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# Improving Sustainability Reporting by Addressing Customer Priorities: Insights from Switzerland and Singapore

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**Abstract:** Sustainability efforts are an important component of business activities, and reporting on these efforts is a key aspect of monitoring performance for investors and regulatory agencies. It is, however, unclear how current reporting and other, more general, communication efforts address customer priorities and can be improved in this regard. This research uses two surveys in Switzerland and Singapore to investigate the priorities of insurance customers regarding sustainability and the performance of insurance companies in addressing them. The results indicate that current sustainability reporting does not address these priorities sufficiently and can be improved. In order to do so, emphasis should be placed on core insurance activities, and reporting should be localized to increase regional relevance. Further, Sales, Underwriting, and Claims functions must be involved in sustainability efforts to improve the credibility of sustainability reporting and market positioning over the long term.

**Keywords:** Insurance, Sustainability, Sustainability reporting, Sustainability strategy, Sustainability implementation, Customer expectations.

**Verbessertes Nachhaltigkeitsreporting durch Berücksichtigung der Kundenprioritäten: Erkenntnisse aus der Schweiz und aus Singapur**

**Zusammenfassung:** Nachhaltigkeitsbemühungen sind ein wichtiger Bestandteil von Geschäftsaktivitäten und das Reporting darüber ist ein wichtiger Aspekt für das Monitoring der Leistung im Sinne von Investoren und Aufsichtsbehörden. Es ist allerdings nicht klar, inwieweit das bestehende Nachhaltigkeitsreporting und weitere, allgemeinere Kommunikationsmaßnahmen Kundenprioritäten berücksichtigen und wie sie in dieser Beziehung verbessert werden können. Diese Forschung untersucht anhand von zwei Umfragen in der Schweiz und in Singapur die Prioritäten von Versicherungskundinnen und -kunden bezüglich Nachhaltigkeit sowie die Adressierung dieser Prioritäten durch die Versicherer. Die Ergebnisse zeigen, dass das bestehende Reporting die Kundenprioritäten nicht ausreichend berücksichtigt und verbessert werden kann. Dazu sollte der Fokus mehr auf die Kern-Versicherungsaktivitäten gerichtet werden und das Reporting sollte regional erstellt und somit relevanter gestaltet werden. Zusätzlich sollten Distribution, Underwriting und Schaden in die Nachhaltigkeitsbemühungen einbezogen werden, damit die Glaubwürdigkeit des Nachhaltigkeitsreportings und die Firmenpositionierung langfristig gewährleitet sind.

**Keywords:** Versicherung, Nachhaltigkeit, Nachhaltigkeitsreporting, Nachhaltigkeitsstrategie, Nachhaltigkeitsimplementierung, Kundenerwartungen.

### 1. Introduction

Choosing how to engage in, and report on, sustainability efforts is a critical strategic decision for companies, carrying with it the potential for significant financial and reputational impacts. Understanding customer expectations is critical for these activities to be an effective tool for differentiation and market success. Research, however, indicates that customer expectations are dynamic, vary across several factors – including by industry – and are overall not yet understood sufficiently to guide companies’ actions (e.g., GIM, 2020; PWC, 2020). This research investigates the expectations of insurance customers in Switzerland and Singapore to understand how sustainability reporting can be improved to more directly address customer concerns. Sustainability is typically defined as comprising Environmental, Social, and Governance (ESG) aspects. This definition has evolved from Corporate Social Responsibility (CSR) efforts (Purvis et al., 2019) and relevant literature has been included from both fields.

#### 1.1 Sustainability Reporting

Reporting on sustainability, especially environmental efforts, has become mandatory in several countries and research has addressed the impact of reporting on financing, risk management, and in-forming public policy (Brooks & Schophol, 2020). Besides these normative efforts, research has found that the upfront cost of CSR efforts is more than offset by their positive effects over intermediate and long-term time horizons (Fatemi et al., 2015). However, this effect appears to be modest in financial terms (Brooks & Oikonomou, 2018). Other results are less clear. Bualley (2020), for example, finds that while ESG disclosure positively correlates with performance in the manufacturing sector, it is negatively correlated with performance in the banking sector. These results are contradicted in part by the same author, who finds that ESG disclosure has a positive impact on performance for MENA banks (Bualley et al., 2020). Mandatory and voluntary disclosures of CSR activities see sustainability reporting as a critical component for achieving broader climate and sustainability goals. These disclosures differ across a spectrum between a narrow approach focusing on providing information material for investors, and a broader approach aiming at providing information to all stakeholders. These stakeholders comprise governments and policymakers, institutional and other investors, lenders and debtholders, analysts and media, society in general, employees and management, and customers and consumers, each with their needs and preferences (Christensen et al., 2021). However, the materiality of the reporting varies significantly for companies in different industries, even when under the same mandatory disclosure regulation (Torelli et al., 2019; Gazzola et al., 2020). Thus, companies choose to satisfy regulatory constraints differently to fit their business environment and priorities.

