Tapping the ESG Opportunity in Insurance Claims

The claims supply chain offers financial and productivity value for insurers that support their suppliers’ sustainability efforts.

Searching for sustainable suppliers

Insurers that use environmental, social, and governance (ESG) metrics to select suppliers can lower emissions and material use, improve working environments, and boost value

Environmental factors

- Use of electric vehicles
- Repair over replacement in property claims
- Materials that safeguard against future damage

Social and governance factors

- Safety protocols
- Diversity commitments
- Anti-corruption mechanisms

Investing in supply chain ESG can have big payoffs

<table>
<thead>
<tr>
<th>THE INITIATIVE</th>
<th>THE RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>One large Australian insurer is making smarter material choices, reducing waste, boosting training, and mitigating demand across the supply chain</td>
<td>In the first seven months of 2021, 24% of sales of recycled parts on eBay UK rose by 10%</td>
</tr>
<tr>
<td>Aviva encourages auto repair shops to use recycled parts, which can be up to 70% cheaper than new ones, and has partnered with eBay UK to source them</td>
<td>The goal is to help Aviva reduce claims costs, accelerate repairs, and boost profits by fiscal year 2023</td>
</tr>
<tr>
<td>Allianz UK applies a minimum weighting of 10% to ESG factors in sourcing decisions and provides suppliers with support to track and improve performance</td>
<td>The initiative with the help of such initiatives, between 2010 and 2020, the firm was able to reduce waste by 89%, CO2 emissions by 78%, and water consumption by 29%</td>
</tr>
</tbody>
</table>

How to incorporate ESG across the claims supply chain

- Enhance measures such as sensors, home assessments, and early warning systems to minimize damage due to natural hazards
- Integrate ESG metrics, such as energy efficiency and percentage of recycled parts, into supplier allocation
- Offer support and training for assessors and repair companies

Integrating ESG across the claims supply chain

Enhance measures such as sensors, home assessments, and early warning systems to minimize damage due to natural hazards

Integrate ESG metrics, such as energy efficiency and percentage of recycled parts, into supplier allocation

Offer support and training for assessors and repair companies