Future of Insurance in a post-1.5°C world

What does a post-1.5°C world mean for the insurance sector, their customers, investors, communities they serve, and the insurance leaders themselves?

Potential 2035 futures for the industry depending on extent of climate breakdown & insurers' embrace of strategic adaptation

Climate Majority Project

Defining the insurers’ role in a future grievously marked by un-insurability

The future of insurance in a climate-chaotic post-1.5°C world is no longer a question of if we will see un-insurability: that’s very clearly here in an increasing number of mature insurance markets. We are still in the early stages of this process. It’s going to get a lot worse.

The real question now is: how fast and widespread is un-insurability going to get and how will it affect the wider economy, and everyday people? And: What is an insurer to do about it?

It is now crucial for insurers to consider plausible futures in strategic planning, for the sake of their customers and bottom lines, as well as their contribution to wider economic stability. Otherwise, you risk having a business model with dramatically decreasing relevance.

Currently, climate scenarios typically underestimate qualitative systemic shifts and medium/long-term economic impacts[1,2]. This is why existing scenarios have not yet lived up to their potential in steering boardroom decisions, especially for insurers[3].

The following narrative-based scenarios aim to close that gap, offering a big-picture view on alternative paths forward for insurance leaders to consider as accelerating climate breakdown becomes the norm.

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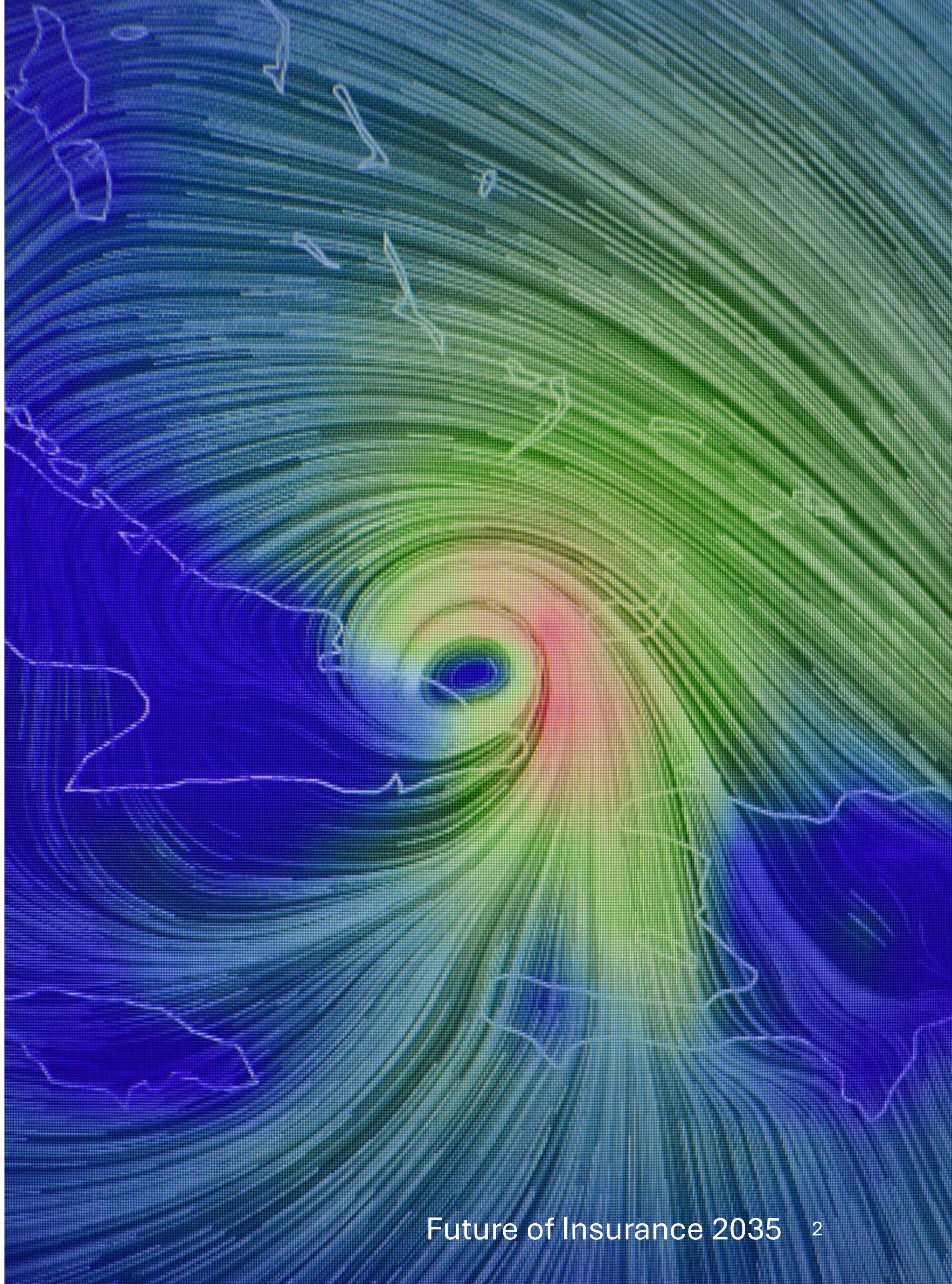
1 – Keen, Campanale, Benjamin, Abrams: Challenging systemic under-pricing of climate damages within the global financial system. Yale Institute of Sustainable Finance (YISF) annual symposium. Nov 24. LINK
2 – Institute and Faculty of Actuaries: Climate scenario models in financial services significantly underestimate climate risk. July 2023. LINK
3 – Oliver Wyman: Insurance and sustainability trends, 10 priorities for insurers to consider in 2025. Dec 24



