Net Zero opportunity big enough to double size of London market, says LIIBA

2 May 2022, LONDON – MPs heard last week that the value of the opportunity provided by the global transition to Net Zero was potentially large enough to double the size of the London insurance market.

Speaking to the All Party Parliamentary Group on Insurance and Financial Services on Monday, LIIBA CEO Christopher Croft told MPs that an analysis by the broker trade body revealed that the global insurance opportunity created by the transition was estimated to be in the region of $125 billion. This compares with the London insurance market’s current estimated value of $110 billion from the 2020 London Matters report.

The analysis, conducted by LIIBA working alongside its members, is based on data from leading international management consultancy Oliver Wyman that achieving Net Zero will necessitate $5 trillion of global investment in green energy annually by 2030. LIIBA then worked with its members to establish the average ratio between insurance premium and total investment for relevant capital projects.  This suggests an annual total of $125 billion of additional insurance-related spend by 2030 for the costs of transition alone.

Mitigating risk associated with the transition to Net Zero will entail investment in and adoption of new technology, management of stranded assets as well as insurance expenditure.

Christopher Croft, CEO of LIIBA, said: “For the first time, LIIBA and its members have been able to quantify the level of insurance growth produced by the race to achieve Net Zero – and it’s a huge sum. If a significant proportion of that $125 billion came to London, it would transform our market and London’s standing for decades to come. It will also help deliver growth in UK export earnings, UK GDP and employment.

“The positive news is that the London market is well-placed to be right at the fore of this transformative process. London’s brokers have a unique combination of skills and expertise that will enable their clients to make the changes necessary to achieve the net reduction in carbon emissions required.

“The key for London is to ensure we seize upon this once-in-a-century opportunity by brokers and risk carriers working together to give clients the guidance and the capital backing they need to embark on this transformational journey.”

Minister for Investment Gerry Grimstone, said: “As the largest global centre for speciality and commercial risk, the London market has continued to attract international investment for decades. So it’s great that London’s role in building climate resilience in the race to Net Zero could significantly see an increase in our market’s opportunities, and in turn boost jobs and benefit the UK economy.”

Craig Tracey MP, chair of the All Party Parliamentary Group on Insurance and Financial Services, said: “This new LIIBA analysis shows the huge potential opportunity Net Zero is creating for the British economy. As a world leader in risk transfer and risk mitigation, there is a unique space for UK use this expertise and be at the forefront of enabling the global drive towards low carbon and no-carbon technologies.”

Ends

Note to editors:

The Oliver Wyman data referred to in this release is available here: https://www.oliverwyman.com/content/dam/oliver-wyman/v3/Financing-the-Transition-to-a-Net-Zero-Future.pdf

**About LIIBA**

**London & International Insurance Brokers’ Association (LIIBA)** is the trade association representing the interests of Lloyd’s insurance and reinsurance brokers operating in the London and international markets. We have the support of the vast majority of Lloyd’s Brokers, accounting for over 95% of the Market’s business.

**Our members** are engaged in the placement of $67bn of premiums in the London Market and another $24bn across the world. Collectively they contribute to the Market’s 26% share of The City’s GDP or 10% of London’s GDP (2015).

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