Stanaland et al. (2011) look at both antecedents and consequences of customer perception of a company’s engagement in CSR. They find that both financial performance and public commitment to ethical behavior impact the perception of CSR. More significantly, they find that there is a strong correlation between customer perception of CSR and corporate reputation, consumer trust and consumer loyalty. Barlas et al. (2023) find a similar correlation between the perception of CSR and customer trust and loyalty in the Greek telecommunications market. Araújo et al. (2023) find that brand image and brand equity are linked to CSR activities, but that customer satisfaction is not. Authenticity, defined

as the perception of a company's CSR actions as a genuine and true expression of a company's beliefs and behavior toward a society that extend beyond the legal requirements (Alhouti et al., 2016) effects both the perception of consumers towards a company's CSR and the consumers' repurchase intentions (Hassan et al., 2023). Conversely, greenwashing – the deliberate communicative behavior to mislead or deceive stakeholders about the firm's activities – can damage brands and trust (Santos et al., 2023).

While in general consumer expectations for sustainability and ethical behavior have been increasing (Brunk & Blümelhuber, 2011), customer expectations for these efforts vary across several factors (Lämsä et al., 2008). Some trends are nonetheless detectable: A study of Italian banking customers places highest expectations on diversity and equal opportunity, and on customer privacy. These expectations do not vary significantly by age and educational level. They do, however, vary by gender, with women expecting significantly higher engagement in CSR activities than men (Calabrese et al., 2016). Preferences for sustainable products and services can vary significantly across industries and tend to become less relevant the more detailed and immediate the purchase decision (GIM, 2020). Therefore, customer perception of CSR activities is an important driver of long-term commercial success. Disclosure by itself, however, is not. The contents of the disclosure, its truthfulness and the link to the company can impact the effect on customer perception and company performance. Companies need to accurately communicate bona fides efforts close to their core business on topics of interest to their customers in order to receive reputational benefits.

## 1.2 Sustainability in insurance

Insurance is part of vital business infrastructure, enabling companies to better understand and manage risk. Insurance assumes a fundamental social role and orchestrates a vast network of service providers through underwriting and claims management. Thus, private insurance can assist governmental authorities in redesigning mitigation and risk transfer strategies for societies (Keskitalo et al., 2014; Muhamat et al., 2017), and can be as effective as direct subsidies to drive innovation in sustainability in the overall economy (Wang et al., 2017). Curtailing risk transfer opportunities can send a strong signal to companies to change their behavior (Mills, 2009; Mills, 2012). Conversely, engagement in CSR has also been proven to improve insurers' stability (Chiaramonte et al., 2020). Thus, it is desirable both from a societal point of view and from a company's own perspective for insurers to be engaged in CSR activities. Insurers have improved both their efforts towards sustainability and their reporting of these activities, incorporating all 17 UN Sustainable Development Goals as well as reporting on governance structure, process – such as referral and assessment – and results (e.g., Allianz, 2022). These reports are often aggregated nationally or regionally to show the overall commitment of the industry and the progress towards achieving overarching goals (e.g., SVV, 2022).

Products to address the risks posed by climate have long been recognized as a source of market differentiation, business growth and improved risk selection for insurers (Zona et al., 2014). Insurers have tended to be active in social issues and governance rather than in environmental issues (Scholtens, 2011). In life insurance, for example, companies have focused on the ethical use of personal genetic data, ethical operations, and firm sustainability rather than on environmental components (Nobanee et al., 2021). The development of sustainable products, environmental risk analysis, and sector exclusions are lagging

behind (Scholtens, 2011). One of the potential obstacles is the not well-understood set of customer expectations (PWC, 2020). Customers do not closely associate any sustainability topic with insurance. This is different from other industries, where for example climate change is closely associated with the aviation and automotive sectors, and social issues are closely associated with the fashion industry (GIM, 2020). This gives insurers some flexibility to develop a variety of approaches and business models; on the other hand, it makes for a more difficult strategic choice and accompanying communication strategy. The ESG challenges faced by insurers, however, reflects more than just customer expectations. Because of the systemic nature of climate risk, there is a need for a coherent sustainability strategy encompassing the entire business model of insurers (Stricker et al., 2022). A better understanding of customer priorities and expectations could help insurers develop coordinated, longer term plans to address all concerns linked to Sustainability. Some research has been conducted on the views of Swiss insurance customers, who typically place high trust in insurance and are willing to share detailed personal information (Pugnetti & Seitz, 2021), in spite of a general lack of understanding of insurance (Pugnetti & Bekaert, 2018). On the other hand, they do not think insurance is particularly relevant and can provide meaningful support to achieve their personal goals (Pugnetti et al., 2022).