No one wants it to be true

We recognize that the industry is not yet ready for what's already happened.

You can see that in the currently underpriced risks driving chronic unprofitability of property insurance in an increasing number of regions.

This may not be easy to hear, or begin to accept, since we as humans are wired to ignore and dismiss such unwanted challenges to our realities, identities, and livelihoods. Much of which we aim to discuss here is even considered 'taboo' within insurance sector, but now let's face that reality together.

For the sake of the legacy you leave to your business, the customers that rely on you, and your own children's future, we simply ask you to seriously consider and begin defining the future you are aiming to actively build within your organization.

We believe it is not alarmist to state the risks are potentially existential for the industry, thus your business' financial legacy and relevance of your business model hangs in the balance.

Three possible 2035 scenarios – which future do you want?

The Great Abandonment

High climate breakdown

Low embrace of adaptation

A singular focus on profitability, regular 1000yr events, & chronic secondary perils drive insurers to exit markets chaotically, sparking unaffordable prices in many regions leaving customers behind while offloading systemic risk to taxpayers, triggering a cascade of financial crises as state-backed programs, municipalities, and mortgage lenders require bailouts. …The customer is abandoned: but this leaves insurers with a rapidly dwindling business. Previously privatized profits are now socialized as widespread losses.

The Future is Triage

High climate breakdown

High embrace of adaptation

Insurers embrace strategic adaptation as core to their survival to remain relevant and address customers' increasing risks, yet due to minimal government action on climate 'mitigation', very exposed regions still see significant insurance withdrawal; but select regions are being 'ruggedized' through the adaptation programs of insurer-led public private partnerships. …Insurers and the communities they serve may be beleaguered, but they find a way to adapt and survive.

Breakthroughs for Resilience

Medium climate breakdown

High embrace of adaptation

Future-ready insurers spearhead policy-reform, by way of their power of exposing the truth about the world we are moving into and by way of their newly-realized lobbying power. This leads to political breakthroughs for strategic adaptation and decarbonisation across the markets they serve, thus stabilizing protection gaps for most regions, enabling managed retreat away from high exposure, and rapid growth of coverage and investment for nature regeneration and climate tech. …This scenario will be hard, but is our best-case.

What this scenarios exercise is for:

This scenarios exercise sets out possible ways for insurers to take the reins on building a more resilient future, AND to protect long-term profits and the societal relevance of insurance over the coming years and decades ahead.

Helping face reality and defining our response

A first thing to notice about the current trajectory we are headed is that **the relevance of the insurance industry would likely rapidly degrade and ramifications across finance sector would be permanently economy-altering**, especially troubling for real estate, the world's largest asset class.

If current trends continued, the future will be defined by private insurers no longer offering insurance in risky locations, forcing government-backed insurers of last resort to step in. Ultimately, those who remain likely going bankrupt as damages continually exceed premiums; while those who exit will become irrelevant.

Unless the game is changed, insurers are faced with a vicious fork: exit, or have exit sooner or later forced upon you via bankruptcy.

Some considerations for using the scenarios

It is **critical for insurance to consider possible pathways** by means of which insurance/insurers could course-correct towards a better future. Use the scenarios to **test your strategy, challenge assumptions, uncover blind spots, and identify additional actions** to address climate-related risks and opportunities.

>> Taking each scenario in turn, ask:

- If this scenario were to transpire, **what would be the impacts on our business?**
- **What new challenges and opportunities would be created**, and are we prepared for these?

The business-as-usual scenario is catastrophic, including for you. So, we would argue that you must seek to aim towards the others.

THE REALITY WE FACE

We are at present heading towards a world where large swathes are becoming uninsurable or only at unaffordable prices, essentially repeating the age-old story of privatizing profits and socializing losses

so... What might the future hold for insurance?

