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# IFoA GIRO Conference 2024

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# Hot Topic 6: Suing for survival: The Emerging Wave of Climate Change Litigation

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# Introduction



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# Agenda

- Scope of climate litigation
- Increase in climate litigation cases
- Geographical spread
- Sectoral spread
- Climate activism
- The worry of precedent
- What are the exposures?
- Managing the risk
- Impact on multiple areas

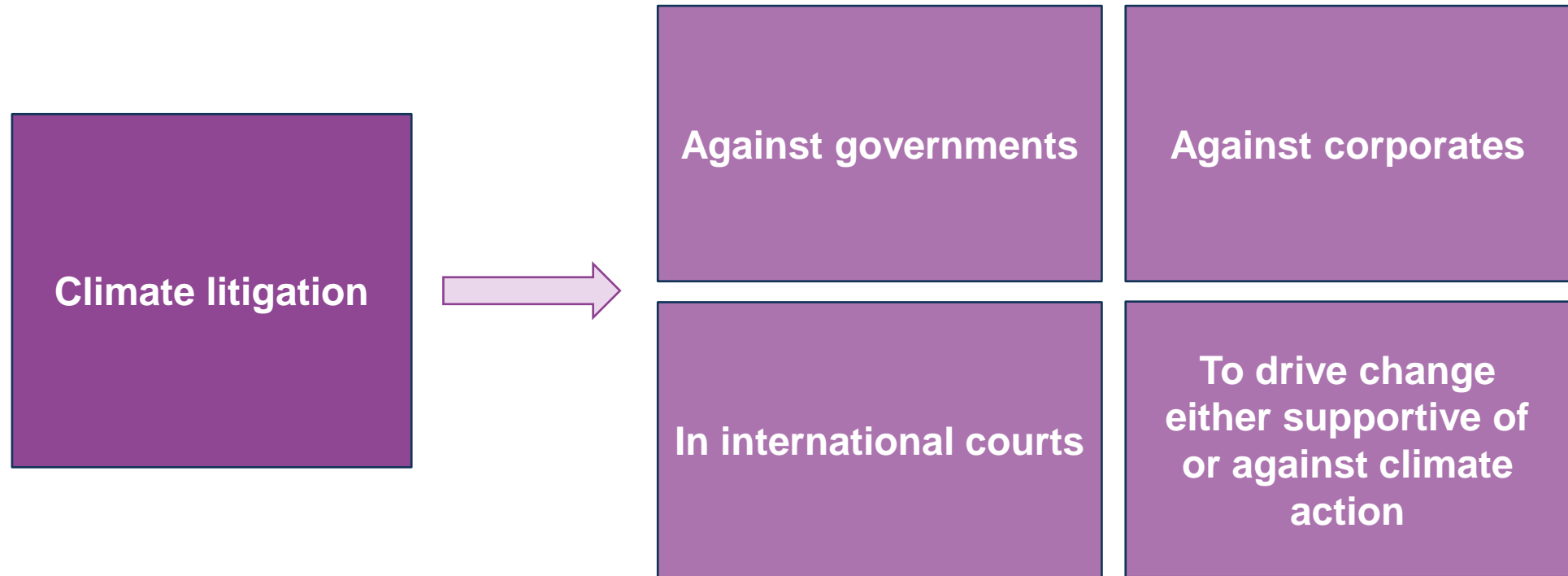


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# What is happening in climate litigation?

