FALIA presentation on sustainability and PSI

Presented by

Masayuki Tanaka

October 22, 2026

FALIA

The Foundation for the Advancement of Life & Insurance Around the world
(Public Interest Incorporated Foundation)
公益財団法人　　国　際　保　険　振　興　会

East Asia Insurance Congress (EAIC)

Welcome to EAIC

The EAIC was founded in 1962 with the aim of furthering and developing international collaboration in the field of insurance of every sort.

Principles for Sustainable Insurance (PSI)

4 Principles of PSI

Ban Ki-moon
Secretary-General of the United Nations

UN environment programme | finance initiative

Principles for Sustainable Insurance

Principles for Sustainable Insurance (PSI)

Environment

Society

Governance

Principle 1 ESG based decision making
Principle 2 Raise awareness of ESG
Principle 3 Work together with Stakeholders
Principle 4 Accountability and Transparency

https://www.unepfi.org/insurance/insurance/the-principles/#

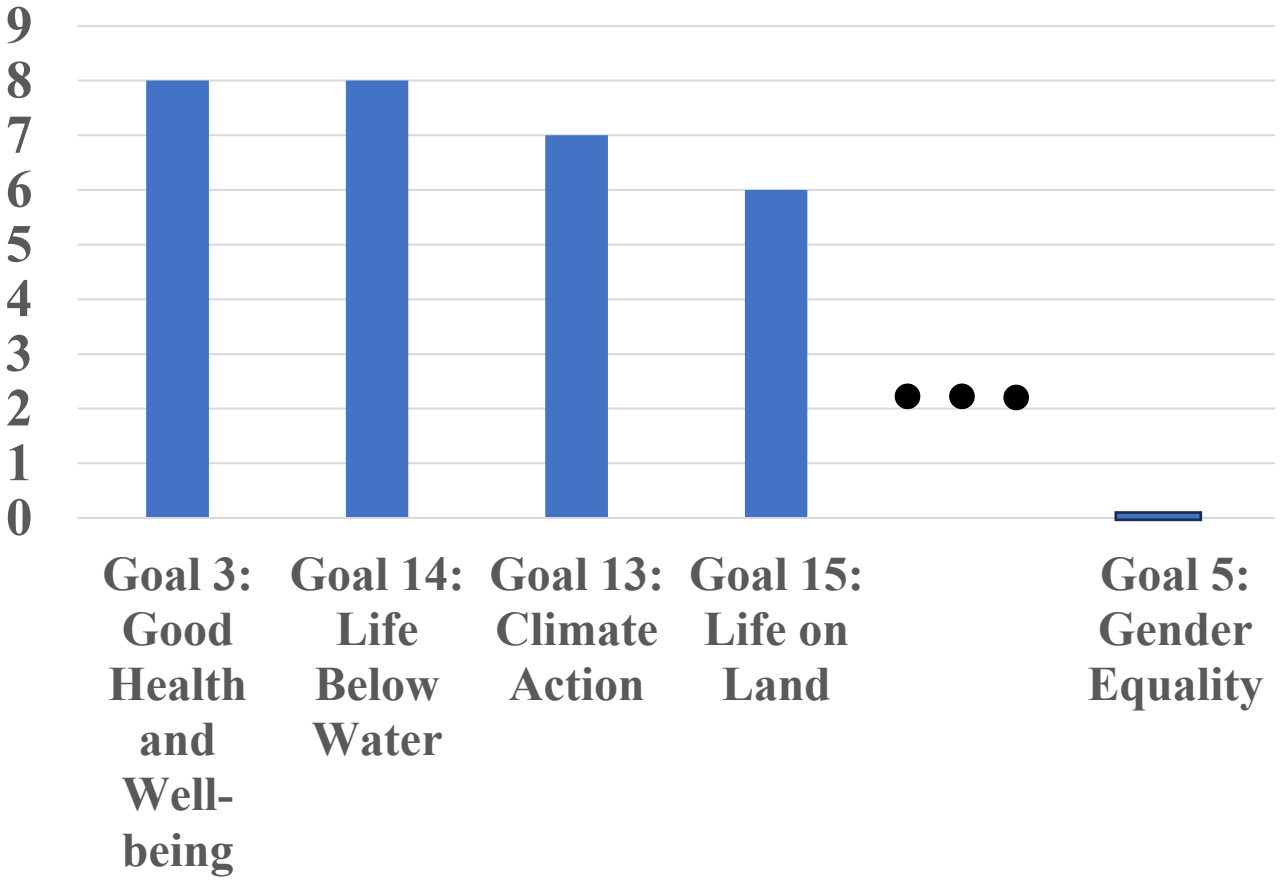
PSI guidelines

Value chain categories	(1) Company strategy	(2) Product and service development	(3) Sales and marketing	(4) Risk management and underwriting	(5) Claims management
PSI guidelines	• Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations • Dialogue with company owners on the relevance of ESG issues to company strategy • Integrate ESG issues into recruitment, training and employee engagement programmes	• Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management • Develop or support literacy programmes on risk, insurance and ESG issues	• Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns • Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood	• Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions • Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics	• Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood • Integrate ESG issues into repairs, replacements and other claims services