Three possible 2035 Climate Scenario Narratives

- **The Great Abandonment**
- **The Future is Triage**
- **Breakthroughs for Resilience**

We believe our Future of Insurance Scenarios to be mainly driven by the extent of climate breakdown (which is of course influenceable) and the insurance sector's embrace of transformative adaptation.

With the world already going past 1.5°C in overheating, there is no 'low' climate breakdown scenario, but rather either a medium climate breakdown scenario marked by significant government action towards rapid real economy decarbonisation and nature regeneration, or our current trajectory towards high climate breakdown marked by minimal (and in some cases actively-destructive) government action.

Given so much climate breakdown is locked in for the next 10 years, the choice is on insurers to choose whether they want to work towards a future where they embrace strategic adaptation, or not?

The Great Abandonment

Minimal climate policy response and short-sighted actions of insurers result in chaotic web of cascading financial crises. An increasingly uninsurable world literally means there is less and less insurance to be had for everyday people and business. Ultimately, insurance businesses lose relevance.

The View from 2035 – Abandonment and widespread cascading crisis

▲ **High climate breakdown**

▼ **Low embrace of adaptation**

> Limited decarbonization policy response locks in further climate breakdown with significant tipping points on track to likely be triggered in coming decades.

Food/water shortages & migration stress social systems to the brink even in many highly-developed regions.

Customers (citizens) abandoned by insurance as insurers focus only on short-term profitability and survival, thus rapidly raise prices / withdraw coverage, all accelerated by widespread extreme volatility of damage from natural disasters.

Insurers' public reputation goes through the floor. Insurers' business-model evaporates…

> Extensive insurance withdrawal expands Protection Gap and full coverage insurance degrades, only-partial-insurance becomes norm, undermining insurance's relevance with many insurers drastically shrinking or going out of business altogether.

Regular '1000yr' events trigger asset repricing and systemic shock akin to Great Financial Crisis (GFC), worse in vulnerable places.

Cascade of bankrupt state-backed insurance-of-last-resort programs requires massive bailouts, triggers polarized politics, & spikes inflation.

Insurers' support of transition technologies is muted, adding more headwinds for decarbonization- and adaptation- tech rollout.

Key Scenario Assumptions for Insurers

- → Very little policy response from governments
- → Climate impacts accelerate unabated
- → Insurance only focused on short-term profitability
- → AI investment focused on maximizing profitability*
- → Extensive insurance withdrawal and unaffordability
- → Market re-pricing of risks leaves communities behind with great disruption to wider financial stability

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* NOTE - We recognize AI as a key supporting actor in the future of insurance as it is an obligatory technology, but most likely it just serves to accelerate current trends unless its goals are intentionally changed for the better.

The Great Abandonment: detailed

View from 2035

Very limited government policy action was taken for decarbonization or adaptation, while insurers only focus on short-term profitability.

Climate impacts accelerate with society and economy unprepared

Chaotic insurance markets leave customers and communities behind, state-backed programs bankrupt, and wider financial stability eroded

Society & Economy

Exposed Real Estate sees outright collapse

Real estate collapse in exposed markets traps the poor and destroys the wealth of the middle class there, creating a disruptive boom in climate migration. Sudden realization of the value of relative climate haven regions and protectionist policies by locals, creates worst housing crisis in history, with homelessness and crime skyrocketing in cities. Never seen before levels of inequalities between climate refuge regions and abandoned regions.

Risk re-pricing triggers another mortgage crisis?

For years, banks pass along mortgages of high climate risk homes through securitization schemes, thus passing along stranded assets to other investors across the financial system, ultimately triggering a systematic crash akin to Great Financial Crisis when those securitized loans are re-priced after continued mega-disasters, creating huge losses for investors and potential for massive taxpayer funded bailouts to prop up financial system hit by collapsed government backstop insurance programs and large-scale rebuilding efforts simultaneously – all drastically spiking inflation.

Health & Environment

Widespread and extreme food and water insecurity

Traditional farming is not able to keep pace with changing climate regimes, drastically decreasing yields across large portions of farming regions. Decreased yields spike food prices, exporting extreme food insecurity & famine to least developed countries, exploding climate migration northward. Engineered landscapes cycle between too little or too much water, while aquifers continue to decline to point where dried up wells become commonplace. Chronic water quality issues continue unabated, jeopardizing health in cities.

Continued rapid degradation to nature and biodiversity

Challenging farming conditions increase use of pesticides and fertilizers, degrading nature through even more increased pollution. Pockets of sustainable agriculture practices that benefit nature and biodiversity remain stifled due to limited investment and near zero insurance coverage for new methods. Nature-based solutions for carbon drawdown or adapting to climate impacts continue to receive little attention/funding.