### 1.3. Research Question

Insurers can benefit from sustainability efforts directly while at the same time providing a significant incentive for societal change towards more ethical and beneficial behaviors. However, they seem to be embracing these efforts somewhat reluctantly, especially in their core business (e.g., Stricker et al., 2022). This may potentially be due to the lack of clarity about how businesses can proceed in practice in their specific business environment. Alternatively, it may be due to an insufficient understanding of actual customer expectations. Communicating effectively about these efforts can be an important driver of trust and customer loyalty, as long as the efforts are an authentic reflection of a company's commitment to a greater good. The strategic relevance of this topic and the lack of clarity about the priorities make sustainability reporting challenging for insurance practitioners.

This research aims at addressing the issue through the following research question:

*How can the sustainability reporting of insurance companies be improved to better address the concerns and priorities of their customers?*

The analysis builds on research conducted in Switzerland and Singapore and is especially focused on the practical implications of these insights for the companies rather than the relevance for future research efforts. Switzerland and Singapore were selected for this research to differentiate between insights with potentially broader validity vs. those with only local/regional characteristics. Both countries are integrated in a regional cultural and commercial network (Western Europe for Switzerland and ASEAN for Singapore) and can be used as a rough proxy for the region. They are also similar in their regional role, accounting for a very small proportion of the population (1.5 % for Switzerland and <1 % for Singapore) but a significantly higher economic weight (3.5 % of GDP for Switzerland and 13 % for Singapore). Insurance penetration is just above 8 % of GDP in both countries, albeit with a heavier skew towards Life insurance in Singapore (Swiss Re, 2018). Thus, although with significant limitations, it is hoped that a comparison between Switzerland and Singapore may be helpful in generating hypotheses about broader phenomena in customer preferences for sustainability activities and reporting by insurance companies.

## 2. Methodology

In order to conduct the analysis, we surveyed Swiss and Singaporean customers of retail insurance. The author developed the structure and wording of the questionnaire together with a panel of experts from several locally active insurance companies, who were also used to pretest the questionnaire. The results were also interpreted using this panel of experts. This was done to ensure the results can contribute to the body of research in this field while retaining immediate relevance for the local insurance industry. The purpose of the survey was primarily to gain locally relevant insights (Pugnetti et al., 2023). The comparison between the two geographies can provide additional insights for sustainability reporting.

Participants were asked to provide demographic information for sampling purposes, followed by information about their insurance provider for different coverages. They were then asked to select their top five out of the 17 UN sustainability goals and to score both the engagement of their insurance company in pursuing these goals and how relevant these goals would be to their next insurance purchase. For part of the analysis, the UN sustainability goals were mapped onto ESG dimensions as shown in Table 1.

**Table 1: Mapping of UN sustainability goals onto ESG dimensions**

| ESG Dimension | UN Sustainability Goals                |
|---------------|--|
| Environmental | 7(50 %), 11(50 %), 12, 13, 14, 15      |
| Social        | 1, 2, 3, 4, 5, 6, 7(50 %), 8(50 %), 10 |
| Governance    | 8(50 %), 9, 11(50 %), 16, 17           |

The questionnaire then introduced seven different specific areas of engagement in Switzerland and six in Singapore, summarized in Table 2, each with a number of predefined options for engagement.

**Table 2: Areas of engagement.**

| Name             | CH | SG | Description  |
|------------------|----|----|--|
| Society          | -  | ✓  | In which areas should your insurance company be particularly committed to the broader society?                           |
| Footprint        | ✓  | ✓  | Which measures should your insurance company engage in to reduce its own environmental footprint?                        |
| Data             | -  | ✓  | What measures should your insurance company take to protect against data concerns (data privacy and protection)?         |
| Investments      | ✓  | ✓  | How should your insurance company consider ESG criteria in their investments?  |
| e-Mobility       | ✓  | ✓  | Which areas should your insurance company be active in to support electric or hybrid vehicles?                           |
| Claims Adjusting | ✓  | ✓  | Which areas should your insurance company consider investing in to improve the sustainability of their claims adjusting? |

| Name      | CH | SG | Description   |
|-----------|----|----|---|
| Employees | ✓  | -  | Which areas should your insurance company be especially active in to support their own employees? |
| Nat Cat   | ✓  | -  | Which measures should your insurance company engage in to protect against natural catastrophes?   |
| Pensions  | ✓  | -  | How should your insurer consider sustainability criteria in their private pension products?       |

Both the areas of engagement and the options were defined by the local insurance experts on the panel. Respondents were asked to pick their top three or five measures within each area, depending on the number of options.