PSI guidelines

Value chain categories	(6) Investment management	(7) Clients and suppliers	(8) Government and regulatory bodies	(9) Accountability and reporting
PSI guidelines	• Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)	• Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues • Provide clients and suppliers with information and tools that may help them manage ESG issues • Integrate ESG issues into tender and selection processes for suppliers • Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting frameworks • Promote the adoption of the Principles • Support the inclusion of ESG issues in professional education and ethical standards	• Support prudential policy, regulatory and legal frameworks that enable risk• Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise • Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies • Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues • Dialogue with media to promote public awareness of ESG issues and good risk management reduction, innovation and better management of ESG issues • Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	• Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly • Participate in relevant disclosure or reporting frameworks • Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles

PSI publications



The insurance industry and sustainable development: A UN system-wide agenda

PSI Principles for Sustainable Insurance

UN Framework Convention on Climate Change

UN Environment

International Labour Organization

UN Dept. of Economic & Social Affairs

UN Global Compact

World Health Organization

Office of the UN High Commissioner for Human Rights

PSI Principles for Sustainable Insurance

UN Human Settlements Programme

UN Office for Disaster Risk Reduction

UN Development Programme

Food & Agriculture Organization

World Food Programme

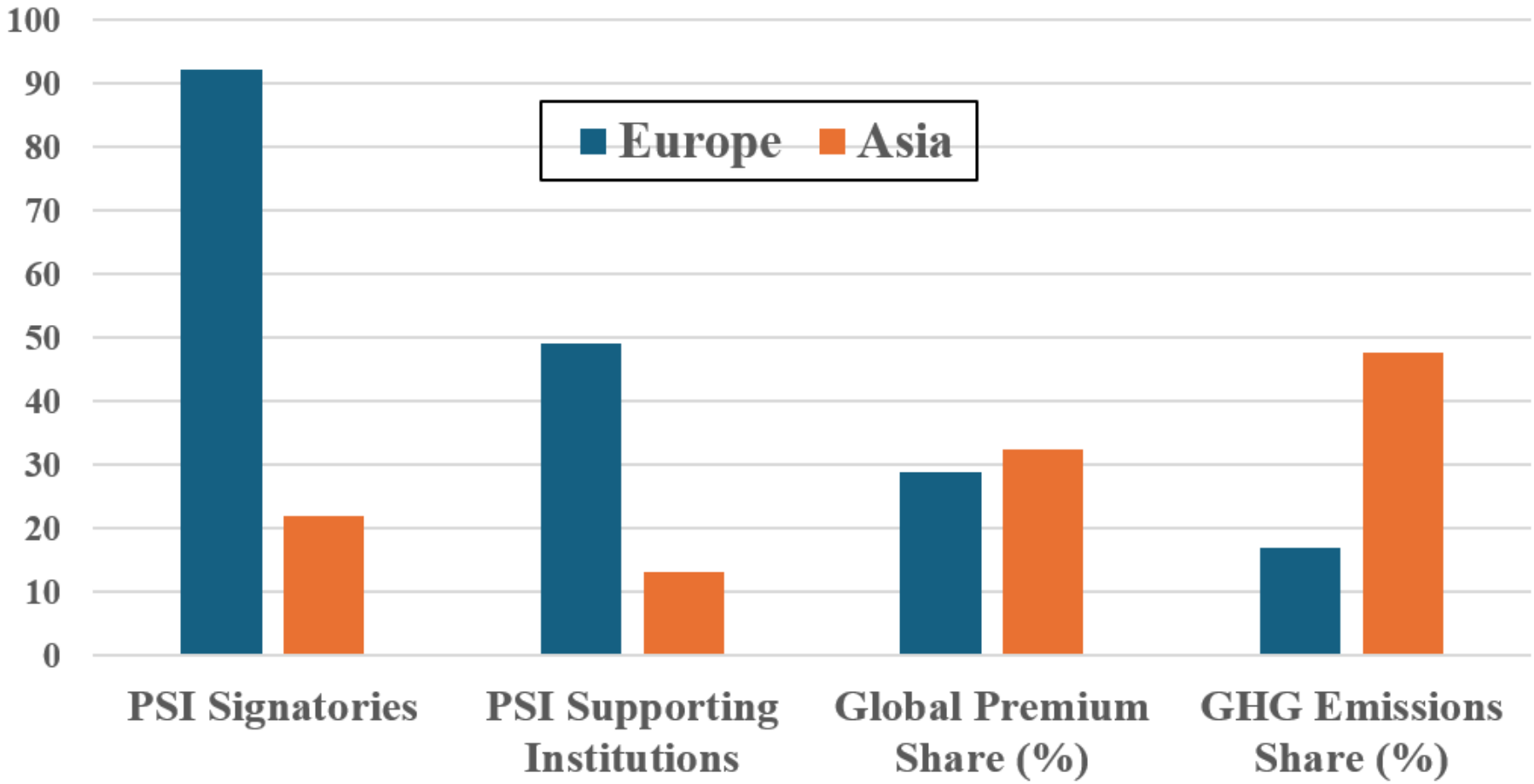
UN Educational, Scientific & Cultural Organization