Climate tech and nature investment squandered

Inadequate investment over the past decade has only enabled the most mature sectors with clearest ROI like wind and solar to grow, but decarbonization goals have clearly been missed. Since investment in decarbonization and adaptation have been inadequate, current investor hype has shifted to rapidly monetizing geoengineering. Subsidies and agricultural policies have remained rigid, stifling innovation for sustainable agriculture practices that could maintain food and water security.

Insurance Sector

Insurers in the cross-hairs without options, many are already gone

Skittish insurers facing regulatory pressure to contain prices are forced to withdraw entirely from exposed markets. Insurers retreat to less exposed regions while also drastically increasing prices and/or degrading coverage to only partial insurance. Insurers only focused on maintaining solvency, limiting innovation of insurance for climate tech and sustainable agriculture.

Investors steer clear of deteriorating P&C insurers

Consider P&C insurers to be risky as dividends decline, requiring significantly deteriorating valuations. Heavily underweight P&C insurers, while also increasing their cost of capital. Force insurers to offload risks via Cat bonds & Gov. backstops. Many insurers still go bankrupt.

Insurance customers resent insurance companies

See insurance becoming more of a luxury product out of reach for many (and feel lied to by politicians who said they would protect them from disaster). Many forced to realize extreme re-pricing of their homes and real estate in downward spiral. Feel abandoned and left to fend for themselves.

Insurance leaders stuck in constant conflict

Feel conflicted and saddened about abandoning customers to remain solvent and reducing headcount as they become smaller insurance companies. Face constant regulatory battles. ...But this is only the beginning. Abandoning customers results in you having no business model. Rapid shrinkage of your business is likely an existential issue.

Policymakers panicked by bankruptcies and bailouts

Blame insurers for exiting markets and putting taxpayer on the hook, only offer excuses how their policies and land-use planning created this mess. Panicked to find ways to shore-up bankrupt backstop programs.

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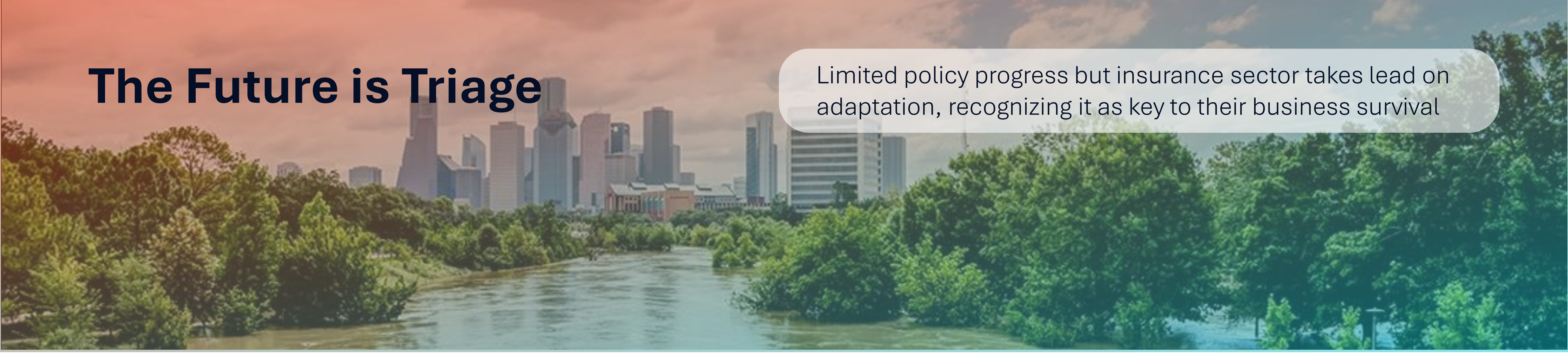

The Future is Triage

Limited policy progress but insurance sector takes lead on adaptation, recognizing it as key to their business survival

The View from 2035 – Pockets of adaptation mitigate outright crisis

▲ High climate breakdown

▲ High embrace of adaptation

- Insurers enable widespread social/political awareness on how a triage approach to adaptation and navigating climate breakdown is required. Focusing effort on the difficult task of prioritizing what can be hardened amidst ongoing frequent natural disasters.

  Very exposed regions still see significant withdrawal of insurance due to affordability issues, but fortunately majority of places are ruggedized through adaptation approaches spearheaded by insurer-led public private partnerships (PPPs).

- Mini-Great Financial Crisis disruptions occur locally, but with limited systemic risk since they are recognized much earlier as insurers press regulators to stay on top of systemic risks and respond to threats to wider financial stability.

  Food/water shortages are muted by development of regenerative agriculture and other nature-based solutions, with growing availability of insurance cover & investment.

  Migration and food insecurity is still severe compared to previous decades, yet a more adaptation-minded world is better prepared with ‘climate-haven’ policies championed by insurers.

