

# Sustainability in Storebrand insurance

Storebrand's purpose is to create a future to look forward to. We are committed to create good solutions and products for our customers that economically enable them to live good lives.

To achieve this purpose, we need a sustainable business model. This means that we will deliver returns to our owners, while creating positive ripple effects for society and managing our business activities in a way that does not deprive future generations. Our business model should provide long-term value for shareholders, customers and for society. This means that economic, social and environmental aspects are considered before we make decisions.

Storebrand has 6 sustainability principles that sum up how sustainability is an integral part of our overall strategic goals. The principles were updated in 2018 and encompass all parts of Storebrand's activities, including investments, product development, procurement, employee follow-up and internal operations.<sup>1</sup>

Storebrand has identified eight Sustainable Development Goals (SDGs) (3, 5, 6, 7, 8, 11, 12, and 13) that we have the greatest impact on through our investment activities.

Storebrand has also identified two sustainability goals in which we can make a difference through our Group business activities. Sustainability Goal 8, decent work and economic growth, shall ensure access to and an understanding of financial services. Storebrand encourages more people to save for their pensions and secure their personal finances. Through our business activities, Storebrand should also contribute to achieving Goal 5, gender equality.

## Insurance supporting the UN Sustainable Development Goals

Sustainability criteria are considered when Storebrand Insurance performs product development, risk management, underwriting, pricing, legal terms, and settlement. Below are some examples of how we work with selected SDGs within our insurance operations.



### Green settlement

Insurance activity sometimes means replacing damaged products with new. This is not necessarily a sustainable activity. In addition to taking sustainable measures when accidents do occur, Storebrand insurance also implements damage prevention through the underwriting process and in customer engagement. See more detailed examples below.

### Sustainable cooperations

In addition to the sustainability requirements set in Storebrand's [procurement policy](#), we have established cooperation with partners who help us become more sustainable. Below are two examples.

Storebrand insurance have introduced "green settlement" through a cooperation with the company [GIAB](#), which specializes in circular economy. All products and movables that are condemned in an injury are collected by GIAB, who repairs and prepares the products for resale/reuse.



<sup>1</sup> The principles are: 1) We base our business activities on the UN Sustainable Development Goals, 2) We help our customers to live more sustainably. We do this by managing our customers' money in a sustainable manner, in addition to providing sustainable financing and insurance, 3) We are a responsible employer, 4) Our processes and decisions are based on sustainability - from the Board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their own area, 5) We collaborate to achieve the UN Sustainable Development Goals with our customers, suppliers, the authorities and partners, 6) We are transparent about our work and our sustainability results.

This partnership will reduce the waste from our insurance operations. The reduction in CO2 emissions which will be reported monthly by GIAB.



We recycle and repair when possible. In 2019, we started a strategic partnership with Hurtigruta Carglass, a car glass company with a high repair ratio. Instead of replacing all car windows after accidents, four out of ten windows are now repaired through Hurtigruta Carglass. This helps reduce waste. 40 replaced car windows fill a trailer with waste, while the waste of 40 repaired car windows can be held in the palm of your hand.

### Rewarding damage prevention and reducing costs

Insurance customers in Storebrand taking measures to reduce injuries will benefit. Damage prevention is one of our main priorities to succeed with. We aim at reducing damages to reduce premiums for the customers, to avoid increased and unnecessary consumption in the society, and to create high customer value and a sustainable future. Storebrand Insurance also communicates actively with its customers and encouraging damage prevention actions that are seasonal related such as securing your belongings during winter and threatening floods.

The insurance price is reduced each year of no injuries through the [bonus system](#), and the deductible is removed for home insurance if the alarm was active at the time of the damage. The insurance terms also set requirements for use, storage, prevention and maintenance to limit damage through safety regulations and liability limitations. For instance, Storebrand includes requirements for public registration of boats, in order to limit illegal wrecking.