World Meteorological Organization

UN Conference on Trade & Development

1. Introduction and background (PSI Adoption by Insurers)

Comparison of Europe and Asia in PSI Participation, Insurance Global Premium, and GHG Emissions



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26/09/2024
THEATRE
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The power of collaboration:
East Asian insurers uniting
to drive sustainability
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Mr Butch BACANI
United Nations
Mr Clement LAU
Insurance Authority
Ms Orchis LI
Gen Re
Mr Masayuki TANAKA
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Mr Edward MONCREIF
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Panel Discussion
Climate, Nature, and Insurance:
Driving Sustainability in Asia
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Umang VATS
Asia-Pacific Regional Analyst, United Nations Environment Programme Finance Initiative
Sara LAMSAM
CEO, Muang Thai Life Assurance PCL.
Tatsuya SUDO
Corporate Sustainability Dept., MS&AD Insurance Group Holdings Inc.

Mainstreaming the Principles for Sustainable Insurance (PSI) in the Asian Insurance Industry

Presented by

Masayuki Tanaka

Examining Committee

Dr. Jongwhi Park

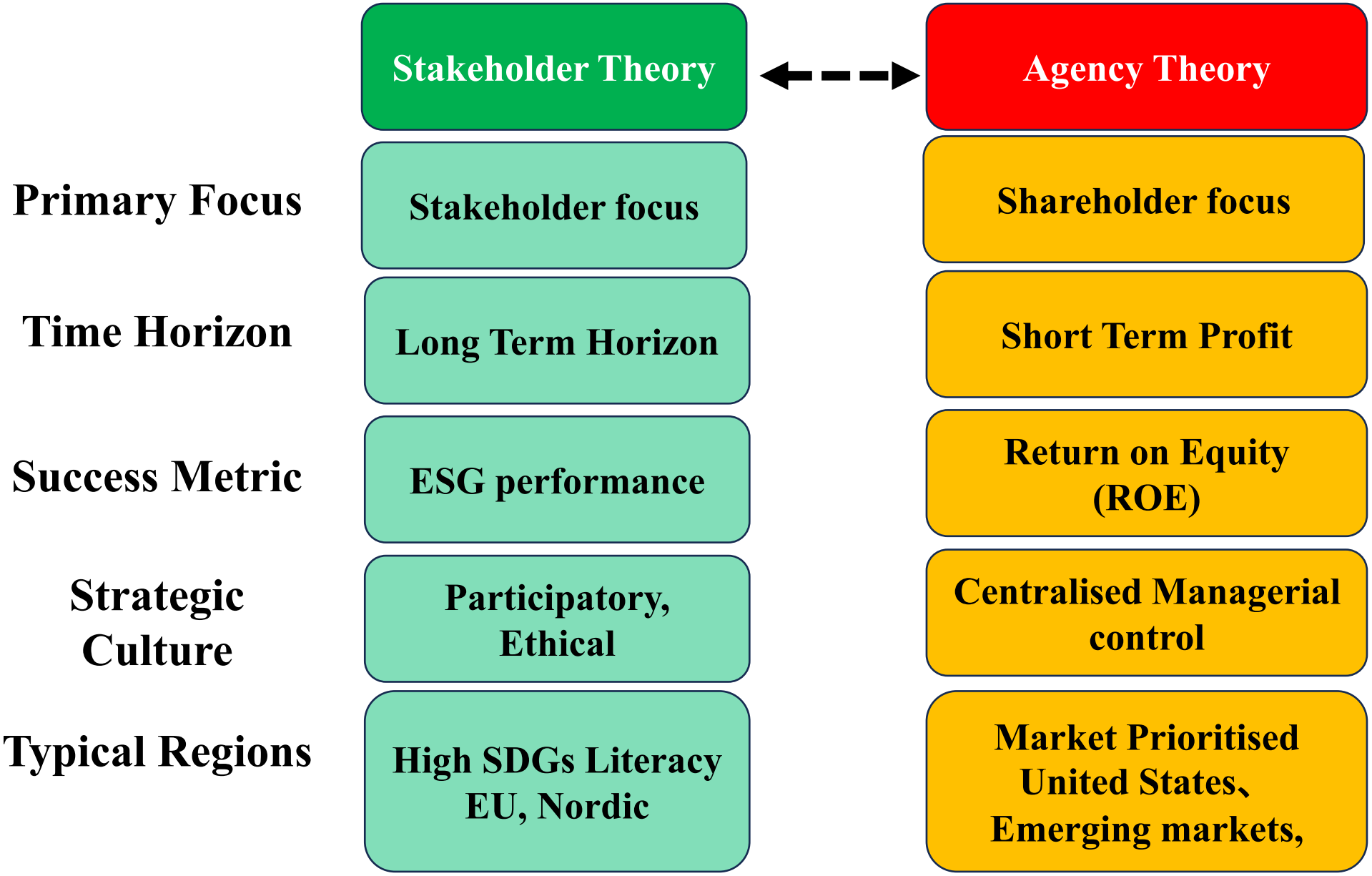
Dr. Naoyuki Okano

May 20, 2026

Agenda

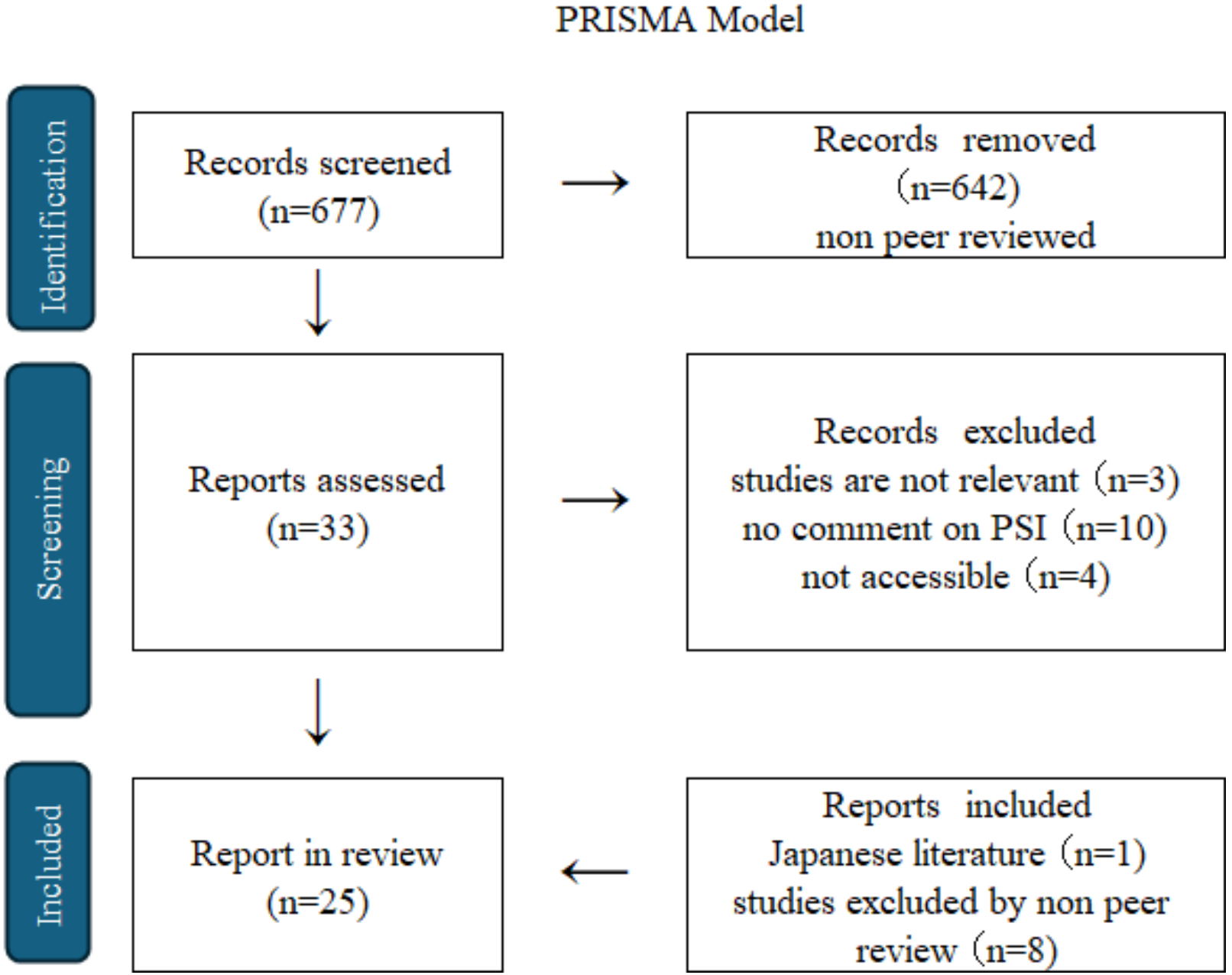
1. Introduction and background
2. Literature review
3. Research questions and objectives
4. Theoretical/conceptual framework
5. Methodology
6. Research Results and Insights
7. Discussion/Conclusion
8. Policy Recommendations for Mainstreaming PSI in Asia