Key Scenario Assumptions

- Limited policy response from governments
- Climate impacts lessened somewhat via adaptation
- Insurers recognize adaptation as key to survival
- AI investment focused on stabilizing Protection Gap*
- Withdrawal and unaffordability only for most exposed
- Systemic disruption is localized due to insurers pressing regulators to effectively respond

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* NOTE - We recognize AI as a key supporting actor in the future of insurance as it is an obligatory technology, but most likely it just serves to accelerate current trends unless its goals are intentionally changed for the better. No matter what, it is not a savior, only insurance sector leadership and industry transformation can enable this path.

The Future is Triage: detailed

View from 2035

Insurers adopt perspective that long-term adaptation enables their survival, aiming to shift markets and regulators towards resilience.

With government action limited, insurers focus on influencing regulators.

With insurers championing policy reform and integrating adaptation deep into their business model, systemic risks are muted yet still rampant.

Society & Economy

Real estate crisis unfolds with rising inequalities

With disastrous damages commonplace, adaptation can only go so far and is only possible for a select few places considered the most valuable, thus contributing to maladaptation that drives inequalities. Real estate collapse in most exposed markets traps the poor and destroys the wealth of the middle class there, creating an ongoing flow of climate migration. Fortunately, adaptation policies have been able to incentivize ‘climate haven’ regional development so climate migration is somewhat manageable although the housing crisis still accelerates.

Beginning to learn to grapple with systemic risk

In many places getting a mortgage depends on the amount of resilience enhancements that are made to a property and/or region. Banks passing along mortgages of high climate risk homes through securitization schemes is recognized early on as a systemic risk by adaptation-minded insurers and policy therefore adapts, thus minimizing the amount of stranded assets to investors and more manageable localized bailouts for municipalities and government insurance. Prioritization of resilience and ecological restoration spur investment in new forms of resilience bonds, yet impact is muted compared to scale of the problem without serious government incentives.

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Health & Environment

Food and water insecurity still driving climate migration

Even with adaptation approaches in place for agriculture, food insecurity issues are challenging with large reductions in yields, higher prices, and exported food crisis to least developed nations, sparking further climate migration. Increased investment and insurance cover for sustainable agriculture and other nature-based solutions like water cycle restoration mute water shortages to only the most exposed locations, but water quality issues remain as well for most non-wealthy places.

Nature restoration and water resilience seeing small gains

Biodiversity and pollution impacts of traditional farming are still rampant without large-scale gov. incentivization, even if insurers are innovating new coverages for sustainable agriculture practices. Nature-based solutions (NBS) & water cycle restoration are championed by insurance and finance sectors as a means of boosting resilience, thus enabling more nature and biodiversity regeneration, but without progress on incentives, not enough to halt ecological decline, especially in exposed/degraded places.

Challenges still outpace investments in adaptation

Inadequate investment over the past decade has only enabled the most mature sectors with clearest ROI like wind and solar to grow, but decarbonization goals have clearly been missed.
Investment in adaptation-centric solutions are seeing investment upticks thanks to long-term insurers but the scale required without government support leaves much of society unprotected.
Subsidies and agricultural policies have remained rigid, stifling innovation for sustainable agriculture practices that could enhance food and water security.

Insurance Sector

Insurers enable localized success amidst broad challenges

Insurers champion policy reform that catalyses transformative adaptation with some localized successes, but real government support is elusive. Invest heavily in AI for navigating profitability while still enabling insurance coverage for most people through more deeply embedding location-based or regional adaptation measures directly into pricing and actuarial models. Openly share risk insights with public and policy to guide effective adaptation and bolster capabilities of state-backed programs.

Investors only reward adaptation-minded P&C insurers

Heavily underweight P&C insurers that have not embraced adaptation and highly capable AI actuarial tools, while increasing capital costs for whole sector as insolvency risks still loom although look manageable for proactive insurers. Many state-backed programs still go bankrupt.

Insurance customers beginning to recognize benefit of adaptation

Customers began to recognize value of adaptation programs and proactively act. Those in the most exposed regions still feel left behind but know that insurers led some adaptation programs that benefited society.

Insurance execs proud of success but disheartened it’s not enough

Feel called to champion transformative adaptation, putting it at the heart of their business and policy engagement, continually make case to policy makers on effective insurance regulation reform and societal adaptation in face of evolving risks.

Policymakers desperate to work with adaptation-minded insurers

Feel burdened with seeing too many local insurance markets break down and begin to collaborate with insurers on passing resilience enhancing insurance reform and funding selected large-scale adaptation programs.

