

Development of Green Insurance in China

Xiaowan Xu, Rui Li

Shandong Yingcai University, Jinan City, Shandong Province, 250104, China

Abstract: Global carbon emissions are rising year by year, and the problem of climate change is becoming more and more prominent. In order to cope with this problem, green insurance is gradually emerging in countries around the world. Green insurance aims to provide insurance cover for environmental risks as well as economic and technical support for sustainable development. Green insurance is developing rapidly in China. In recent years, China's environmental protection and sustainable development have become the focus of national policies. The development of green insurance in the Chinese market has been valued and supported by all parties. The cost of green insurance in the Chinese market is relatively low, especially for large enterprises. Buying green insurance is a reflection of responsible operation for environmental protection and sustainable development.

Keywords: Green insurance; Low-carbon economy; Sustainable development

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With the increasing severity of global climate change, environmental protection and sustainable development have become the common responsibility of all countries in the world. Green insurance plays an increasingly significant role in environmental protection and sustainable development. It can provide necessary risk protection for green industries and enterprises, and promote the attention and practice of the whole society on environmental protection and sustainable development. As the world's largest developing country, China has great potential for green insurance. Policy advocacy and marketing should be strengthened, while innovation and technological research and development of green insurance products should be continued to be strengthened to contribute to the realization of the Sustainable Development Goals.

1. Development and products of green insurance in China

As one of the world's largest carbon emitters, the development of green insurance has attracted much attention. The development of green insurance in China has been valued and promoted by both the government and the market. With the increasing emphasis on environmental issues in China, green insurance products have gradually been incorporated into the mainstream of economic and social development. Green insurance is a kind of insurance that provides insurance protection for environmental risks and positive guidance for human ecological consciousness. It aims to provide financial and technical support to promote protection against environmental pollution and climate change. Green insurance can not only help mitigate the negative effects of global climate change, but also promote sustainable development and environmental awareness, which makes it a kind of insurance that more and more companies attach importance to.

2. Categories and main characteristics of green insurance

Green insurance covers a range of insurance types, including sustainable development insurance, climate insurance, environmental pollution liability insurance, green liability insurance and renewable energy insurance. The main characteristics of green insurance are as follows: firstly, it is related to the environment and sustainable development. Secondly, it aims to provide economic and technological support for the environment and sustainable development by means of insurance. Finally, green insurance aims to promote social and business investment and practice in environmental protection and sustainable

development.

2.1 Sustainable development insurance

Sustainable development insurance is one of the important types of green insurance. This type of insurance refers to the insurance protection provided to support sustainable development. Sustainable development insurance includes insurance products with agricultural insurance, water resources insurance, environmental protection and new energy as the main fields. In case of force majeure events such as natural disasters, such insurance can provide economic and livelihood protection for the affected households, and also encourage rural communities to participate in ecological protection, promoting the sustainable development of society and environmental protection process.

2.2 Climate insurance

Climate insurance is a type of insurance designed for severe weather disasters. The primary objective of such insurance is to prevent and mitigate risks arising from climate change. Climate insurance includes a series of insurance guarantees, such as flood insurance, drought insurance, wind insurance, rainstorm insurance, etc., which are mainly for the risk of natural disasters. Climate insurance is widely regarded as an effective measure to help all sectors of society deal with the growing problem of climate risks and disasters.

2.3 Environmental pollution liability insurance

Environmental pollution liability insurance is mainly aimed at the economic responsibility of enterprises and individuals due to environmental safety problems, which is the economic transfer of any risk that may be caused by the environmental pollution liability. In the form of insurance, enterprises can guarantee quick response, limit the scope of losses and obtain timely compensation in the event of environmental accidents such as natural disasters.

2.4 New energy insurance

New energy insurance is mainly aimed at renewable energy fields such as solar energy, wind energy, ocean energy, hydro energy and biomass energy, providing risk protection for the investment and development of new energy projects. The insurance covers a wide range of types, including photovoltaic power stations, wind farms, hydropower stations, household waste power generation, etc., which can provide more basic protection for enterprises and investors in the field of sustainable development.