We have prioritized applying for recourse, especially to municipalities, where measures to limit water damage are not carried out. This has led to a collaboration with Finance Norway, committing us to share our damage data, and compare it to the municipalities' injury data. This helps determine how the municipality's should prioritize infrastructure improvements.

## Climate Action: Our insurance schemes support climate friendly solutions and products.



### Climate risk

The greatest financial climate risk for property and casualty insurance is considered to be physical risk in the form of increased payments related to climate-related damage. In the long term, rising sea levels and long-term changes in weather patterns also may have an impact. In addition, we believe that transitional risks, such as changing customer behaviour, technological developments and changing regulations, will affect the property and casualty insurance area.

In 2018, the Board and the management of our property and casualty insurance operations simulated the effects of flood scenarios, assessed how climate conditions should be included in risk assessment and pricing in the underwriting process, as well as how recourse and dialogue can be used to influence municipalities and authorities. In 2019, quantitative mapping of risk exposure will be carried out and transitional risk will be assessed.

The following initiatives have been implemented:

- Pilot project under the auspices of UNEP FI: Storebrand participates as one of 18 insurance companies to further develop standardized reporting in accordance with the TCFD framework through scenario analysis, financial modelling and key figures for climate-related risk and opportunities.
- Review of the underwriting process: developed a method for the assessment of risk and pricing associated with climate risk in underwriting.
- Legal remedy and dialogue with municipalities: employment of own resources to focus on recourse and dialogue with municipalities related to climate-related claims settlement.
- Scenario analyses with climate risk in connection with Storebrand's process for risk and solvency assessment (ORSA)



### Pricing

Storebrand Insurance has incorporated environmental valuations into insurance pricing.

Storebrand cooperates with the Norwegian association for electric cars ([Elbilforeningen](#)), offering a specialized car insurance. For all car insurances, the price is linked to fuel usage, where higher usage leads to higher insurance prices. As a result, electric cars, as part of the total car insurance portfolio, has increased from around 3% in 2015 to 12% in 2019.

Products that might cause damage to the environment could mean higher risks, and might result in increased prices, reduced coverage or not offering insurance. If insurance is offered for these high risk products, Storebrand is particularly concerned with preventative and mitigating measures for the customers.

We increase the price in areas where we see that climate change and other causes lead to repeated injuries of the same kind.

### **Sustainability nudging**

In order to nudge our home insurance customers to behave more sustainably, we offer a grant of up to NOK 50,000 for installation of climate-friendly or safety-related measures beyond what is required by law or regulations when rebuilding insured houses. Climate-friendly measures are defined as fixed installations, construction methods and use of building materials that are intended to reduce carbon emissions and energy consumption.



Storebrand's car insurance customers are offered a cash compensation if they choose not to use a rental car while their car is being repaired, nudging the customer to use more environmentally friendly transportation in this period. In addition to reducing emissions further, we operate by a strict safety policy stating that environmental issues are to be prioritized. We have safety regulations for handling buried oil and paraffin tanks in insured homes (an issue in the Norwegian housing market). We also have zero tolerance for leaving waste at the bottom of the sea, which means that all boats that have sunken should be raised and safely restored.

Storebrand's strategy is to be a 100% digital insurance provider, and today 80% of our customers are digital. There is a fee for specifically selecting paper invoice to nudge the customers to select the paper free solution.

### **Exclusion criteria**

Storebrand's term conditions limit coverage of unwanted risk and behavior. Examples are exemptions for driving on race tracks and iced water, illegal rebuilding of vehicles and use of vehicles beyond what has been agreed with the company. We have three levels of underwriting and authorization documents. The lowest level is available to all sales personnel, level two sales personnel with special authorization, and high-risk ESG cases are escalated to level three, the underwriting department with product managers.

### **Customer engagement in sustainable insurance**

We engage with our customers on business risks and opportunities within our insurance operations.

The channels used for customer engagement are:

- Season based e-mail newsletters to all customers
- Posts on Storebrand's Facebook page
- Articles on Storebrand's web page about risks and opportunities
- Media exposure – interacting with media on insurance related topics