Breakthroughs for Resilience

Political breakthroughs, lobbied for by insurers, rapidly scale transformative policies that enable widespread adaptation

The View from 2035 – A virtuous cycle of reform and resilience

- Insurers adopt perspective that enabling long-term resilience and advocating for decarbonization is core to their purpose, helping governments forge national insurability strategies and supportive policies like tax breaks for adaptation and major investments in disaster readiness, rapid decarbonization, and nature regeneration.

  Insurers embrace "Regulate us [better]!" ethos enabling them to unlock the ability to provide more innovative resilience-building solutions/approaches, no longer constrained by outdated rules, nor undercut by bad actors.

- Insurers are recognized as a key enabler of the policy reform and actions that hardened our critical infrastructure and sparked a new era of stability for society, nature and business, growing significantly in return.

  Forward thinking insurers rapidly scale coverages for nature, biodiversity, carbon removal, regenerative ag and other climate tech through new forms of PPPs & creatively designed captives, increasing economic efficiency of deploying these innovations.

  Only the highest exposed places are abandoned, while public and private investment in adaptation and resilience enable majority of relatively exposed regions to still manage climate impacts.

Medium climate breakdown

High embrace of adaptation

Key Scenario Assumptions for Insurers

- Insurers recognize adaptation as core to their purpose
- Insurers successfully lobby governments, inspiring citizens' strategic adaptation & rapid decarbonization
- Climate impacts continue yet are more manageable
- AI investment focuses on enabling society-wide resilience and innovating coverage for new risk types*
- Protection Gap stabilizes and begins to improve
- Insurability crisis mainly averted enabling insurers to innovate and grow in new future-oriented sectors

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Breakthroughs for Resilience

View from 2035

Insurers successfully champion reform that catalyses strategic adaptation, like water cycle restoration, regenerative agriculture, zero carbon housing, managed retreat, and climate haven development

Public and private investment in adaptation and resilience enable majority of relatively exposed regions to manage climate impacts, improving the protection gap and upholding financial stability of wider economy. Retreat from highest exposed areas is managed rather than chaotic.

Society & Economy

Building the stronger bones of a better future

Only very-exposed places are abandoned, while public and private investment in adaptation and resilience enable majority of relatively exposed regions to manage climate impacts. These relatively exposed regions begin to gradually reprice as long-term risks are priced in even with adaptation. Regions taking systemic action to become long-term climate havens and address housing crisis with rapid build out of zero carbon ecological housing become most attractive places to live and experience coordinated investment and long-term planning collaboration of financers, insurers, Govts.

Economic booms for adaptation and net zero

Mortgage lenders still need to exit extremely exposed regions, yet milder climate impacts combined with robust systemic resilience and adaptation measures eliminate systemic risks in the near and medium term. Economy-wide prioritization of resilience and ecological restoration spurred by advances in resilience and ecosystem services monetization like new forms of resilience, water, and biodiversity bonds. Inflation from stimulus and externality internalization persist, but inflation from bailouts and rampant reoccurring climate damages are minimized.

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Health & Environment

Regenerative Ag & water cycle restoration now mainstream

Insurance innovation and government subsidies for sustainable agriculture enable new regenerative practices to transform agriculture sector as many new small farming models proliferate, boosting yield stability and overall public health. New government subsidies seen not as cost but investment in long-term health of society & climate adaptation. Water cycle restoration becomes commonplace as watersheds are transformed back into landscapes that retain water, thus enhancing food productivity, reducing heat, drought/flood management, & aquifer recharge.

Synergistic ecosystem services for CO_2, water & biodiversity

Insurance innovation for nature/biodiversity enables wide adoption of conservation/ restoration models to proliferate via smart derisking. In a nature twist to "managed retreat", large swaths of degraded climate exposed farmland are restored for ecosystem services rather than low food yields, drawing down carbon & improving water cycle. New policies, inspired by insurers long term focus on people's health and wellbeing, drastically limit and reverse contamination of plastics, PFAS, & pesticides.

Wartime-scale effort to build out climate tech & nature

Rapid deployment of new climate tech is even more effective when stimulus is combined with insurance support, reducing overall economic risks and minimizing outright bankruptcies and investor/taxpayer losses. Nationalized fossil fuel companies are managed for phase out while majority of remaining carbon budget is allocated for the large-scale building of systems and places that render fossil fuels largely unnecessary.

Insurance Sector

Insurers re-define their role, focused on policy reform & long-term

Proactively collaborate with regulators to unlock insurance innovation for resilience by changing outdated rules that hamper their resilience enhancing actions like build back better and build back greener. Vocally recognize that a hot house earth is un-insurable and that their long-term pension provider perspective must take in to account the future they are creating for their pensioners through their investment strategies. Invest in AI for how to underwriting new risks in climate tech, restore water cycles, and inform policy recommendations for long-term resilience.