1. Introduction

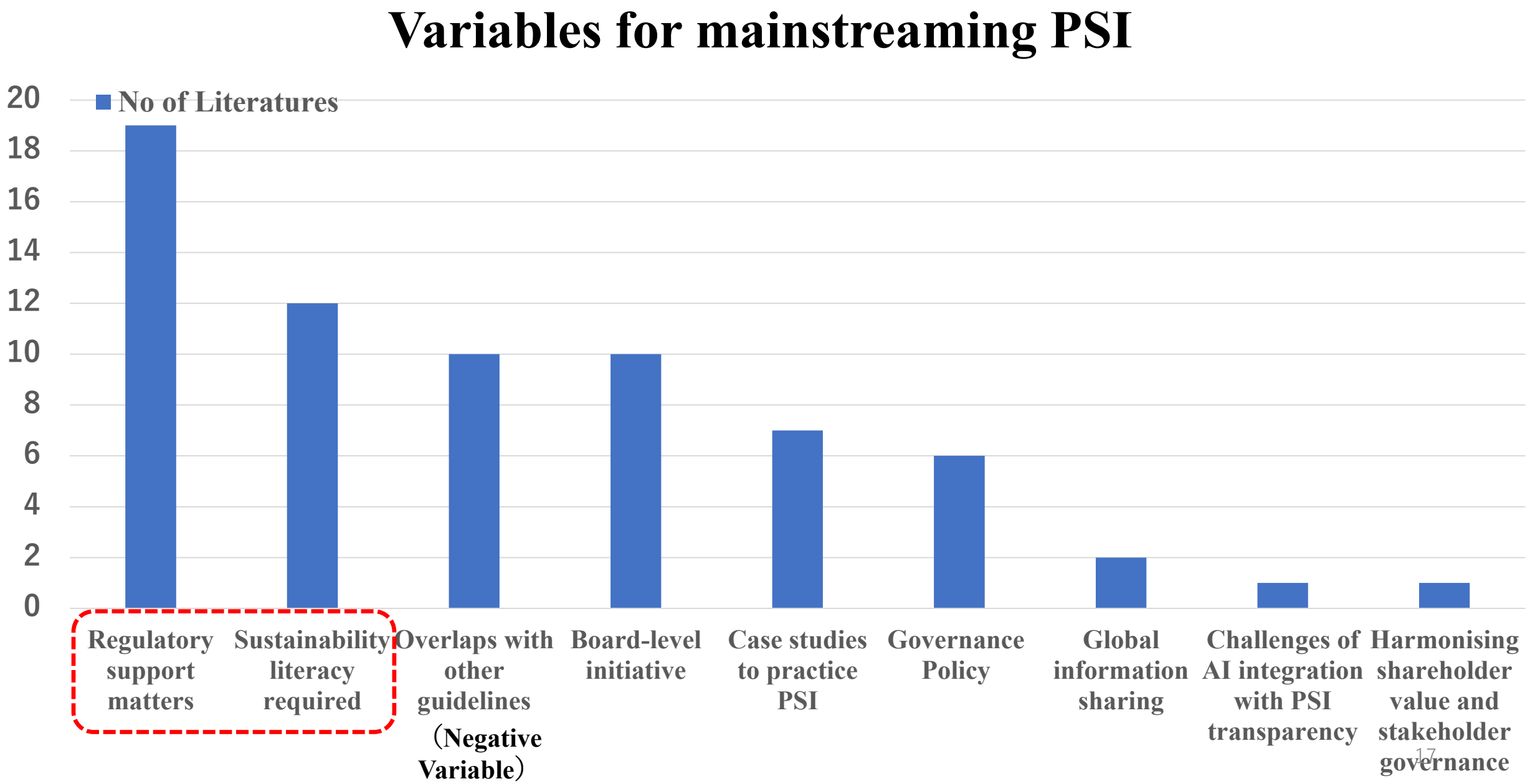


(Reference) Freeman, R. Edward. (1984). Strategic Management: A Stakeholder Approach

