Sustainability in the Italian insurance industry

Third edition

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ItaSIF Italian Sustainable Investment Forum

Ania Associazione Nazionale fra le Imprese Assicuratrici

Insurance companies are key players in the financial landscape, with distinctive characteristics that make them unique and particularly relevant in terms of ESG policies. This is largely due to their dual role as institutional investors on one side, and providers of insurance products and services on the other side.

In this context, starting from 2022, the Italian Sustainable Investment Forum (ItaSIF), together with the Italian Insurance Association (ANIA), launched a survey on the Italian insurance industry, with the aim of analysing **how sustainability aspects are included in governance, investment policies, and underwriting policies**. The third edition of the study follows the previous ones, sharing its data collection methodology and the questionnaire structure, with the introduction of some new topics. The survey sample is composed of ItaSIF and ANIA members. **87% of the Italian insurance market** in terms of collected premiums participated in the third edition of the survey. This figure is higher compared to the previous years (when the responding companies accounted for 76% of the market share in 2023 and 73% in 2022).

The results of the third edition of the research – presented based on the percentage distribution of responses weighted by the participants' premium volume – confirm that the **integration of ESG criteria** is widely adopted among Italian insurance companies, showing a **growing trend** compared to the previous two editions.

Below is a summary of the results for the three areas surveyed.

Governance

The integration of sustainability within insurance companies begins with the inclusion of ESG factors among the **strategic priorities**, as done by **nearly all the companies in the sample**. The incorporation of ESG factors into strategic plans is further evidenced by the inclusion of ESG objectives in **remuneration policies**, a practice adopted by almost the entire sample (99%), through the introduction of indicators in the variable part of remunerations.

Additionally, most of the companies (96%) manage ESG topics through the **establishment of dedicated committees and/or corporate functions dealing with sustainability topics**, and almost all of them (98%) have introduced specific training programs for all employees. Particular attention is also given to diversity issues, with 96% of the sample integrating **gender equality objectives** into human resource management policies.

Investments

Regarding the role of insurance companies as institutional investors, the survey shows that **almost the entire sample (99.7%) includes ESG criteria** in investment decisions, applying them to a significant portion of their overall investment portfolios. This year, as in the previous surveys, the integration of ESG criteria into investment policies and decisions is carried out using a variety of **approaches that consider ESG factors**. The most widely used approaches include **exclusions** (100% of the sample), **engagement** (86%), **best-in-class** (79%), **international conventions** (76%), **thematic investments** (76%), and **voting** (71%). **Divestment policies** are also widely used (73% of the sample).

Great attention is given to the climate change: **98%** of the sample measures the **carbon footprint** of their investments, aiming to **decarbonize their portfolios** (88%) and **identify financial risks associated with climate change** (75%). Furthermore, **73%** of the sample includes **climate neutrality objective** in investment choices, mostly through measurable intermediate targets aligned to internationally recognized standards.

Risk underwriting

Regarding **risk underwriting**, **60% of the sample (showing a significant increase compared to previous editions) includes ESG criteria into their underwriting policies**, offering non-investment insurance products, both life and non-life, that consider environmental, social, and/or good governance factors. Companies that have not yet incorporated sustainability aspects into their underwriting policies are currently evaluating their inclusion, with most expecting to conclude the process within 1-2 years. Companies that integrate ESG criteria into their underwriting policies primarily offer products with environmental characteristics (100%) and social characteristics (76%).

The integration of ESG criteria in the definition of insurance products occurs through **two main approaches**: offering insurance products specifically designed for ESG topics, such as **coverage for climate risks** (100%) and **promoting insurance inclusion** (65%), as well as **limiting the offer of insurance products for activities exposed to high ESG risks** (92%).

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