



Covid-19 can be the catalyst for a more sustainable future

The pandemic has demonstrated beyond doubt that the commitment with which industries, including the insurance industry, practise sustainability makes a significant difference



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Antonio Huertas
Mapfre

In January, the world was put on notice that it had 10 years left to fix climate change or face catastrophic consequences.

Climate scientists warned that global temperatures were set to rise by twice the level they believed to be safe to avoid the most severe economic, social, and environmental disasters.

However, priorities have shifted since the onset of the current pandemic, which has the potential to spell disaster for the environment.

A recent Insight Report from the World Economic Forum (WEF) (Covid-19 Risks Outlook – A preliminary mapping and its implications) warns how the pandemic has diverted attention from the green agenda.

This, in turn, could weaken commitment to climate action and reduce sustainability-focused stimulus packages.

Risks of extreme weather events or major natural disasters, human-made environmental damage and disasters, and major biodiversity loss and ecosystem collapse are just as pressing now as they were a few months ago, and the potential economic impact of their consequences should not be underestimated.

A recent Swiss Re report estimates the economic cost of all environmentally related disasters worldwide in 2018 at \$165bn, 50% of which were uninsured.

A different world

Fast forward to today. Only four months on, we are living in a very different world, with very different priorities. Hundreds of thousands of people have already died and millions more have fallen ill from a coronavirus that was previously unknown before appearing in the city of Wuhan in December 2019. For millions of others who have not caught the disease, their entire way of life has been changed by it too.

According to the WEF, a Covid-19 risks perception survey conducted in April concluded that risk professionals were now more concerned with the state of the economy, with decarbonisation efforts falling noticeably by the wayside. However, as the economic engine starts to splutter back to life, we need to remain focused on the sustainability agenda to avoid environmental collapse.

Here at Mapfre, after eight weeks in which more than 30,000 people in the group have made a spectacular effort to maintain service to our clients by working from home, a plan of progressive reincorporation into the offices has begun, with a focus on the safety of our people.

So, what next? Will we all quickly return to our old ways, flying and driving everywhere, consum-

ing, polluting, putting the needs of our planet second to our own?

I sincerely hope not, and that during this time of reflection we can find a better way. The fact that many of us were able to successfully work remotely from home and spend more time with our families, rather than commuting, driving or flying to meetings has been, despite the unwanted circumstances and challenges, seen as a positive by many.

Looking ahead, we need to find a way that is productive, but also more sustainable for our planet.

Since the pandemic began, levels of pollution and greenhouse gas emissions have fallen across continents as countries try to contain the spread of the new coronavirus. No one would have wanted change to come in this way, with so much tragedy. That said, we must all, however, surely have noticed and enjoyed the cleaner air, the birds singing, the clearer skies and the stars, the peace where before there was so much noise.

In some villages in Nepal, children have apparently seen the Himalayan mountains for the first time as pollution cleared. Compared with this time last year, levels of pollution in New York have been reduced by nearly 50%. In China, emissions fell by 25% at the start of the year

as people were instructed to stay at home and factories shuttered, with coal use falling 40% in the biggest power plants. In Europe, satellite images show nitrogen dioxide reducing in Italy, as well as Spain and the UK.

No going back

We could try to go back to our previous ways of working and living, but environmental concerns aside, the economic impact of climate change should not be underestimated. A study by the US administration estimates that by the end of the century, the economic impact of climate-related events could represent 10% of US gross domestic product (GDP) annually (\$2trn, or almost double the GDP of Spain). According to the WEF, more than 200 of the world's largest companies have estimated that climate change could collectively cost them almost \$1trn if action is not taken.

The issue for insurers, however, is not simply around the way in which they interact with governments or their clients, but in how sustainable our industry is. Senior management has the obligation to ensure that their company's operational processes respect these concerns and make maximum use of resources, and that all external suppliers and providers play their part too. Failing to do so and underinvesting in green infrastructure post Covid-19 risks a new peak in energy consumption and, subsequently, greenhouse gas emissions.

As an industry, what are insurance companies doing? It is no secret that for years many within the sector have treated sustain-

ability and corporate social responsibility (CSR) as little more than a glossy veneer of marketing spin. Today, that is simply not good enough. Pre-pandemic, there was already a real hunger for change at an individual level; and according to the Covid-19 Risks Outlook report, 65% of citizens in the G20 support a green recovery.

When reputation-building is not backed up by real actions, it is usually exposed by the market and has little impact over time. Insurance companies must not only appear sustainable but must actually be so, and in a transparent and accountable way. This is especially important in our global, connected world.

In practical terms, Mapfre has publicly announced that the operations in Spain and Portugal will be carbon-neutral in 2021, representing a 61% reduction in the Group's current emissions. In addition, it has advanced its public commitment on emissions neutrality to become a carbon neutral company by 2030 globally.

It has also promised to stop investing in electricity companies in which more than 30% of its income comes from energy produced from coal, nor is it going to insure new coal mines or the construction of new coal-fired power generation plants.

So, whilst none of us would ever have wished for the Covid-19 pandemic, let's make sure that it genuinely acts as a catalyst for driving a brighter, truly sustainable future. We simply cannot afford to risk the alternative. ■

Antonio Huertas is chairman and chief executive of Mapfre

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