

Time right for a dedicated ESG risk manager?



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As environmental, social and corporate governance (ESG) becomes an increasingly big topic for organisations around the world, it seems the time is fast approaching for companies to create a new position to manage the risk.

Developing a new role for ESG managers, separate to the risk management function, is something many corporates are considering. Indeed, some have already taken the step.

Thomas Mannsdorfer, EVP, head of European specialty insurance underwriting at Sampo International, believes this is a good move.

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“Having an individual or team solely focused on these issues would make sense, with the risk manager’s brief including this function rather than having it sit outside of other risk management protocols”

function rather than having it sit outside of other risk management protocols,” he said.

He also urged companies to look to insurance partners for support.

“Unless you want to overburden risk managers with additional oversight, thus enhancing bureaucracy, I would suggest looking to the company’s insurance partners to provide that level of day-to-day support would be the optimum play,” he said.

INSURER SUPPORT

But many believe insurers could be doing more to support their clients when it comes to ESG issues.

Charlie Langdale, head of financial lines at Howden, is one.

“I think that there is some truth in this and the reason probably stems from the disadvantages inherent in many insurance underwriting models, which look backwards to past trends for product design and pricing,” he said.

“Clearly, what the world is looking for now is insurance to step in to help with the risk of the future. This is particularly relevant when looking at ESG trends,” Mr Langdale continued.

Adding: “Insurance is perfectly placed to help take risk off the table and help these trends flourish. What is needed is an open-minded approach to risk and project selection, and an approach that focuses on the problems that potential customers have, rather than the design of products that meet the needs of insurers’ own models.”