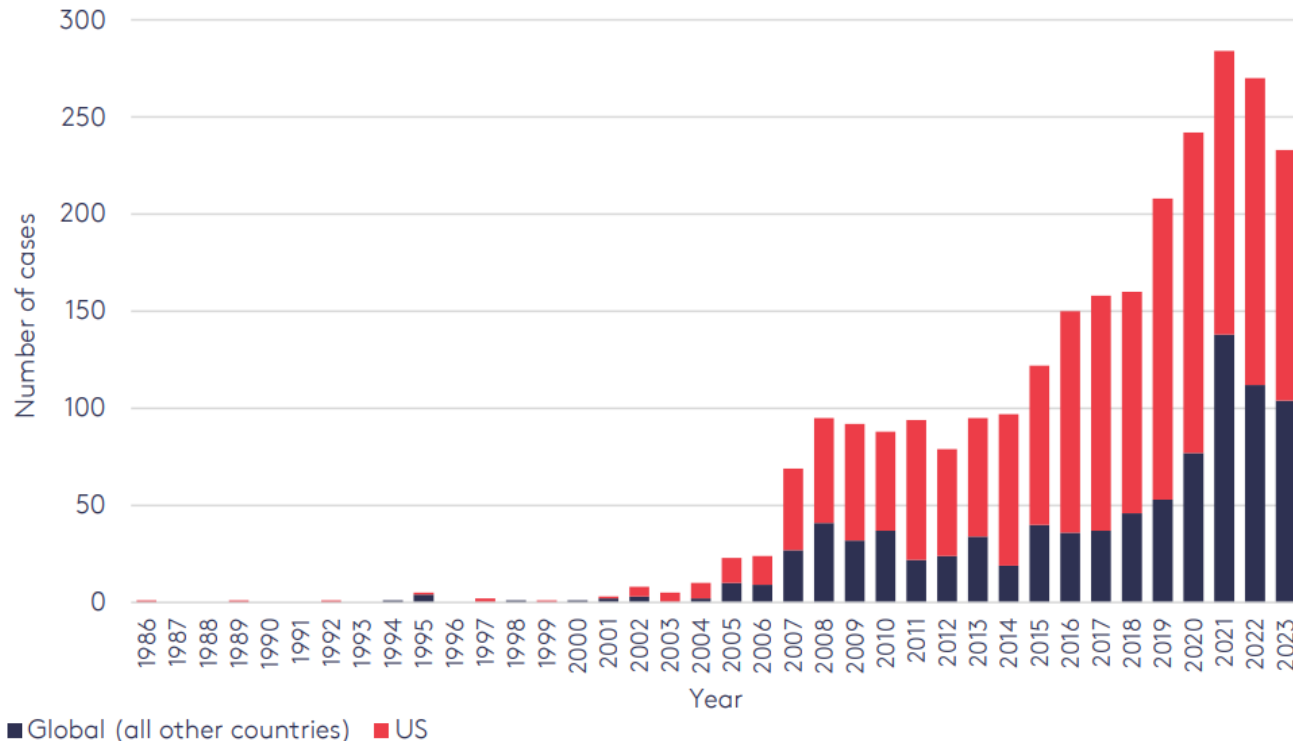
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# Scope of climate litigation



# Increase in climate litigation cases (Source: Grantham Research Institute)

Figure 1.1. Number of climate litigation cases within and outside the US, 1986–2023



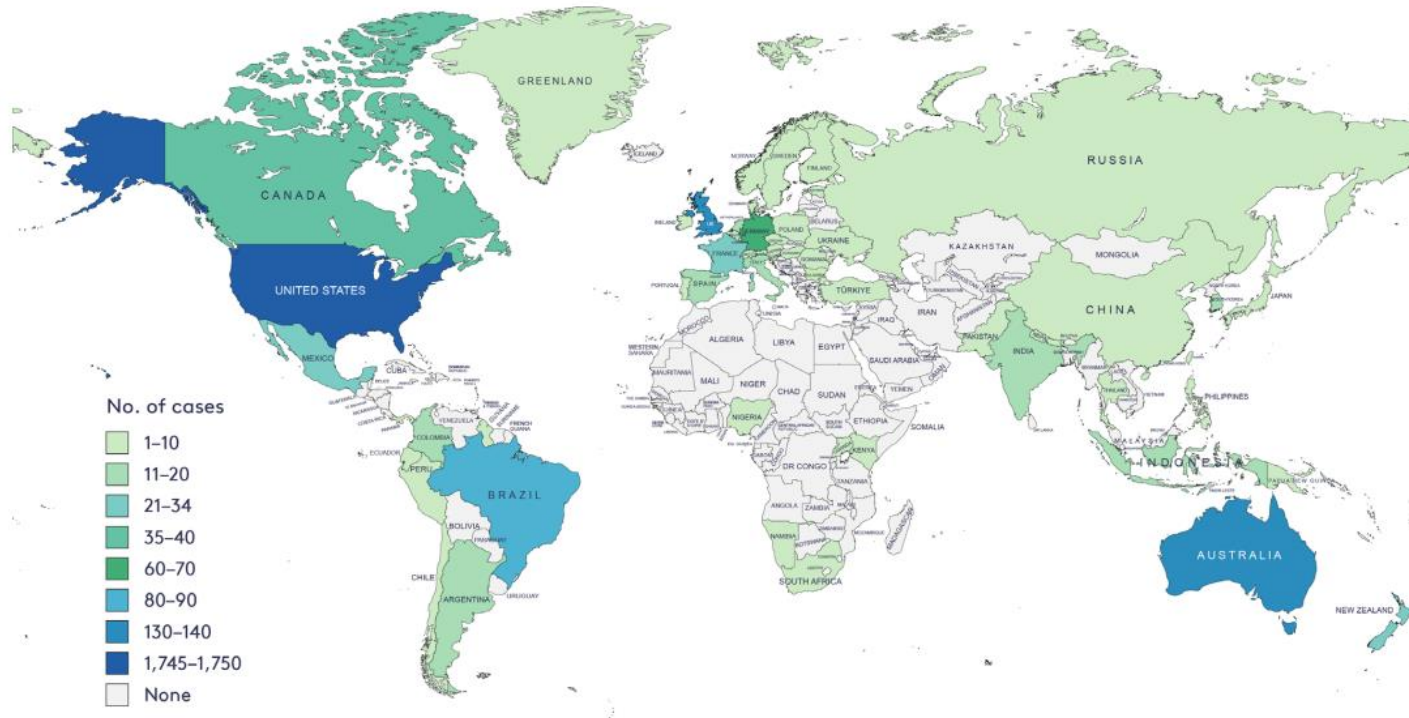
- **>230 cases filed in 2023**  
- 129 US, 101 non-US
- **>2,666 cases over time**  
- 1,745 US, 921 non-US
- **More cases are being filed against corporates. Last year, 15% of new US cases were against corporates and 40% of new non-US cases were against corporates**
- **About 70% of cases filed since the 2015 Paris agreement. Data suggests the pace of increase may be decreasing or stabilising**