2. Literature review (current gaps shorter version)



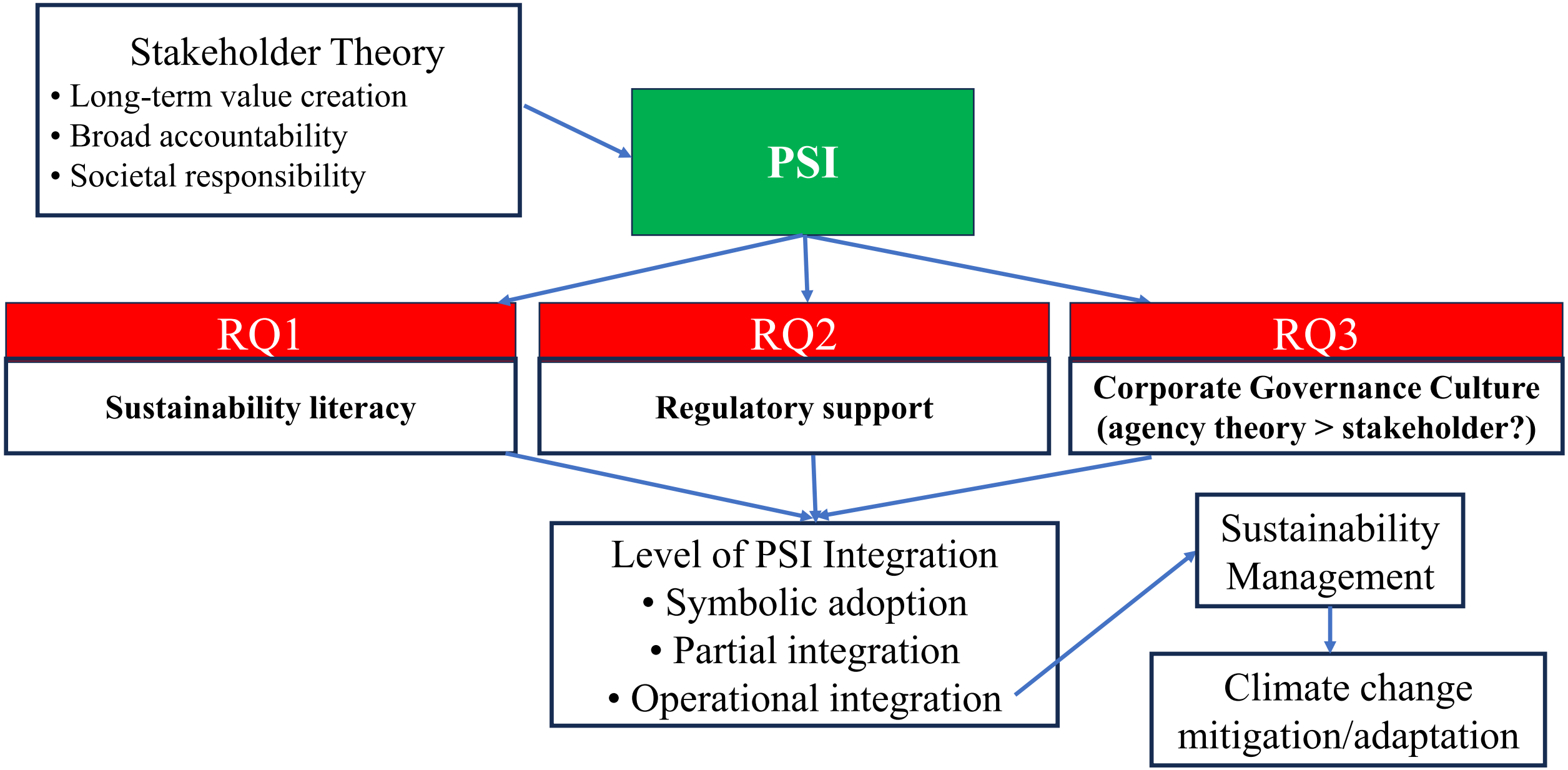
2. Literature review (Key Findings)