Participants were then asked to score each area in terms of (a) importance to them; (b) the engagement of own insurance company; (c) its relevance to their next insurance purchase; and (d) how they perceive this area of engagement to be actually linked to sustainability. All of these scores were elicited along a 5-point Likert scale, with 1 indicating the highest/most important and 5 indicating the lowest/least important (or equivalent) for that dimension. The mix of top-5 or top-3 ranking and Likert evaluation was selected to avoid forcing respondents to express an opinion about topics that were not top of mind for them. The dimensions were analyzed individually and in pairwise combinations in order to understand especially whether insurance purchasing decisions are linked to the overall importance of sustainability, and whether insurers have engaged in areas that are important to customers or relevant to their purchasing decisions. These comparisons were conducted either using the absolute value of the responses or the deviation from the mean depending on the suitability to visualize the insights gained.

The surveys were conducted in February 2022 using the customer panel of the marketing company Bilendi, in German in Switzerland and in English in Singapore. The respondents provided informed consent, and the results were anonymized according to our institution's ethical guidelines.

In Switzerland, the survey was completed by 1,461 individuals: 738 identified as women, 719 as men, and 4 as non-binary. Six age cohorts from <25 to ≥65 were represented roughly equally, with 223 to 266 responses each. While not used for sampling purposes, more than 50 responses were obtained from customers of the nine largest P&C and Life insurance providers in Switzerland. We selected this threshold as the minimum number of responses to conduct an analysis by insurer, collating insurance companies under this threshold in the category "Other." The basis of the analysis was the customer portfolio in the line of business automotive third-party liability (Motor TPL). For pure life insurance players we used the life insurance portfolio. The analysis was also run for other lines of business and the results were consistent.

In Singapore, the survey was completed by 759 people, 386 of whom identified as women, 372 as men, and 1 as non-binary. Age distribution was also controlled in the survey process to achieve roughly equal representation in the six age cohorts in the range of 120 to 137 responses per cohort. While not used for sampling purposes, we obtained sizeable samples for several insurance companies. Property-structure is the LoB with the most customers in the sample (684 out of 759, or 90 %). We therefore used this as the basis for the analysis by company and were able to identify seven companies with more

than the 5 % market share threshold in the sample. The analysis was also run for other lines of business and the results were consistent.

### 3. Results

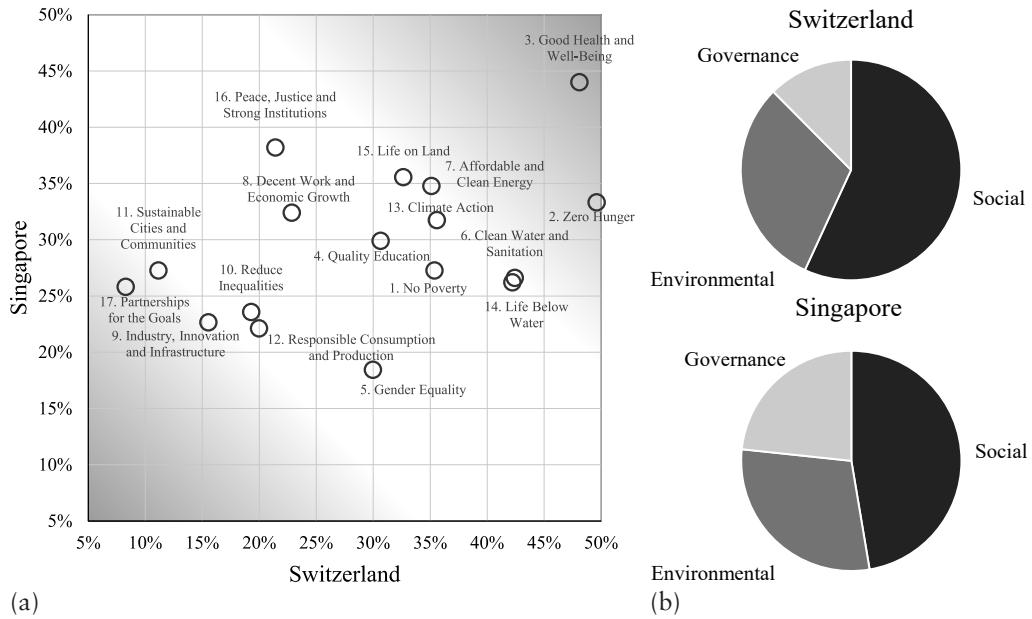
The surveys were analyzed to provide insights for reporting priorities, with special focus on comparing and contrasting the results for Switzerland and for Singapore with each other. A more detailed discussion of the local results can be found in Pugnetti et al., 2023 for Switzerland. Results for Singapore will be shared and discussed in a future publication.