Investors see future of insurance as a growth & impact opportunity

P&C insurers remain an attractive investment for stability, and even gain more ground with investors with sustainability or impact mandates, increasing their valuations based on their new growth prospects.

Insurance customers are beginning to rapidly adapt too

Begin to align their lives with managed retreat plans, proactively adapt by moving away from increasing climate danger, and positively collaborate with insurers who help them build back better/greener post disaster.

Insurance leaders embody courage while shifting the system

Feel called to champion transformative adaptation, putting it at the heart of their business model and engagement with customers & regulators. Extensively work with policymakers to reform the purpose of insurance regulation to be long-term resilience in face of rising climate impacts.

Policymakers challenged yet thankful to break from old models

Begin to more bravely lead regions through long-term adaptation by innovating new policy paradigm for strategic adaptation and climate haven development, spurred by deep collaboration with insurers.

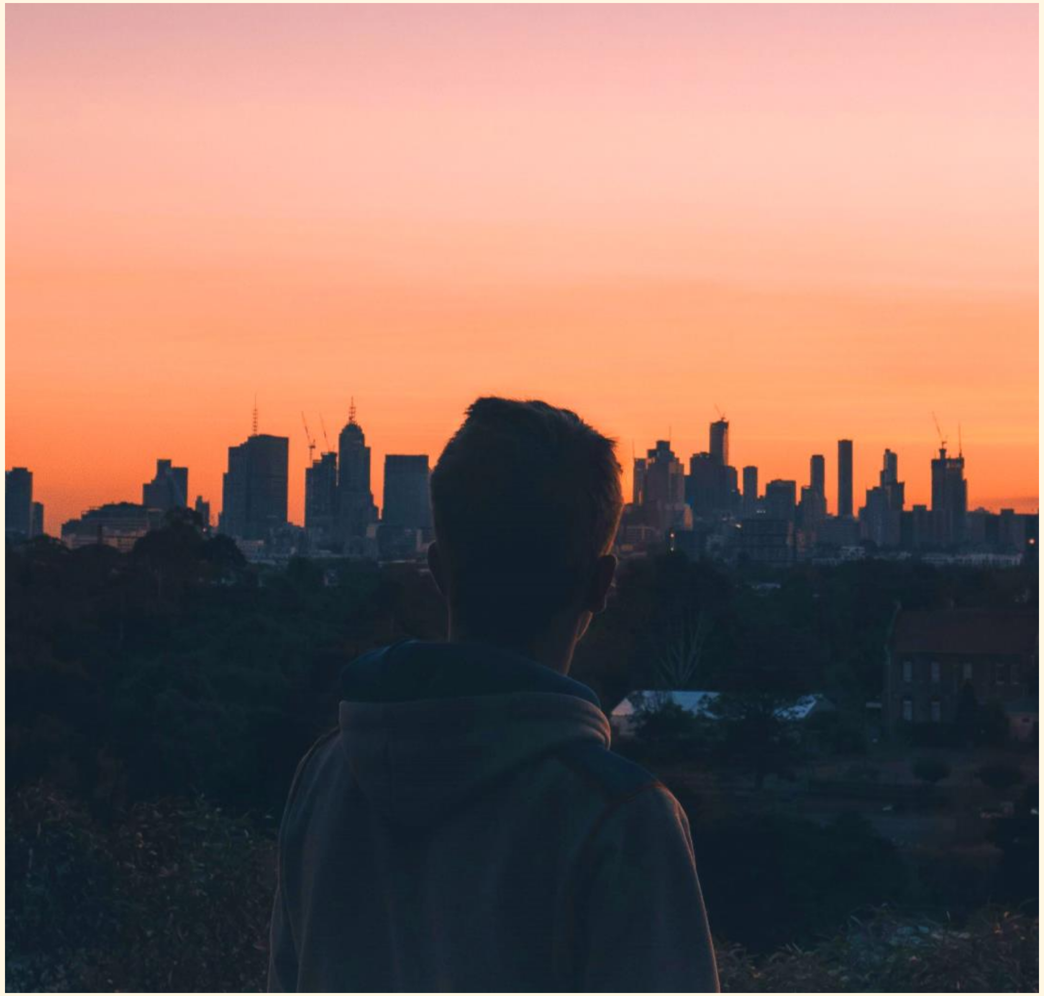
What have we learned?

Have human beings learnt yet, from the utterly game-changing crisis enveloping us? The jury is out; insurance is a kind of test-case, a canary in the climate coalmine. But at present, the jury is getting awfully close to delivering a negative verdict... Leadership is needed like never before.

We hope that you have learnt something useful from this scenarios exercise. We would love to hear what.

Those in and around insurance know a great deal about the unfolding effects of human-induced climate breakdown, and about resilience (or lack of it) to that decline. Your knowledge needs increasingly to be disclosed publicly in accessible ways, so it can be acted upon.