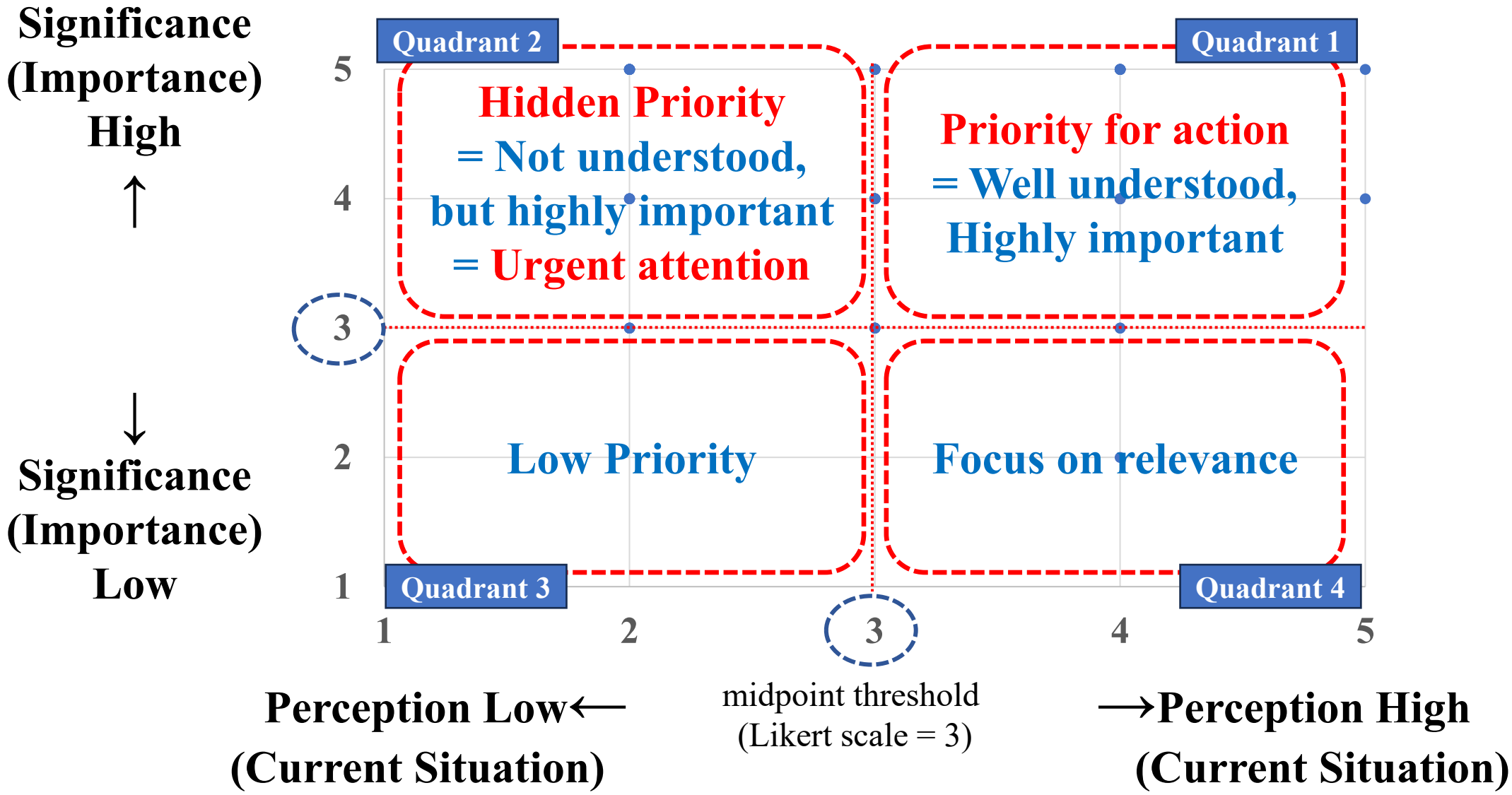
3. Research Questions

RQ1	**Does sustainability awareness within organizations affect their adoption or perception of the PSI?**
RQ2	**Does the regulatory framework require organizations to incorporate sustainability principles?**
RQ3	**Which governance orientation dominates: agency theory or stakeholder theory?**

4. Theoretical/conceptual framework



5. Methodology (Perception × Significance Mapping) applied to RQ1&2



5. Methodology (Perception × Significance Mapping) applied to RQ1&2

Theme	Perception	Significance
PSI Credibility	**PSI credibility**	**Influence to sustainability practices**
(RQ1) Sustainability Literacy	**Literacy Level among employees**	**Influence to adopt PSI**
(RQ2) Sustainability Regulation	**Strength of Regulation**	**Influence to adopt PSI**

Likert 5-point scale Correspondence Table

Score	Meaning
5	Very High / Strongly Agree / Highly Influential / Very well / Very likely / Fully embedded
4	High / Agree / Influential / Fairly well / Likely / Well integrated
3	Neutral / Uncertain / Moderately Influential / Somewhat / Uncertain / Partially recognised
2	Low / Disagree / Slightly Influential / Not much / Unlikely / Minimally recognised
1	Very Low / Strongly Disagree / No Influential / Not at all / Very unlikely / Not recognised

5. Methodology (Corporate Governance scoring) applied to RQ3

Conceptual Basis

The survey design draws on the distinction between stakeholder-oriented governance and agency-oriented governance based on the stakeholder/agency theory.

4 composite indicators

Likert 5 point Scale

1 ⟷ 5

Q8 Shareholder primacy

Stakeholders ↔ Shareholders

Q9 Short-term orientation

Long-term ↔ Short-term

Q10 Financial success metrics

ESG ↔ ROE

Q11 Centralised strategic culture

Participatory ↔ Centralised

Coding

1 ⟷ 5

Stakeholder -oriented | Agency -oriented

Composite Score =

(Q8 + Q9 + Q10 + Q11) / 4

Classification

Score	Interpretation
> 3.0	Agency-oriented
≈ 3.0	Mixed / Transitional
< 3.0	Stakeholder-oriented