#### 3.1 Top Sustainability Goals

The frequency with which each of the 17 UN sustainability goals were selected among the top five in Switzerland and Singapore is shown in Figure 1. Figure 1(a) displays the frequency for Singapore on the y-axis vs. the frequency for Switzerland on the x-axis. The results appear to be somewhat correlated, although preferences differ significantly especially for the lower-ranked goals. ‘Good Health and Well-Being’ ranks highest in both countries. Several environmental goals rank medium-high in both countries. Broader social goals score differently: ‘Zero Hunger’ and ‘No Poverty’ score more highly in Switzerland, while ‘Peace, Justice and Strong Institutions’ and ‘Decent Work and Economic Growth’ rank higher in Singapore. The results are mostly consistent across age cohorts and gender, although especially gender equality is a higher priority for women than for men. The results were also summarized along the ESG categories, with each goal mapped into one category, except for three goals that were split among two categories. These results are shown in Figure 1(b). Social goals account for about half the preferences, Environmental goals about a third and Governance less than a quarter. These results are also consistent across age cohorts and gender.

The implications for sustainability reporting are numerous. First, it is critical to emphasize Social activities. These are first and foremost personal, and need to address how an insurance company makes life better and healthier for customers and their peers. Broader environmental and social goals should not be ignored but should be somewhat de-emphasized in view of their reduced impact on individual customers. Governance activities should be considered as a necessary condition to operate the company. They are expected and not a differentiator in the eyes of the customers. Second, there seem to be significant differences across the two geographies, so that a single, Group-level reporting will probably not be the most effective way to accurately address different markets. Rather, a local or regional report should be the primary report, with an international one complementing the communication portfolio.

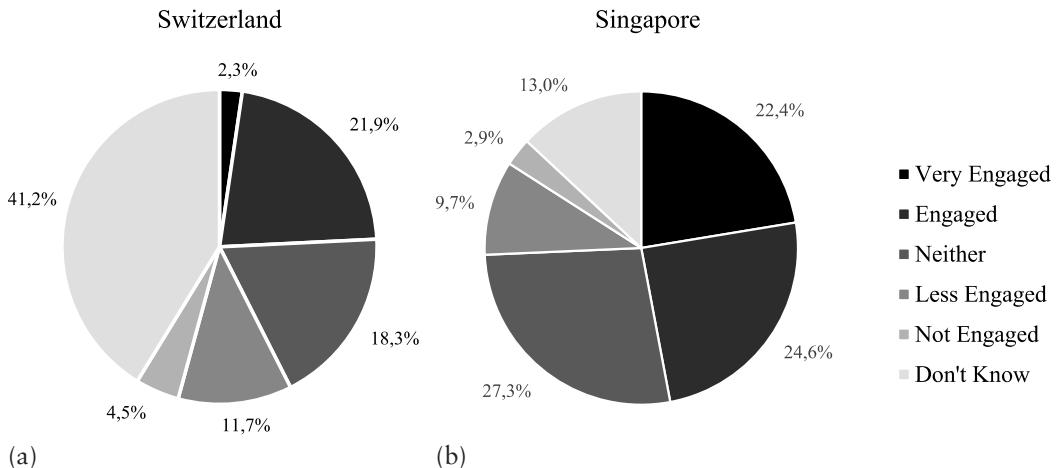
Figure 1: Top 5 Sustainability goals in Switzerland and Singapore



### 3.1.1 Engagement of Own Insurer

Respondents were asked to rate the engagement of their own insurer in pursuing the top five goals they identified in Section 3.1, as shown in Figure 2. Overall, about a quarter of Swiss customers and half of Singaporean customers have a positive view of their insurer's effort, while some 15 % have a negative view in both geographies. Thus, the results lean positive overall, and more so in Singapore. However, there is still significant room for improvement. In Switzerland more than 40 % of respondents in Figure 2(a) cannot evaluate the engagement of their own insurer, a significant indictment of the current communication efforts. While the current reporting efforts may address investors and regulators with some level of effectiveness, they fail to address a large portion of customers. A more targeted approach to address these customers is needed. Discussion of the results with our expert panel pointed to the need to develop more effective communication efforts, especially during the initial advising and sales process, but also during ongoing communications with existing customers. In Singapore, as shown in Figure 2(b), the results are more encouraging, with only 13 % of customers not able to evaluate their insurer's efforts. However, more than a quarter have a neutral view of their efforts, and insurers need to be either more engaged in sustainability efforts or more effective at communicating to their customers about them also in Singapore.

