

RISX Index: ESG case

Insurance Capital Markets Research

28 May 2022

The ICMR (Re)Insurance Specialty Index (RISX) is an equity benchmark for the global specialty (re)insurance sector based on publicly listed companies with underwriting subsidiaries in the Lloyd's of London specialty (re)insurance market.

Index key

Price Return	RISX
Net Total Return	RISXNTR
Currency	USD
Launch date	22 March 2021
Base date	16 June 2006
Base value	1000
Review frequency	Quarterly
Weighting Method	Fundamental
Weight cap	10%
Constituent count	28
Home page	www.risxindex.com

Sharing risk for a more resilient world

The specialty (re)insurance sector plays an important role within society, making communities more resilient. It has environmental, social and governance factors at its core. But in many ESG and sustainability portfolios specialty (re)insurance is an underappreciated sector.

The biggest global challenges need specialty (re)insurance

- Climate change is one of the biggest challenge to humanity, and the global specialty (re)insurance industry helps to mitigate the impact of natural catastrophes as well as being a key supporter of climate change research and facilitator of the transition to net zero carbon emissions
- Large and complex risks such as hurricanes, floods and earthquakes require syndication across many highly rated global (re)insurance companies
- Specialty (re)insurance covers also risks such as wind and solar energy, cyber, clinical trials and trade credit in emerging economies, directors & officers liabilities

"There is an enormous opportunity for the global insurance industry to step up and support our customers across multiple industries as they transition to a sustainable future." *Rebekah Clement, Sustainability Director at Lloyd's*

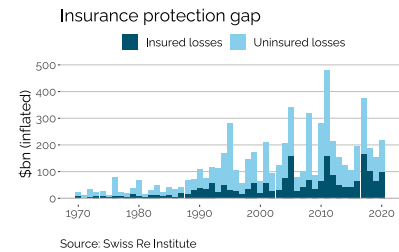
Why ESG matters to specialty (re)insurance

- Identifying, understanding and managing risks is the business model of the specialty (re)insurance sector
- The number and type of ESG risks are growing for (re)insurers in their roles as both investors and underwriters
- ESG factors add additional information to perform an effective risk analysis
- ESG considerations will become an increasingly significant underwriting factor in the coming years

"Evidence demonstrates that businesses with high ESG ratings are likely to have a lower risk profile." *Will Roscoe, Head of the Market Facilities Division, Beazley*

'RISX' key benefits

- *Thematic:* 'RISX' is the only thematic index with a focus on global specialty (re)insurance business
- *Growth opportunity:* The industry has the potential to more than double in size by 2040, stemming from both closing the insurance gap, economic development, climate change, technology and urbanisation
- *Transparency:* Lloyd's has announced detailed ESG reporting requirements to be implemented across the market from 2023
- *Innovation:* In 2022 index component Beazley will launch the first dedicated ESG syndicate
- *Diversification:* Lower correlation to market risk than the overall financial service sector and more retail insurance indices, with earnings more influenced by major natural catastrophes
- *High quality:* Index constituents are highly regulated and rated entities, with Lloyd's itself (under its delegated powers) ensuring "fit & proper" status for market participation and approval of any market growth plans



About ICMR

At [Insurance Capital Markets Research \(ICMR\)](#), we provide quantitative research on the global specialty (re)insurance industry. Our clients are insurance carriers, intermediaries and investors.

One of our core capabilities is the independent assessment of performance and return profiles of insurance entities and portfolios, both within Lloyd's and globally. Our founders were Lloyd's former heads of analysis and research who also worked together in the capital markets. ICMR was established in early 2020 and launched the RISX Index in 2021: www.risxindex.com

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