

PRESS RELEASE

Actuarial Association of Europe publishes AAE Discussion Paper “Sustainability issues and reputational risk for insurance companies and pension funds”

Brussels, 6 September 2022:

The Actuarial Association of Europe (AAE) announces the publication of a paper titled [“Sustainability issues and reputational risk for insurance companies and pension funds”](#).

The pace of change in the sustainability field and associated changes in regulatory and public disclosure requirements emphasise the need to be careful about reputational risks stemming from Environmental, Social, and Governance (ESG) considerations. Stakeholders of insurance companies and pension funds are increasingly applying these new ESG considerations as part of their business analysis. The approaches these undertakings adopt in relation to ESG reporting requirements now meaningfully impact their reputational positions.

Some financial institutions seem to be making ambitious long-term commitments but then taking limited immediate action. This might not be an immediate problem but could become an issue during the transition to a more sustainable economy if consistent actions and specific behaviour cannot readily be attributed to the ambitions and targets announced. Over time the public or NGOs could become more demanding. This might again increase the reputational risks such institutions face.

It is worth keeping in mind that reputational risk can quickly lead to actual litigation risk, such as regulatory sanctions or class actions.

Reputational risk can also be turned into an opportunity and ESG reporting requirements can be used in a positive way to improve the reputation of a company. However, there are several sensitive areas which can endanger the reputations of insurance companies and pensions funds. This paper aims to describe these aspects. It is especially meant to support actuaries and risk managers in the identification, assessment, and evaluation of reputational risks in the context of sustainability issues.

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Notes for editors

1. For further information please contact Monique Schuilenburg, Operations Manager (tel. +32 2 201 60 21), moniques@actuary.eu
2. Copies of all AAE press releases are available on the AAE website (www.actuary.eu)
3. The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its primary purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 37 member associations in 36 European countries, representing over 27,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests. The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54