

Insuring Tomorrow: The Power of ESG in Shaping Sustainable Performance

Dynamic changes in the regulatory environment and societal expectations for sustainable development present insurance companies with new challenges and opportunities. Our research, which analyzes data from European and American insurance companies for the period 2019–2024, aims to identify which specific ESG (Environmental, Social, and Governance) elements have the greatest impact on the operational efficiency of insurance firms. This makes the study crucial for business decision-making in the financial sector.

The research combines empirical data with statistical tools, such as panel data analysis, to establish causality between ESG activities and economic outcomes. Preliminary findings indicate that a responsible approach to ESG can support companies' long-term financial resilience while benefiting society. For instance, participation in initiatives like GFANZ (Glasgow Financial Alliance for Net Zero) or PRI (Principles for Responsible Investment) improves asset efficiency, while workplace diversity policies positively affect financial performance and corporate image. Moreover, excluding fossil fuels from underwriting increases the likelihood of achieving higher long-term revenues, despite short-term declines.

This research is particularly relevant to three key groups:

1. **Society**, which benefits from enhanced transparency in reporting and greater corporate social and environmental responsibility.
2. **Regulators**, who gain tools to better design policies supporting climate transformation.
3. **Management**, which can use detailed insights to effectively implement ESG strategies, improving both reputation and financial performance.

Additionally, this project may inspire initiatives to promote sustainable insurance practices and provide a framework for further studies in this field. The findings are expected to contribute to the development of new research areas in finance, including the impact of ESG factors on specific financial products, such as insurance policies.