Global trends in climate change litigation: 2024 snapshot, The Grantham Research Institute on Climate Change and the Environment



# Geographical spread

Figure 1.2. Number of cases to date in countries globally

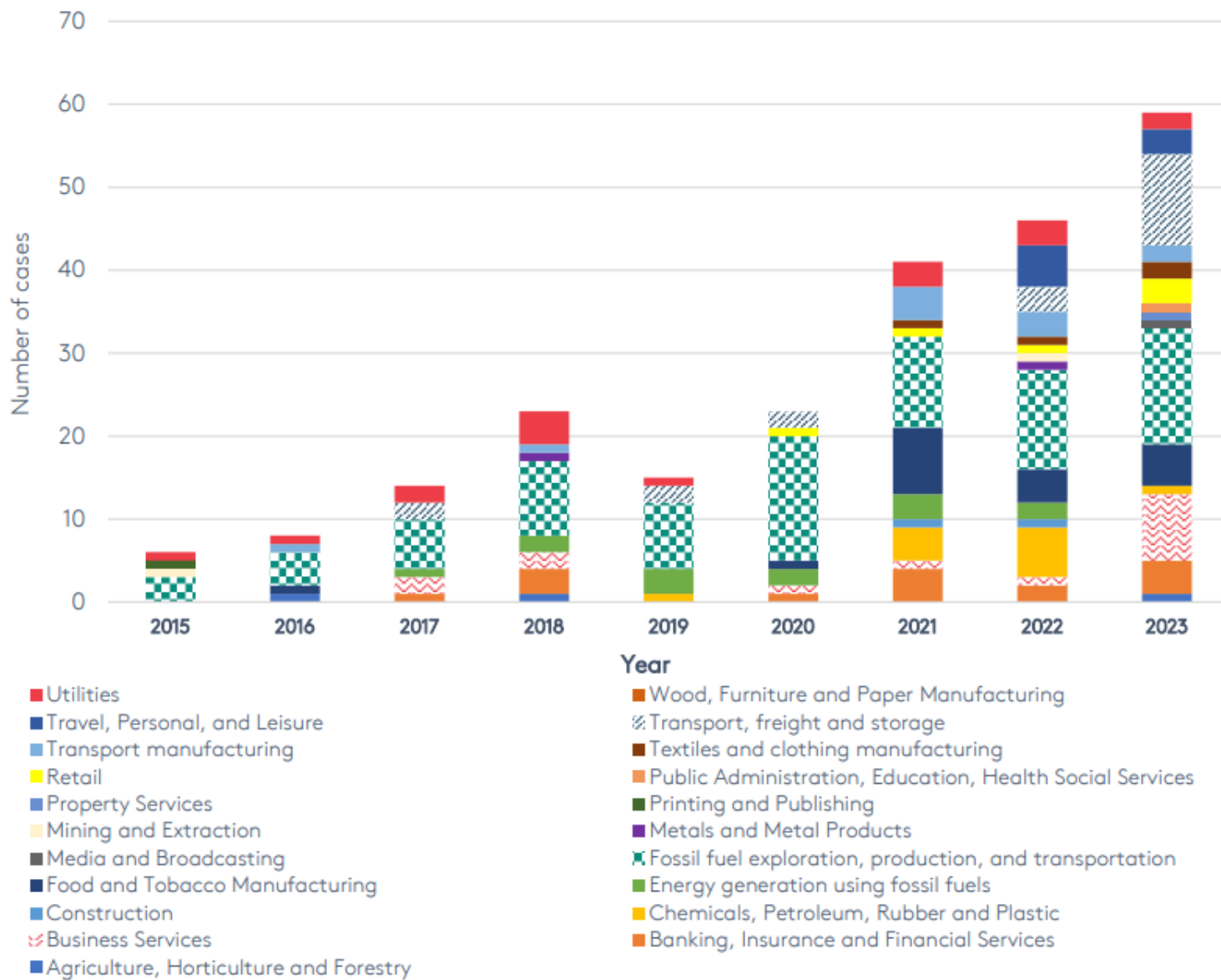


- The US remains the country with the highest number of total recorded cases (1,745)
- With the UK (139), Brazil (82) and Germany (60) the next largest
- >200 cases filed in the Global South
- Cases continue to spread to new countries, with cases filed for the first time in Portugal and Panama in 2023

Global trends in climate change litigation: 2024 snapshot, The Grantham Research Institute on Climate Change and the Environment



Figure 1.5. Number of companies targeted in strategic climate-aligned cases by sector, 2015–2023

