological forestry	√
			Green animal husbandry	√
			Green fishery	√
		Ecological protection and restoration		
	Clean energy	Solar energy industry	√	
		Wind energy industry		
		Hydroelectric power industry		
		Nuclear energy industry	√	
		other		
	Green upgrading of infrastructure	Building energy efficiency and green building	√	
		Green Transportation	√	
		Landscaping		
		Environmental energy infrastructure		
	Energy conservation and environmental protection industry	/		
	Cleaner production industry	/		
	Green service	/		
other	/			
Green life insurance business	New energy automobile insurance	Insurance business involving green industries	√	
	Non-motor vehicle insurance	Insurance business involving green industries	√	
	other	Insurance business involving green industries		

Through statistics, Green Jiangnan found that there was a big difference in the number of insurance companies involved in these eight categories of green insurance business. For example, there were 14 insurance companies involved in environmental risk and social governance risk, while only 4 insurance companies were involved in climate change risk and clean energy insurance. See Figure 1 for details.

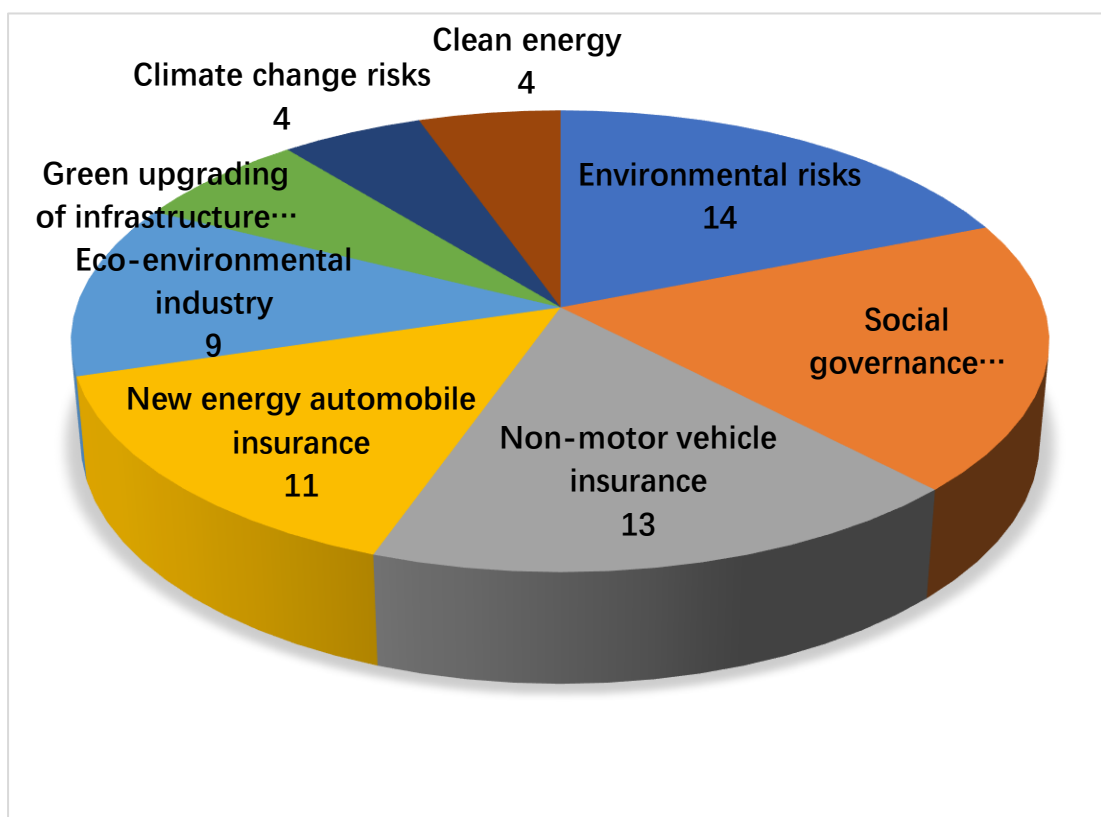


Figure 1 Number of insurance companies involved in eight categories of green insurance business

