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LAUNCH OF THE OBSERVATORY 173 ON CLIMATE & LIFE INSURANCE

Think tank The Shift Project launches energy and climate transition observatory for life insurance sector in France

The Shift Project is launching the OBSERVATORY 173 ON CLIMATE & LIFE INSURANCE, which will assess annually from the second quarter of 2017 how well climate risks are taken into account and managed by the life insurance sector in France.

Life insurance is the main savings product of French households. In late 2015, their equity in life insurance reserves stood at more than €1,600 billion. Life insurance is the biggest financial asset of the French public, coming ahead of securities holdings and bank deposits.

From 2016, **French life insurance firms are obliged to explain annually how they are accounting for their exposure to climate risks in accordance with Article 173 of the Energy Transition for Green Growth Act** adopted in 2015. Specifically, they are called on to publicly declare how they are aiding the energy and ecological transition and efforts to prevent global warming, although they are not required to follow any particular method to this end.

The Shift Project's Observatory 173 on Climate & Life Insurance will ensure high national and international visibility of relevant initiatives taken by French life insurance firms. From 2017, it will analyse their efforts to promote the energy and climate transition.

Background

The French life insurance sector is well suited to this observatory: it is very concentrated, with around a dozen companies covering more than 70% of the market. The general funds managed directly by those firms account for 75% of savings held by private customers.

Globally, the French financial sector is leading the way in terms of supporting the energy transition and managing climate risk, as evidenced by the growing number of initiatives such as the "energy and ecological transition for the climate" label, green bonds and the draft pro-climate amendment of banking regulations. The various international efforts in this arena (G20, European Union, Working Group of the Financial Stability Board, OECD, IMF, etc.) are very closely following the French example and the implementation of Article 173.

The aim of the observatory is to better inform the 14 million French households with life insurance, long-term savings which in many cases supplement pensions. As the G20 Green Finance Study Group under China's Presidency (20/09/16) said on the subject of ecological risk: "(...) in most countries, disclosure by institutional investors on their policies and performance to beneficiaries and clients has been limited".

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Consult our website: [OBSERVATORY 173 ON CLIMATE & LIFE INSURANCE](#)

THE SHIFT PROJECT is a Paris based think tank which advocates a shift to a low-carbon economy. Combining high-level scientific expertise and a coalition of major economic players, The Shift Project is able to position itself as the interface between the academic world, businesses, civil society and political institutions. Since its foundation in 2010 by Jean-Marc Jancovici, Geneviève Féron-Creuzet and Michel Lepetit, it has achieved a significant impact on national and European policy-making. The Shift Project is above all a source of proposals in the public interest at a time when viable transition solutions for both the planet's resources and a sustainable economy are struggling to emerge.