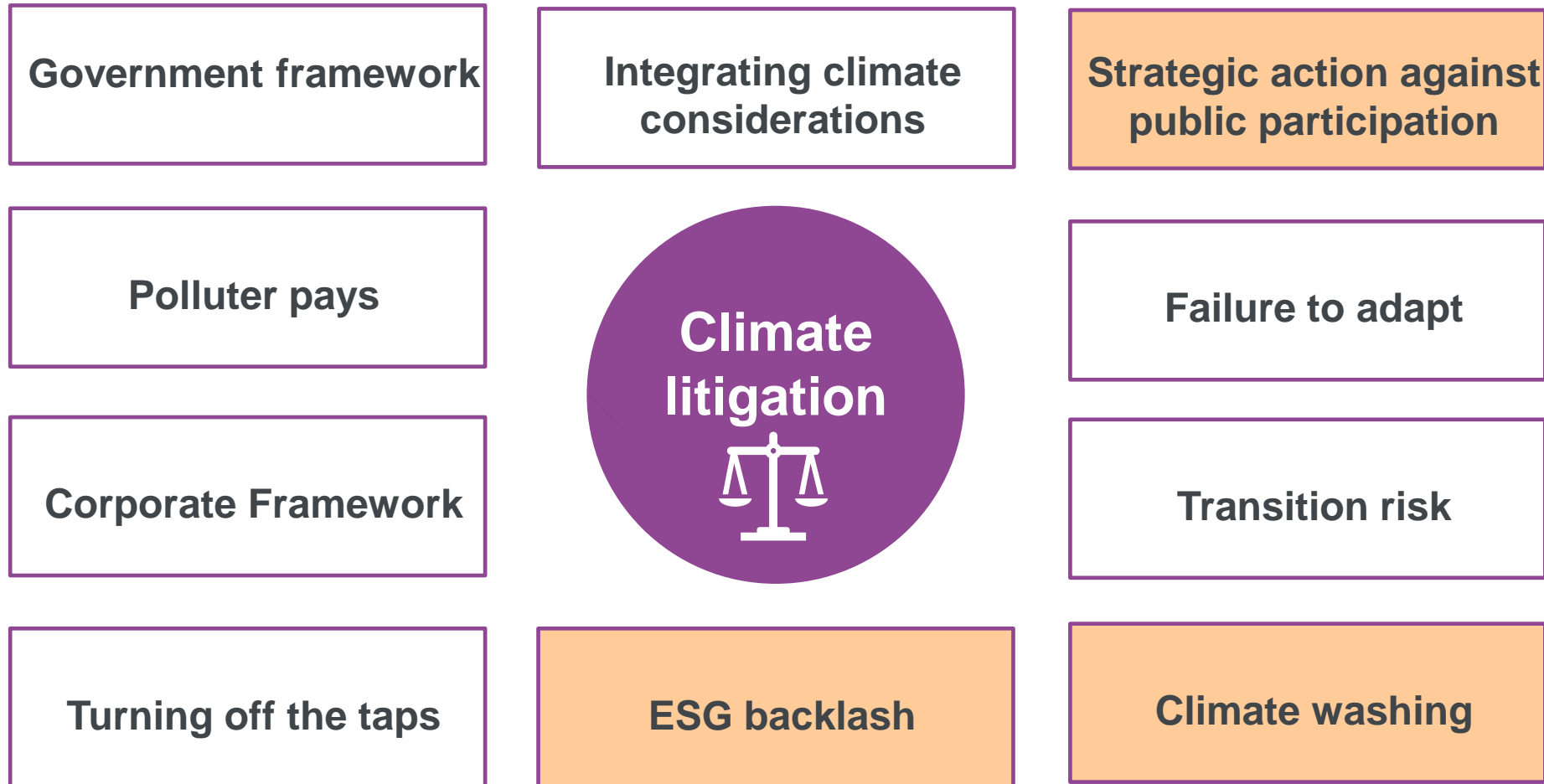


## Sectoral spread

- Corporate cases traditionally focussed on fossil fuel sector
- A wide range of sectors now targeted
- Transport and business services are growing areas

Global trends in climate change litigation: 2024 snapshot, The Grantham Research Institute on Climate Change and the Environment

# Types of climate litigation cases (Source: Sabin school classification)



# Climate activism

## How is this different?

- Activist groups often have wealthy backers/ deep pockets.