Figure 2: Perceived Engagement of own insurer in sustainability goals

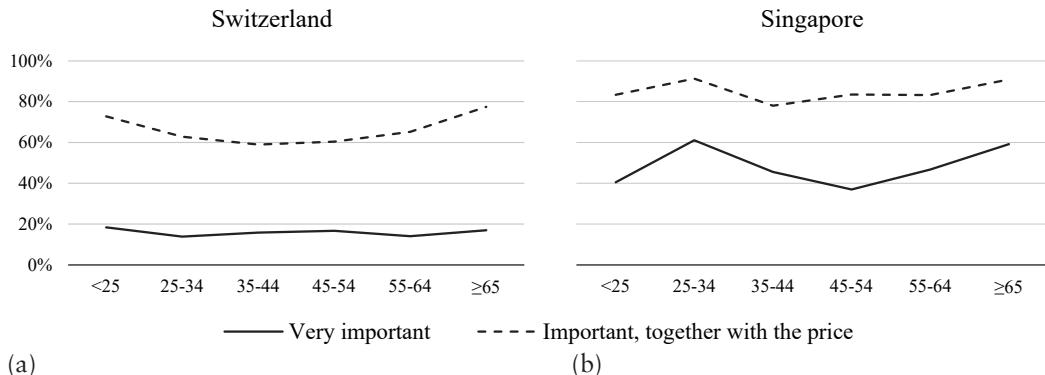


### 3.1.2 Relevance for Insurance Purchase

Respondents were also asked about how relevant the issues they prioritized in Section 3.1. were for their next insurance purchase decision. The results by age cohort are plotted in Figure 3. In Switzerland, less than 20 % of respondents considered sustainability very important as a stand-alone criterion, while another approximately 50 % considered it important together with the price. The remaining third considered sustainability less or not important, as shown in Figure 3(a). Thus, sustainability is an important component of the decision, but it will be weighed against other considerations, especially premium, by a large portion of the population. Younger and older customers are more likely to consider sustainability important than the 35 to 54 age group. The expert interpretation of these results is that while younger customers may be concerned about their future and perhaps more idealistic, and older customers may be concerned about their legacy, the segment in between may be devoting significant time and effort on career, family and aging parents, and is therefore less likely to be concerned with other issues. Thus, communication about sustainability in Switzerland should be placed in the overall context of the product benefits and pricing, as well as being particularly concise in the case of the middle-aged cohorts.

The dynamics in Singapore are somewhat different, as shown in Figure 3(b). First, about half of all customers think sustainability is very important, more than twice the figure for Switzerland. This may be due to more concerted efforts by the Singaporean government to raise awareness about the consequences of global warming. Second, the age-dependent behavior observed in Switzerland with lower emphasis on Sustainability in the 35–54 age range holds largely true in Singapore as well. Lastly, the proportion who thinks sustainability is important but needs to be weighed against price partially compensates for this age-related preference, so that the overall proportion who does not consider sustainability important hovers at below 20 %. Thus, communication in Singapore can be focused on sustainability itself for the younger and older age cohorts, and emphasize pricing tradeoffs with middle-aged customers.

Figure 3: Relevance of sustainability goals for insurance purchase decision (cumulative)



### 3.2 Analysis by Area of Engagement

Respondents were asked to evaluate their insurers along several areas of engagement in sustainability efforts defined by the expert panel using a 5-point Likert scale. The results, ranked by the average evaluation for importance across both countries, are summarized in Table 3.

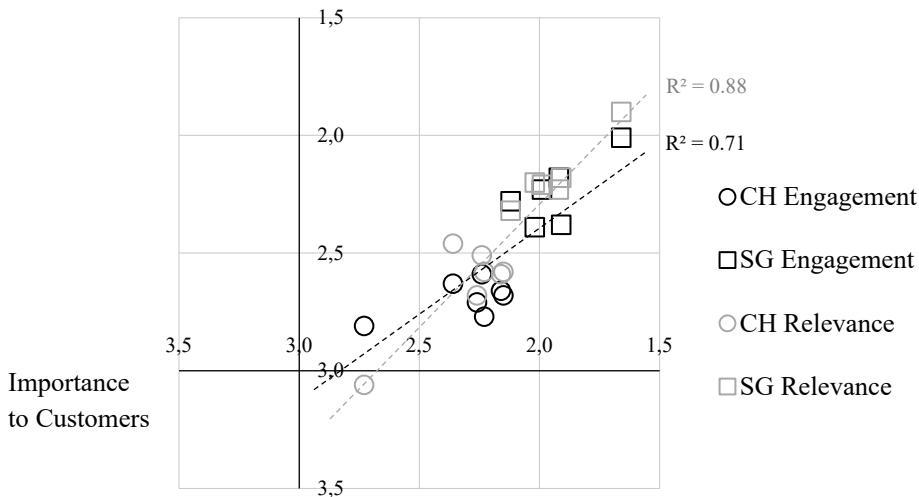
Table 3: Customer responses by area of engagement