Chart description: "14 environmental risk companies" means that there are 14 insurance companies involved in the environmental risk insurance

The difference in the number of insurance companies involved in the green insurance business, which belongs to the 15 sub-items in the Notice, is more obvious. There are only 2 types of green insurance businesses involved by all 14 insurance companies, namely environmental pollution liability insurance and

safe production liability insurance, followed by ship pollution liability insurance and new energy automobile insurance, which are involved by 13 insurance companies, and 2 types of green insurance businesses (green animal husbandry and nuclear energy industry), which are involved by only 1 insurance company respectively. At the same time, it can be seen that more than half of the insurance companies involved in the green insurance business category are less than 50% of the total category. See Table 3 for details.

Table3 Distribution of 15 types of green insurance business

Business scope		Number of insurance companies involved	Business scope		Number of insurance companies involved
Climate change risks	Catastrophe insurance	3	Social governance	Work safety liability insurance	14
	Carbon insurance	3	Green upgrading of infrastructure	Green transportation	2
Environmental risks	Marine pollution liability insurance	13		Clean energy	Building energy efficiency and green building
	Environmental pollution liability insurance	14	Nuclear energy industry		1
Ecological environment industry - ecological agriculture	Green animal husbandry	1		Solar energy industry	3
	Green fishery	8	New energy automobile insurance		11
	Ecological forestry	8	Non-motor vehicle insurance		13

	Ecological planting industry	6	/	/
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Table 4 The number of green insurance businesses involved in 14 insurance companies

Insurance company	Business classes	Insurance company	Business classes
People's Insurance of China Property Insurance	11	Ping a Property Insurance	8
Hua 'an Insurance	5	Bohai property insurance	4
Taishan Insurance	9	China Life Property Insurance	8
Yong An Insurance	7	Sunshine property insurance	8
Yongcheng Insurance	7	Taiping property insurance	10
Cathay Property Insurance	4	Asia Pacific property insurance	5
Pacific property insurance	12	Dubon insurance	6

Note: The business categories in the table are subdivided according to the sub-items of statistical caliber in the Notice, and 14 insurance companies are involved in 15 items (see Table 2 for details).

As can be seen from Table 4, Pacific Property Insurance, PICC Property Insurance, and Taiping Property Insurance are involved in 12, 11, and 10 business categories respectively. But there are individual insurers involved in smaller business categories, less than 30% of the total, namely Cathay Property Insurance and Bohai Property Insurance.

3. Problems and findings

3.1 Half of the green insurance business is still under the radar

In combination with the statistical results of the green insurance business of 14 insurance companies and the statistical caliber in the Notice, Lvse Jiangnan found that 14 insurance companies were missing from the green insurance business plate (see Table 2 for details). Regarding first-level projects, the 14 insurance companies are not involved in several insurance businesses, including energy conservation and environmental protection, clean production, and green services. In terms of sub-projects, as many as 15 projects are not involved, including ecological protection and restoration, the wind energy industry, the hydropower industry, etc.

3.2 Some green insurance businesses have not received widespread attention

With the introduction of the two-carbon goal, China is in a critical period of transforming its development mode. The whole industry is committed to saving resources to the maximum extent, protecting the environment, reducing pollution, and realizing the harmonious coexistence between man and nature. The green industry for energy conservation and emission reduction (such as building energy conservation and green building, clean energy, green transportation, etc.) will also become an important force guiding future economic and social development. But according to Lvse Jiangnan's observation, the insurance business involving these green industries has not received widespread attention. For example, there are only 4 insurance companies involved in the building energy conservation and green building industry, only 2 insurance companies involved in the green transportation industry, only 1 insurance company involved in the nuclear energy industry, and 3 insurance companies involved in the solar energy industry (both belong to clean energy industry).

In addition, climate change, as one of the most serious challenges facing mankind in the 21st century, is also the focus of domestic and international attention. Insurance companies should pay attention to the development of relevant insurance businesses. However, it is a pity that only three insurance companies out of the 14 insurance companies observed this time focus on the catastrophe and carbon insurance business. See Table 2 for details.

