

How can insurance be an enabler to catalyse investment into nature-based projects?

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NATURANCE WEBSTIVAL

ADVANCE FINANCE
INNOVATIONS FOR
NATURE-BASED SOLUTIONS

How can insurance be an enabler to catalyse investment into nature-based projects?



Innovation lab part 1: Understanding the Landscape

- Understand the current role of insurance
- Identify where new product development is required



**Investment
Leaders Group**

**Banking
Environment
Initiative**

Innovation lab part 2: Exploring Innovative Financing Models

- Jointly with bankers and investors
- Explore a range of innovative financing models to accelerate investments into nature-based projects



Innovation lab part 3: Crafting a Roadmap for Implementation

- A roadmap for implementing innovative financing models
- A guiding structure for those working on nature-based solutions projects

Online

February 2024

March 2024

June 2024

ClimateWise

- Leading **insurers, reinsurers and brokers** committed to reducing the impact of climate change
- A **member** network convened by CISL’s Centre for Sustainable Finance, who produces **actionable research**
- A collective **voice** for the industry
- Transition of the insurance industry through the **ClimateWise Principles disclosure requirements** (since 2007)

Membership of the <i>Nature & Insurance Steering Group</i> (February 2025)	
Association of British Insurers	Inigo Insurance
Aon	Liberty
AXA XL	RenaissanceRe
Beazley	QBE
FloodRe	AVIVA – joined Feb. 2025
Howden Group	WTW – left Jan. 2025

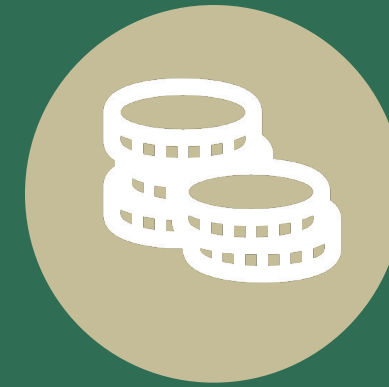


Innovation Lab #1 - Main outcome: six areas of focus



Collaborative Partnerships and Co-development

In particular with banks and investment groups, to co-develop and structure insurance products. Leverage such alliances to share development costs



Financial Innovation and Blended Finance

Innovations include de-risked bonds, insurance-linked securities, biodiversity credits. Blended finance can help mobilise public and private (commercial, philanthropic) capital



Risk Understanding and Mitigation

Need to enhance risk assessment capabilities to better understand the specific risks associated with *nature-based solutions* projects



Value Assessment and Analysis

Need for cost-benefit analyses to quantify the economic and environmental value generated by *nature-based solutions* projects, thereby incentivising investments



Data Utilisation and Integration

Data are key to improving maps and geospatial risk models. Need to develop and/or use standards as part of *nature-based solutions* projects



Community Engagement and Empowerment




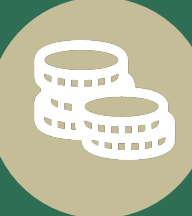


Need to understand local decision-making processes and financial motivations, to ensure project sustainability and success. Empower Indigenous Peoples and Local Communities (wealth of expertise)

Innovation Lab #2 – Jointly with bankers and investors

- Objective:
 - Explore various innovative financing models that can be employed to **accelerate** investments into *nature-based solutions* projects
- Two additional **member** networks, also convened by the Centre for Sustainable Finance (both **private commercial** capital):
 - *Investment Leaders Group* (asset owners and managers)
 - *Banking Environment Initiative*
- Lab #2 picked up discussions starting from the **6 areas of focus** from Lab #1



Innovation Lab #2 - Main outcome

	What works well?	What doesn't work well?	What would you change?
 Collaborative Partnerships and Co-development	Diverse expertise and resources	Transparency, scatter information and scalability	Standardisation and common objectives
 Risk Understanding and Mitigation	Tailoring products and wider engagement	Quantifying nature and lack of examples	More landscape pilots and case studies
 Data Utilisation and Integration	Standards and open-source data	Lack of coherent and structured data	Standardisation and engage with locals
 Financial Innovation and Blended Finance	Biodiversity initiatives and stacked benefits	Lack of measurable and clear financial returns	Enhance transparency and credibility of emerging markets
 Value Assessment and Analysis	Upfront investment by aggregating projects	Diverse views and lack of clear methodologies	Integrate nature's value into financial returns
 Community Engagement and Empowerment	Involve local communities	Lack of understanding of insurance's value	Collaborate at all levels and stages of projects

Innovation Lab #3 – Roadmap for implementing innovative financing models

Phase

Activity

Phase 1: Initial Assessment

1. Establish a Multi-Stakeholder Task Force
2. Conduct Comprehensive Needs Assessment
3. Enhance Collaborative Partnerships and Co-development

Phase 2: Design and Strategic Planning (Assessment from Innovation labs 1 &2)

4. Improve Risk Understanding and Mitigation
5. Standardise Data Utilisation and Integration
6. Foster Financial Innovation and Blended Finance
7. Develop Robust Value Assessment and Analysis
8. Strengthen Community Engagement and Empowerment

Phase 3: Pilot Implementation and Evaluation

9. Launch Pilot Projects
10. Develop a Regulatory and Subsidy Framework for Support
11. Promote Transparency and Standardisation

Phase 4: Scaling and Long-Term Support

12. Evaluate and Refine Pilot Outcomes
13. Scale Successful Models
14. Commit to Best Practices

Phase 5: Continuous Improvement

15. Promote Continuous Improvement and Adaptation
16. Advocate and Share Knowledge Globally

Thank you



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