

PRESS RELEASE

Actuarial Association of Europe publishes AAE Discussion Paper “Social Sustainability in Insurance: What, Who and How”

Brussels, 1 February 2024

The Actuarial Association of Europe (AAE) publishes the [discussion paper “Social Sustainability in Insurance: What, Who and How”](#).

This comprehensive publication delves into the integral role of the insurance sector in social matters, particularly focusing on its impact within the 'S' dimension of ESG considerations (Environment, Social, and Governance).

The paper discusses the historical and current social roles of insurance, the populations it serves, and how it can contribute more positively to social outcomes globally. It underscores the impact of insurance in influencing social outcomes, and emphasises the importance of improving insurance practices to better serve society, while still accounting for commercial objectives and actuarial risk-based considerations.

From a regulatory perspective, the paper provides an update on developments within the European context. It emphasises the importance of the insurance sector's proactive engagement with regulatory bodies and financial supervisors on social sustainability issues.

The paper also discusses the potential pitfalls of underserving vulnerable communities. Vulnerability to loss is indeed higher in communities where the level of protection is already low, and climate change impacts are anticipated to further exacerbate that effect. A key highlight of the paper includes illustrative use cases such as microinsurance and mental health insurance. These examples distinctly demonstrate how the insurance sector can extend its reach and create significant social value.

The authors propose four main actionable recommendations for insurance professionals:

1. Engaging openly with regulators and financial supervisors on social sustainability issues.
2. Designing and expanding new customer impact measures for underwriting activities.
3. Integrating social considerations into underwriting and product strategies, including around the use of Artificial Intelligence.
4. Engaging proactively with all relevant stakeholders and partners in the value chain, including NGOs and civil society.

Moreover, the paper highlights the important role that actuaries play in this landscape. With their unique skills, experience, and perspective in assessing and mitigating risks, actuaries can be instrumental in analysing social risks, opportunities, and impacts, and in implementing these recommendations.

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Notes for editors

1. For further information please contact Monique Schuilenburg, Operations Manager (tel. +32 2 274 06 61), 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 38 member associations in 37 European countries, representing over 29,000 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