



Marsh Captive Solutions ESG

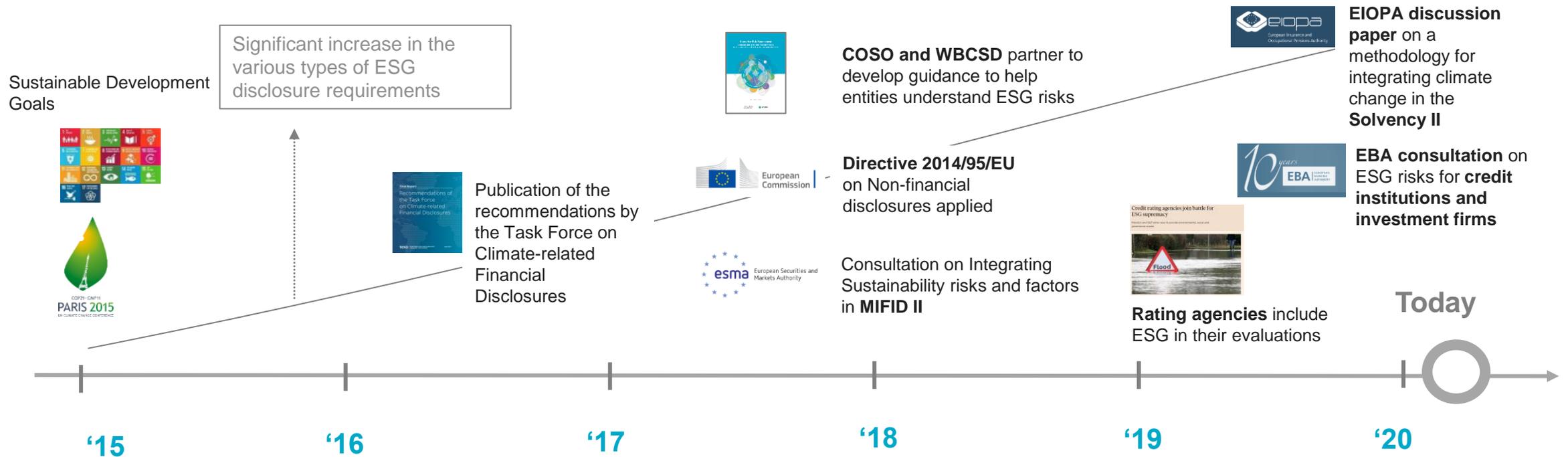
Marsh Captive Solutions

A business of Marsh McLennan



ESG Context

Evolving requirements and best practices



1. Increasing requirements since 2015
2. No longer perceived mainly as a disclosure/ reporting topic
3. Still lacking consolidated best practices

How is the insurance market responding?

Formation of working groups seeking to coordinate the insurance industry response

UN Net-Zero Asset Owners Alliance	UN Net-Zero Insurance Alliance	ClimateWise	SMI (Sustainable Markets Initiatives) Insurance Task Force
<ul style="list-style-type: none">• Coalition of institutional investors committed to making investment portfolio carbon neutral by 2050.• 12 of its 16 members from insurance industry.	<ul style="list-style-type: none">• 21 (re)insurers (including Lloyd's of London) committed to transitioning underwriting portfolio to net-zero GHG emissions by 2050.	<ul style="list-style-type: none">• Global insurance industry initiative – signatories annually report progress against six principles.• 40 members.	<ul style="list-style-type: none">• Convened by HRH Prince of Wales and chaired by Lloyd's, platform committed to advancing world's progress to a net-zero economy.

Focus areas:

Green Investment

Net Zero Underwriting methodologies

Research and reporting on progress

Product development

What is the insurance impact on insurance buyers?

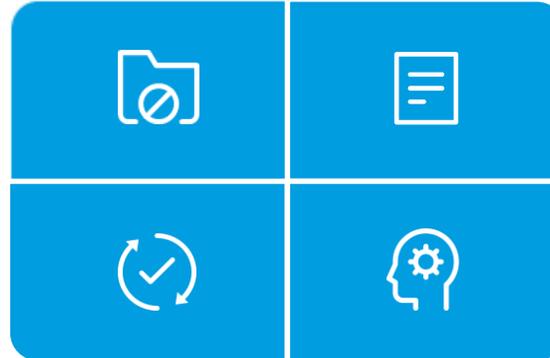
Changes to Anticipate

CAPACITY WITHDRAWALS

- **Certain segments** (e.g., oil sands, arctic drilling, coal) **heavily scrutinized**, difficulty placing cover for **specific industries**.
- Insurer assessments largely at **entity level** rather than the asset level
- Less cover available for risks with increasing loss profiles (e.g. wildfire)

DIFFERENTIATED SOLUTIONS FOR HIGH PERFORMING CUSTOMERS

- Insurers **incentivizing** ESG related **risk reduction approaches pre-loss**.
- Outcomes; increased capacity, broader coverage, improved retentions, premium credits



CHANGES TO POLICY WORDING/ CONDITIONS

- Expected uptick in **exclusion language** for some sectors
- Currently, largely restricted to liability classes
- Examples: **Climate Change Exclusion, Modern Slavery Clause** in Marine Cargo Insurance
- Insurers may apply **higher deductibles**. Likely also changes to **natural catastrophe sub-limits**.

NEW PRODUCTS

- **Insurance market innovation** to support clients on sustainability journey
- Coverage for **new technologies** e.g. Carbon capture, utilization, and storage insurance.
- Coverage to **support changing business operations** e.g. Late-life asset decommissioning insurance
- Building resilience - **parametric coverage to protect against climate and ESG related reputational risk**



This is a marketing communication.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such. Statements concerning legal, tax or accounting matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal, tax or accounting advice, which we are not authorised to provide.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are intended solely for the entity identified as the recipient herein ("you"). This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh's prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. All decisions regarding the amount, type or terms of coverage shall be your ultimate responsibility. While Marsh may provide advice and recommendations, you must decide on the specific coverage that is appropriate for your particular circumstances and financial position. By accepting this report, you acknowledge and agree to the terms, conditions, and disclaimers set forth above.

Marsh Ireland Brokers Limited, trading as Marsh Ireland, Bowring Marsh, Charity Insurance, Echelon Claims Consultants, Guy Carpenter & Company, ILCS, Insolutions, Lloyd & Partners, Marsh Aviation Consulting, Marsh Claims Management Services, Marsh Claims Solutions, Marsh Specialty, Marsh Reclaim, and Marsh Risk Consulting, is regulated by the Central Bank of Ireland.

Marsh Ireland, Bowring Marsh, Charity Insurance, Echelon Claims Consultants, Guy Carpenter & Company, ILCS, Insolutions, Lloyd & Partners, Marsh Aviation Consulting, Marsh Claims Management Services, Marsh Claims Solutions, Marsh Specialty, Marsh Reclaim, and Marsh Risk Consulting are trading names of Marsh Ireland Brokers Limited. Marsh Ireland Brokers Limited is a private company limited by shares registered in Ireland under company number 169458. VAT Number IE 6569458D. Registered Office: 4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland, D02 RY98.