- Aim is usually to drive behavioural change and/or cause disruption or reputational damage to firms.
- Not to win!

**Momentum likely to increase**

**Hard to predict**

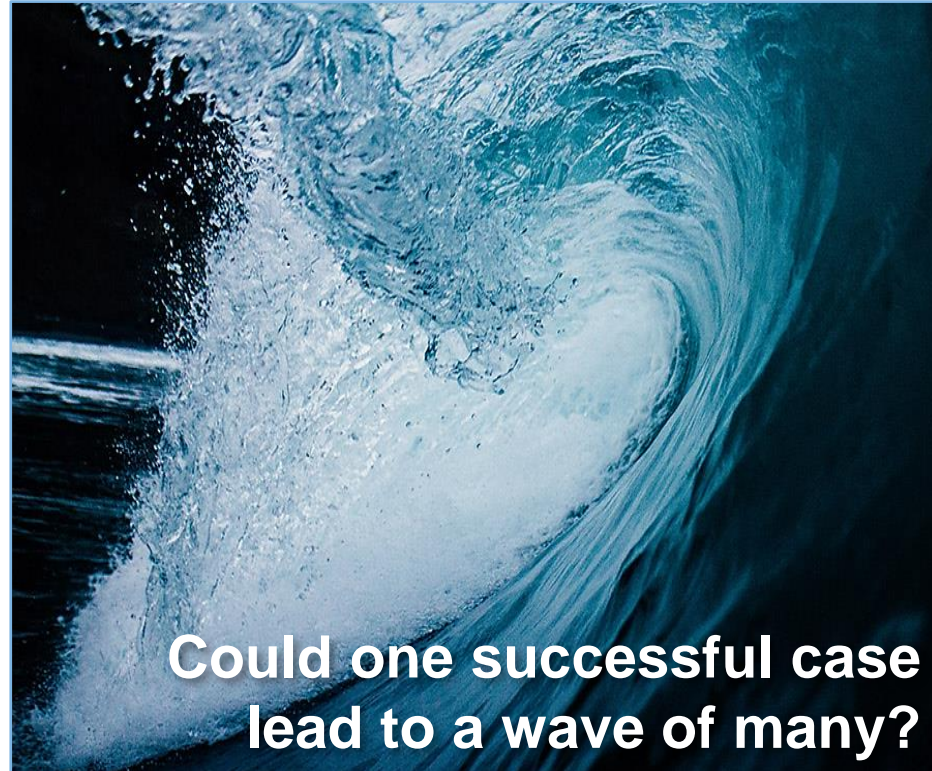


Image Source:  
<https://grist.org/wp-content/uploads/2020/08/youth-climate-activists.jpg>

# The worry of precedent

## Legal precedent

1. legal decision made by a court of authority, which serves as an authoritative rule in future, similar cases.
2. A rule of law established by a higher court that is subsequently referred to in deciding similar cases.