| Area of engagement | Importance to customers |      | Engagement of own insurer |      | Relevance for insurance purchase |      | Link to sustainability |      |
|--------------------|-------------------------|------|---------------------------|------|----------------------------------|------|------------------------|------|
|                    | CH                      | SG   | CH                        | SG   | CH                               | SG   | CH                     | SG   |
| Data               | -                       | 1.66 | -                         | 2.01 | -                                | 1.90 | -                      | 1.91 |
| Society            | -                       | 1.99 | -                         | 2.23 | -                                | 2.21 | -                      | 2.11 |
| Claims Adjusting   | 2.23                    | 2.02 | 2.77                      | 2.39 | 2.58                             | 2.20 | 2.43                   | 2.11 |
| Footprint          | 2.16                    | 1.92 | 2.66                      | 2.18 | 2.59                             | 2.23 | 2.46                   | 2.03 |
| Investments        | 2.26                    | 1.91 | 2.71                      | 2.38 | 2.68                             | 2.18 | 2.45                   | 2.01 |
| Nat Cat            | 2.15                    | -    | 2.68                      | -    | 2.58                             | -    | 2.41                   | -    |
| Pensions           | 2.24                    | -    | 2.59                      | -    | 2.51                             | -    | 2.45                   | -    |
| Employees          | 2.36                    | -    | 2.63                      | -    | 2.46                             | -    | 2.46                   | -    |
| e-Mobility         | 2.73                    | 2.12 | 2.81                      | 2.28 | 3.06                             | 2.32 | 2.65                   | 2.07 |

The scores for Engagement and for Relevance are plotted against the Importance in Figure 4. Both are closely correlated with each other, meaning that purchase intentions are impacted by the importance associated with the topic – an important indicator of consistency – and insurers score higher on engagement on topics of higher importance. A positive interpretation of these results is that insurers have effectively prioritized actions and communication on more important topics. On the other hand, these results are consistent across other studies (e.g., Puriwat & Tripopsakul, 2022) and may indicate that interested customers search for the relevant information independently. Results tend to

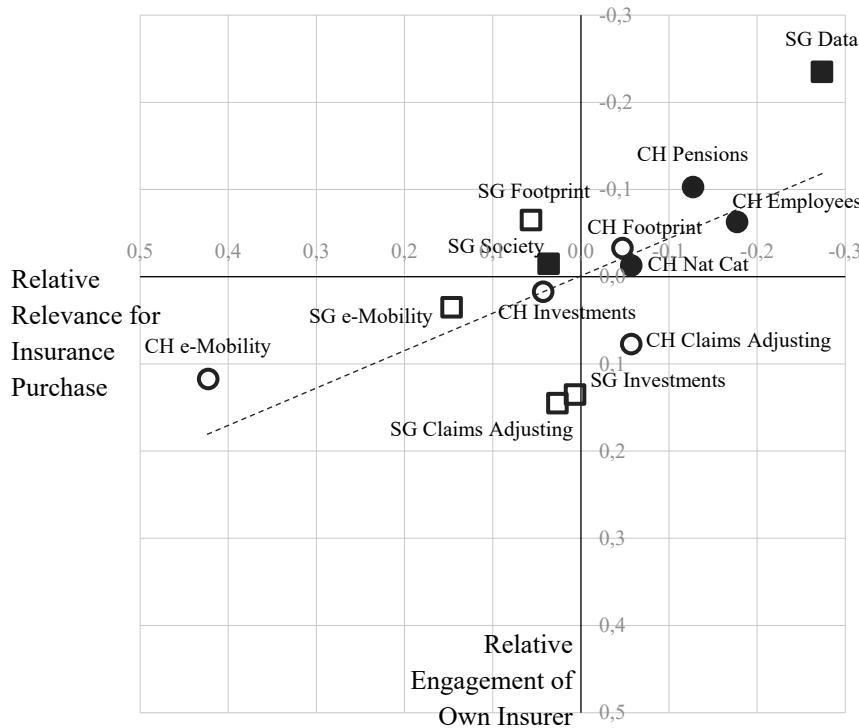
cluster by geography in Figure 4, and extreme values for Importance tend to hide some of the dynamic among areas of engagement within Switzerland and Singapore, respectively.