3.3 Environmental risks, social governance, and green life insurance cover a wide range of businesses

Environmental pollution liability insurance started in the 1990s, and it has been 20 or 30 years. Although the development of environmental pollution liability insurance has been stagnant for several years due to various domestic restrictions, with the deepening of environmental pressure and social contradictions, the state has issued a series of policies to encourage the development of environmental pollution liability insurance since 2007. Therefore, as the first green insurance products to attract attention, environmental risk protection products have also attracted the most attention in the insurance industry. 14 insurance companies have released relevant information on their official websites. In addition to environmental pollution liability insurance, ship pollution liability insurance has also attracted wide attention, and there are 13 insurance companies involved in this kind of insurance business.

Safety production as a long-term basic national policy has been a concern. As early as December 2016, the Opinions of the CPC Central Committee and The State Council on Promoting the Reform and Development of the Field of Work Safety required the establishment and improvement of the work safety liability insurance system. In December 2017, the former State Administration of Work Safety (now the Ministry of Emergency Management), the former Insurance

Regulatory Commission (now the China Banking and Insurance Regulatory Commission), and the Ministry of Finance jointly issued the Measures for the Implementation of Work Safety Liability Insurance, which further standardized the work of work safety liability insurance. Therefore, 14 insurance companies have published the relevant provisions of work safety liability insurance on their official websites.

As two of the modern emerging means of transportation, new energy vehicles and non-motor vehicles, their related supporting services have also attracted wide attention. There are respectively 11 and 13 insurance companies that have related security products.

3.4 Insurance companies with strong comprehensive competitiveness pay more attention to the innovation of the green insurance business

On November 19, 2022, Sina Financial Headlines published the "Ranking of '13 Elite' Comprehensive Competitiveness of property insurance Companies in the first half of 2022", which ranked the comprehensive competitiveness of domestic property insurance companies by six indicators including premium growth, return on equity, total assets, actual capital, complaint rate, and solvency adequacy ratio, as shown in Figure 2.

排名	公司名称	得分
1	平安产险	95.16
2	人保财险	95.00
3	太保财险	94.68
4	英大财产	87.26
5	国寿财产	86.61
6	阳光财产	82.90
7	鼎和财产	82.58
8	太平财险	79.84
9	华泰财险	78.06
10	中华联合	77.10

Figure 2 The top 10 insurance companies in the list

By combining the list and the number of green insurance businesses of the 14 insurance companies, Lvse Jiangnan found that among the 7 insurance companies with more than 50% of the product categories involved, except Taishan Insurance, the other 6 insurance companies ranked top 10 in the comprehensive strength of the list. It can be seen that insurance companies with strong comprehensive competitiveness pay more attention to the diversified development of the green insurance business.

Table 5 Comparison of the number of green insurance businesses of 6 insurance companies and the ranking

Insurance company	Business Category	Ranking of the list
Pacific property insurance	12	3
People's Insurance of China Property Insurance	11	2
Taiping property insurance	10	8
Ping'an Property Insurance	8	1
China Life Property Insurance	8	5
Sunshine property insurance	8	6

4. Recommendation

4.1 Enriching green insurance business

As an important part of green finance, green insurance has the characteristics of both investment and financing and risk protection and plays a unique role in promoting green and low-carbon economic and social development. Therefore, based on fully recognizing the social value of the development of green insurance and its value to the development of the industry itself, the insurance industry should innovate green insurance products and services to provide powerful risk management services for the "double carbon" action.

At present, although the green insurance business operated by insurance companies has gradually expanded from the traditional single type of environmental pollution liability insurance to clean energy, green transportation, green building, catastrophe insurance, carbon sink insurance, etc., covering a wide range of green fields, there are still shortcomings, some areas are still not covered. With the proposal of the two-carbon goal and the deepening of the concept of sustainable development, enterprises will pay more attention to their green transformation and low-carbon development, and the market demand for green insurance businesses in different fields will gradually increase. Insurance companies will innovate green insurance businesses, which can not only meet the social demand for green insurance businesses but also establish the "green image" of insurance companies. We will promote the healthy development of the insurance industry.