We don't have all the answers for what exactly needs to be done next! But we are confident that we have created a set of useful, plausible scenarios for insurance leaders to get a better glimpse of possible pathways forward. *Then, only as a second phase, we hope to sort out those answers for the sector in a more robust and likely funded piece of work together.*



Some suggested take-aways so far:

- **Protection Gap increasingly to become a political issue** in some western economies. Insurers could seek to be allies of such citizens/customers, rather than bad guys / fall guys.
- **Competition policy needs to evolve** to espouse "lowest price for consumer may not be in citizens' / general public interest"
- **Anti-trust considerations cannot be allowed to trump common action** to insure survivability
- Insurance regulators: this exercise **highlights the limits of their remit**, and necessity for stronger government policy.
- In many ways, the interests of the insurance industry, in the short, medium and long terms, are on balance **diametrically opposed to the interests of some other business entities**, most notably fossil fuel companies, also other heavy polluters (e.g. airlines, big ag, plastics).
- The world we are moving into, tragically, is one of increasing climate-damage for a very long time to come. It is a world with **increasing levels of risk**. Such a world should be one in which, other things being equal, there is more (need for) insurance! Instead, it appears to be a world in which there is less and less availability of insurance. **Our scenarios exercise suggests ways in which you could counter that existentially-threatening trend**.

What you have some control over – use your influence.

You can help ensure that insurance embraces a 'strategic adaptation' agenda, building resilience into insurance policies as well as advocating for the enabling public policy conditions required to unlock existing roadblocks.

Thus, you can nudge us firmly in the direction of a triage-centric future, rather than abandoning the customer (and remember: *abandoning the customer would mean that over time insurers lose the majority of their customers and thus their business*).

If policy (i.e. Government etc initiatives) moves in the right direction then you can nudge us into 'Breakthroughs for Resilience', which is of course now the best-case scenario.

You cannot *control* policy BUT you can of course influence it, more than you might think. This is chiefly because, by embracing a strategic adaptation agenda, you send a powerful signal to government and voters that the crisis is here, unavoidable, and that you as canaries in the climate coalmine mean to act on it. Insurance is chiefly HOW a modern society deals with risk.

Thus, you have an iconic role when it comes to how risk and uncertainty could be adequately addressed, or not.

Insurers could, through their 'disclosure' power and *lobbying* power, play a key role in achieving better - climate-safer - regulation of insurance, and an important role too in achieving better regulation of the business world as a whole. To be clear: when we speak of 'disclosure' we don't mean just a tick-box compliance exercise. We mean a full-blooded disclosing to the world of what you know about current/future risks. ***You* can courageously '*un-taboo*' the question of where we're headed** — and how that destination can be changed.

No insurance, no business. Governments get this and get your role as a sentinel. You have more power here too than you might recognize. Imagine using it… Imagine putting your substantial lobbying-power into the service of a more positive future for the world and (y)our children - ***only doing so will ensure a future for your company…***

THANK YOU! (for what you do next)

…More about the CMP:

The Climate Majority Project is a UK-based movement working to catalyse **serious mainstream climate action outside of the activist bubble**, developing campaigns and collaborations in various spheres such as business, climate education and strategic adaptation to support local and national resilience.

Its business-focused **Regulate Us!: Better campaign**, of which this Insurance Working Group is part, is mobilising various sectors, such as tech and insurance, to actively lobby for a Paris-aligned and transformative regulatory and policy environment, in the emerging and very challenging post-1.5 world in which climate impacts are for the foreseeable future multiplying.

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Climate Majority Project

We in the CMP and its confidential Insurance Working Group are ready to work with you further, if you are.

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Key assumptions for our potential 2035 futures

Depends on the extent of climate breakdown & insurance's embrace of strategic adaptation.

Assumes we have gone past 1.5°C threshold and best case is circa 2°C. Therefore, a low climate breakdown scenario is no longer a plausible or useful scenario for realistic planning purposes. The scenarios for extent of climate breakdown are based on different over-heating trajectories by 2100, with a snapshot taken in the year 2035 for this futures exercise.

Trajectory of heating (and therefore extent of climate breakdown) is driven mainly by government decarbonization and nature regeneration policy. We choose to explicitly frame it as extent of breakdown in the Y axis rather than the typical 'policy response' naming convention since a high-damage future is more relevant for the understanding of the insurance audience in which these scenarios are intended. Tipping points are not yet included in 2035 scenarios, as well as difficult to predict high climate sensitivity potentiality.

Our possible futures are explored from an insurance-centric perspective to determine what it would look like for the insurance sector in each climate breakdown scenario depending on their embrace of 'transformative'/strategic adaptation.