Figure 4: Perceived Engagement and Relevance for purchase vs. Importance by area of engagement



The values insurer's Engagement and Relevance for insurance purchase are plotted relative to each country's mean in Figure 5. This relative plotting is used to eliminate country effects. Items further to the right are more relevant for the next insurance purchase, while items higher up are deemed to receive higher engagement from insurers. Thus, for example, e-Mobility efforts are seen as less important than average in both countries. Items below the dotted line are lower than the normal insurer's Engagement vs. their associated Relevance for the purchase decision. That is, these are the areas where insurers should either increase actual activities or improve their communication with customers, or both. Clearly in this category, for example, is Claims Adjusting in both countries. The broader hypothesis is that insurers should concentrate on improving the sustainability efforts in their core business. Claims Adjusting is core to insurance; e-Mobility is not. The company's own carbon footprint is relevant, but should not be overemphasized, whereas companies should explain more clearly how they are investing their own funds into sustainable projects. Protecting personal data and supporting employees remains important.

Figure 5: Relative Engagement of own insurer vs. relative Relevance for insurance purchase



#### 4. Conclusions

The surveys returned four key insights with potential relevance for the sustainability reporting efforts of insurance companies. They indicate ways to potentially improve how companies address the priorities and concerns of their retail customers in addition to addressing investors and regulators.

##### *Emphasize Social goals:*

Customers in both Switzerland and Singapore value 'Health and Well-Being' highest. Insurers should therefore place additional efforts in promoting and reporting on the positive effects they have on their customers' well-being. This may be more closely related to the Life & Health business; however, it is also critical to make the connection for the Property & Casualty business. This will require a concerted effort in product development to incorporate both technical and service components. In both geographies customers valued Social goals overall above Environmental and Governance goals. Thus, in general, emphasis should be placed on supporting both local and global social goals. Environmental goals should not be de-emphasized, but social engagement should be prioritized.

##### *Current efforts are not effective:*

In spite of an overall more positive than negative view of insurer's efforts in sustainability, large portions of their customers are either tepid towards, or unaware of, these efforts. In

Switzerland more than 40 % do not feel that they can evaluate their insurers; in Singapore 30 % have an opinion that is neither positive nor negative. Thus, the current efforts, or the way they are communicated, are not effective. In particular, customers should be informed of a company's efforts during the core advice and sales process.

*Build localized reporting:*

Sustainability reporting needs to leverage group-level reporting but reflect local priorities more in-depth. On the one hand priorities at the level of the UN Sustainability Goals differ significantly between Switzerland and Singapore. Priorities tend to lean towards the global in Switzerland ('No Poverty', 'Zero Hunger'), while they tend to be more local in Singapore ('Peace, Justice and Strong Institutions', 'Decent Work and Economic Growth'). In addition, addressing most of the goals needs to be done, at least partly, at a local level. On the other hand, different customer groups need to be addressed differently by geography. In Switzerland the communication needs to emphasize a healthy tradeoff between sustainability and pricing, and be particularly concise for the middle-aged cohorts. In Singapore the communication can be much more focused on sustainability for the younger age groups.

*Focus on the core business:*

This is potentially the single most important insight from the data. Sustainability efforts need to be credible, and to be credible they have to be linked to a company's core business. So, while decreasing the own carbon footprint is good in general, companies have already focused on this sufficiently in the eyes of the customers. Investments, on the other hand, can be further emphasized, especially in Singapore. Most importantly, further efforts should be devoted to improving claims handling towards higher sustainability and communicating effectively about it. This is by far the area with the most significant under-engagement of insurance companies both in Switzerland and Singapore. Conversely, customers in both geographies do not value their insurer's efforts in e-Mobility and these should therefore be de-emphasized.

Implementing these changes will require mobilizing the organization at different levels. First, they cannot be isolated to staff functions. They need to be incorporated both in the product development / underwriting teams and in the sales channels. The latter is important to understand local customer priorities and incorporate the efforts in the sales process; the former to ensure pricing and ancillary services are properly considered in the core product. A special effort needs to be placed in Claims, so that the network of providers is consistently driven towards more sustainable operations.

The results of this study are based on a survey of two countries in 2022, generated and interpreted by a panel of insurance sustainability experts. The insights and suggestions generated are therefore dependent on this research design. Further work is necessary to validate the results in other geographies and especially to link the survey responses to purchasing behavior. Future research efforts could also focus on how companies are evolving towards products and services or community efforts that are more locally relevant and more tightly linked to the core risk-transfer business of insurance, while also evolving to a reporting effort that more clearly reflects these customer priorities. Rather than waiting for institutional investors or regulators to drive sustainability reporting, this

improved focus on customer priorities could serve as a critical driver of improved market positioning and long-term profitability.

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