4.2 Green insurance products should be disclosed in a timely and effective manner

On July 1, 2018, to standardize the information disclosure of insurance companies, *the Measures on Information Disclosure of Insurance Companies* came into effect. According to *the Measures*, the basic information that insurance companies should disclose includes a company overview, corporate governance summary, and basic product information. As an insurance business that provides risk protection for environmental resources protection and social governance, green industry operation, and green living consumption, the information on the relevant products of green insurance shall also be disclosed by the provisions of *the Measures for Information Disclosure of Insurance Companies*.

It is reported that the Jiangsu branch of PICC issued China's first carbon asset loss insurance (CCS) or CCUS (Carbon dioxide capture, utilization and storage)

project (" carbon capture insurance ") in Nanjing to provide carbon asset loss protection for a power generation company affiliated to China Huadian Group. However, Green Jiangnan did not find any insurance product clauses related to carbon capture in the "Public Information Disclosure" column on the PICC website. Therefore, while enriching and innovating insurance products, insurance companies should also timely and effectively disclose information on their official websites by the provisions of the "Measures for the Management of Information Disclosure of Insurance Companies".

In addition, the China Banking and Insurance Regulatory Commission should also play the role of government supervision and supervision, urging insurance companies to do a good job of information disclosure by laws and regulations to satisfy the public's right to know.

4.3 Establish a green insurance evaluation and review mechanism

For insurance companies, the development of green insurance is not only the upgrading of products and services but also a change of ideas and methods, which requires insurance companies to accelerate the adjustment of development planning and business direction from top to bottom and take the initiative to layout in advance. The establishment of the green insurance evaluation and review mechanism is an important part of it.

First, by establishing a green insurance evaluation and review mechanism, insurance companies can not only demonstrate their concern and commitment to the environment but also enhance their corporate image and reputation to attract more customers and investors. Secondly, the establishment of a special green insurance evaluation and review mechanism to comprehensively supervise the design, sale, and service of green products can ensure the environmental and social value of products, while meeting the requirements of

relevant laws and regulations. Finally, by establishing a green insurance evaluation and review mechanism, insurance companies can be encouraged to incorporate environmental protection into their business decisions and risk management, and at the same time encourage and support customers to pay more attention to energy conservation and emission reduction, to make contributions to sustainable social and economic development.

4.4 Strengthen publicity and promotion of green insurance

Green insurance plays an important role in improving the environmental risk management system, boosting the construction of the green finance system, and helping to achieve the goal of "double carbon". However, at present, domestic green insurance is still in the initial stage, accompanied by many problems in development, such as the lack of green insurance market supply, the lack of insurance impetus for enterprises, the system is not perfect, and so on. Therefore, based on perfecting the green insurance policy system, enriching the green insurance business, and establishing the green insurance evaluation and review mechanism, insurance companies should also strengthen the publicity and promotion of green insurance, improve the public's awareness and trust in green insurance, to attract more customers to choose green insurance products.

4.5 Improve the green insurance policy system

The importance of green insurance is self-evident. It is also clearly pointed out in the Circular that "green insurance not only plays a positive role in strengthening environmental risk management, promoting the development of green industry and the application of new green technology achievements, strengthening environmental protection and other aspects, but also continuously raises the public and society's awareness of green environmental

protection, and guides social resources investment. "Giving priority to economic, social and ecological development, saving and intensive, green and low-carbon development is an effective measure to implement the overall national strategy for ecological civilization, promote the building of a beautiful China, and help achieve the goal of carbon neutrality." Therefore, whether from the perspective of the government or the insurance company, it is very important to establish a sound green insurance policy system.

The government can improve the green insurance policy system by improving the legal system related to green insurance, setting up the green insurance compensation fund, strengthening the fiscal and tax support for green insurance, and establishing a public data platform, which can effectively promote the standardization and enthusiasm of insurance companies in the development of green insurance business, and then effectively promote the rapid development of green insurance scale.

Insurance companies should formulate clear green insurance policies, including design, sales, and service of green products, selection of green investment, and supervision, and incorporate them into corporate strategic planning, which will also help ensure the long-term sustainable development of the green insurance business of insurance companies.

Note: The green insurance business statistics of 14 insurance companies in this report are up to the end of February 2023.