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# What can insurers do to manage the risk?

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# What are the exposures?

Underwriting	Asset	Operational
Exposures under D&O policies underwritten	Fall in share prices for companies impacted	Could the insurer also be exposed to similar litigation risk?
Exposures under other Liability exposures	Widening spreads on the debt of these companies	
Multiple underwriting years		
Multiple economic sectors		

# Managing the risk

## Uncertainty

Probability of claim?

Severity of claim?

What if it is a wave?

## Risk framework

### STRESS SCENARIO

- Estimate maximum financial loss
- Range of scenarios

### SET RISK APPETITE

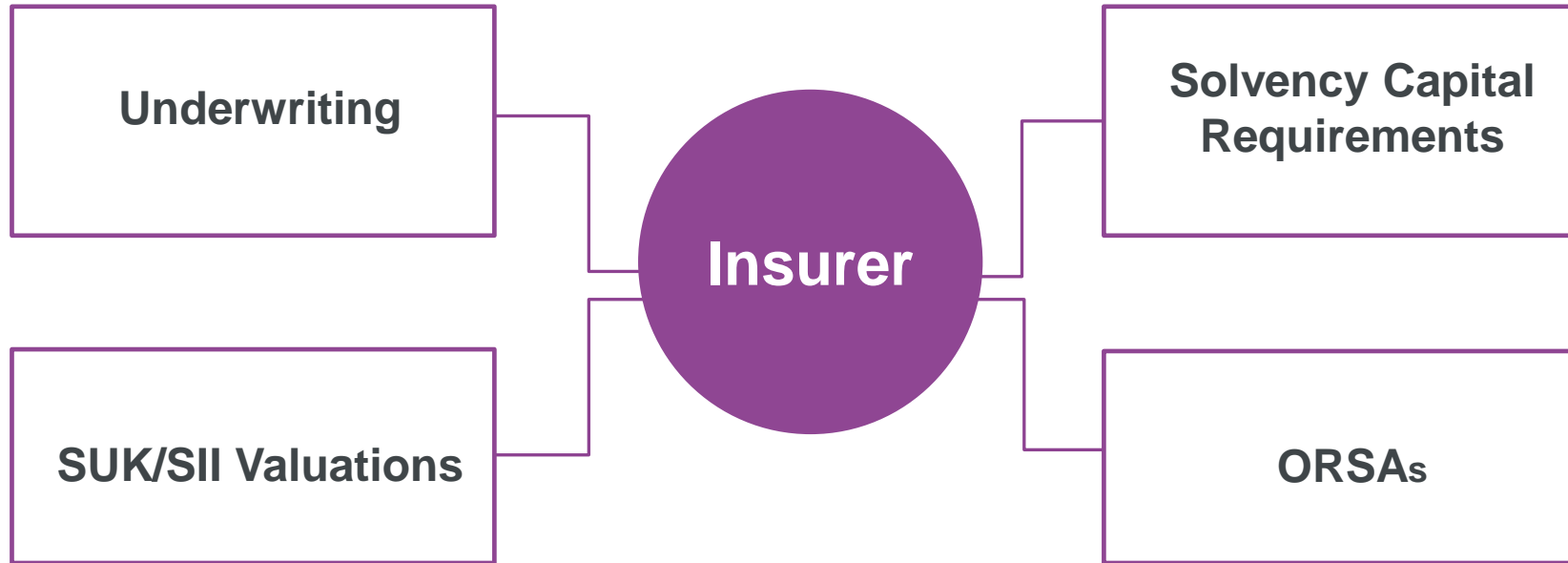
- Agree risk appetite

### MANAGE EXPOSURES

- Stay within risk appetite



# Climate risk feeds into multiple areas





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# Any questions?

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