2.5 Ecological restoration liability insurance

Ecological restoration liability insurance refers to the ecological restoration projects that may be covered by the insurance coverage, reducing land exploitation, protection, afforestation and other responsible for promoting the reduction of carbon emissions, and at the same time realizing the connection, integration and development of green actions and ecological restoration through its “green-ecological linkage” effect. It provides a more theoretical and practical guarantee for the realization of low-carbon development goals.

In conclusion, green insurance is a new type of insurance, which aims to provide enterprises and individuals with protection in terms of green environment and encourage people to take sustainable development actions. The insurance mainly covers energy industry, environmental monitoring, waste treatment, sewage treatment, ecological restoration and other green industries and fields. The purpose of such insurance is to promote a more environmentally friendly development mode and the formation of market order by assuming the social responsibility of sustainable development.

3. Green insurance can promote the reduction of carbon emissions

3.1 Environmental pollution liability insurance

The introduction of environmental pollution liability insurance can make enterprises pay more attention to environmental protection, urge enterprises to have a stronger sense of responsibility for environmental risks and responsibilities, and encourage them to carry out more practice and investment in environmental protection. Through the enterprise-centered market mechanism, enterprises are encouraged to voluntarily abide by environmental protection laws and regulations and assume relevant social responsibilities, which can ultimately reduce carbon emissions.

3.2 New energy insurance

New energy insurance is an insurance for new energy field. New energy projects play an important role in renewable energy production by minimizing the use of traditional energy sources such as coal and oil, thereby reducing carbon emissions in the production process. In the form of insurance, new energy companies can be more secure in their risk tolerance, thus avoiding the waste of funds and equipment to support the development of renewable energy.

3.3 Pollution remediation liability insurance

Pollution remediation liability insurance can provide economic and technical support for solving environmental problems and promote the overall sustainable development of environmental protection. After the restoration, the environment can return to a healthy “state”, reducing carbon emissions and doubling the environmental and social benefits.

3.4 Ecological restoration liability insurance

Through the ecological restoration projects that may be covered by the insurance coverage, the reduction of land mining and protection, afforestation and other aspects are responsible for promoting the reduction of carbon emissions. At the same time, its “green-ecological linkage” effect can realize the connection, integration and development of green action and ecological restoration, providing a more theoretical and practical guarantee for the realization of low-carbon development goals.

4. The implementation effect of developing green insurance to promote low carbon emission in Shandong Province

Shandong is one of the provinces in the northern coastal areas of China and occupies an important position in China’s economic and social development. It is one of the important embodiments of our economic strength, and it is also one of the provinces where green insurance develops quickly.

4.1 Agricultural green insurance

In recent years, Shandong Province actively promotes the development of agricultural green insurance, and constantly improves the mechanism to guarantee the stable income of farmers. Statistics show that by 2021, there are nearly 5 million agricultural insurance participants in Shandong Province, involving planting industry, livestock and poultry breeding and other fields. In 2019, the total premium of Shandong Agricultural Insurance reached 2.05 billion yuan, benefiting 17 million farmers.

4.2 Ecological and environmental protection liability insurance

Shandong Province actively explores the development mode of eco-environmental liability insurance and has made some achievements. At present, Shandong Province ecological protection liability insurance covers industrial enterprises, sewage treatment plants and other fields. Statistics show that a total of 1,248 enterprises in Shandong Province have participated in ecological insurance, with insurance coverage exceeding 3 billion yuan.

4.3 Green insurance for intensive land use

In order to promote efficient land use and ecological protection, Shandong Province has vigorously promoted the development of green insurance for intensive land use. Data shows that Shandong province has carried out green insurance trials for intensive land use and completed 126 pilot projects in total. Among them, Shandong Province provided green insurance for 45 projects in 2019, covering 397 million yuan, covering more than 17 million mu of land and about 1.32 million rural households.

4.4 The responsibility of ecological protectors depends on green insurance

In order to encourage enterprises and organizations to participate in ecological protection, Shandong Province introduced the ecological protection responsibility to rely on green insurance. By 2021, 259 insurance companies and organizations have signed up in Shandong Province, with premiums reaching more than 90 million yuan and the total insurance amount reaching 5.1 billion yuan.

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