5. Methodology (Data sources/ samples)

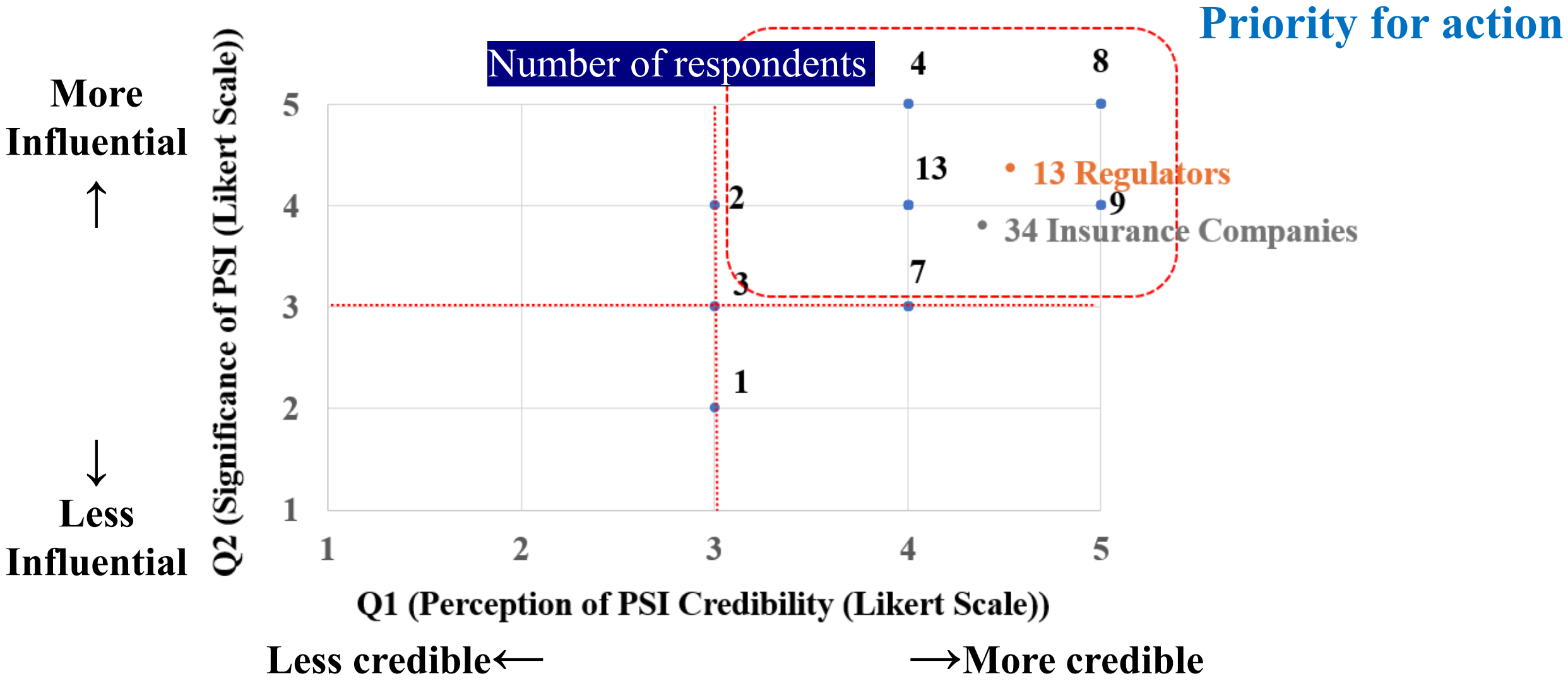
Country	Insurance company (count)	Insurance regulator (count)	Total entities
Cambodia	0	3	3
China	2	0	2
Indonesia	2	0	2
Kazakhstan	2	0	2
Korea	3	1	4
Malaysia	2	2	4
Mongolia	1	0	1
Nepal	0	1	1
Philippines	1	2	3
Sri Lanka	4	2	6
Taiwan	6	0	6
Thailand	0	2	2
Turkey	1	0	1
Uzbekistan	8	0	8
Vietnam	2	0	2
Total	**34**	**13**	**47**

5. Methodology (Survey Questions by Conceptual Category)

Conceptual Category	Questions
PSI Credibility Perception × Significance	Q1, Q2
Barriers to PSI Adoption	Q3
Sustainability Literacy: Perception × Significance	Q4, Q5 (RQ1)
Sustainability Regulation Context	Q6, Q7 (RQ2)
Corporate Governance Culture Dimensions	Q8, Q9, Q10, Q11 (RQ3)
PSI Content Preferences (Multiple Choice)	Q12
SDG Segments Preferences (Multiple Choice)	Q13
Understanding of Sustainability	Q14
Degree of PSI Integration (Feedback from PSI Signatories)	Q15
Evaluation of PSI Value (Feedback from PSI Signatories)	Q16

6. Research Results and Insights (PSI Credibility vs Significance)

Scatter plot of Q1 (PSI Credibility) vs Q2 (PSI Influence)



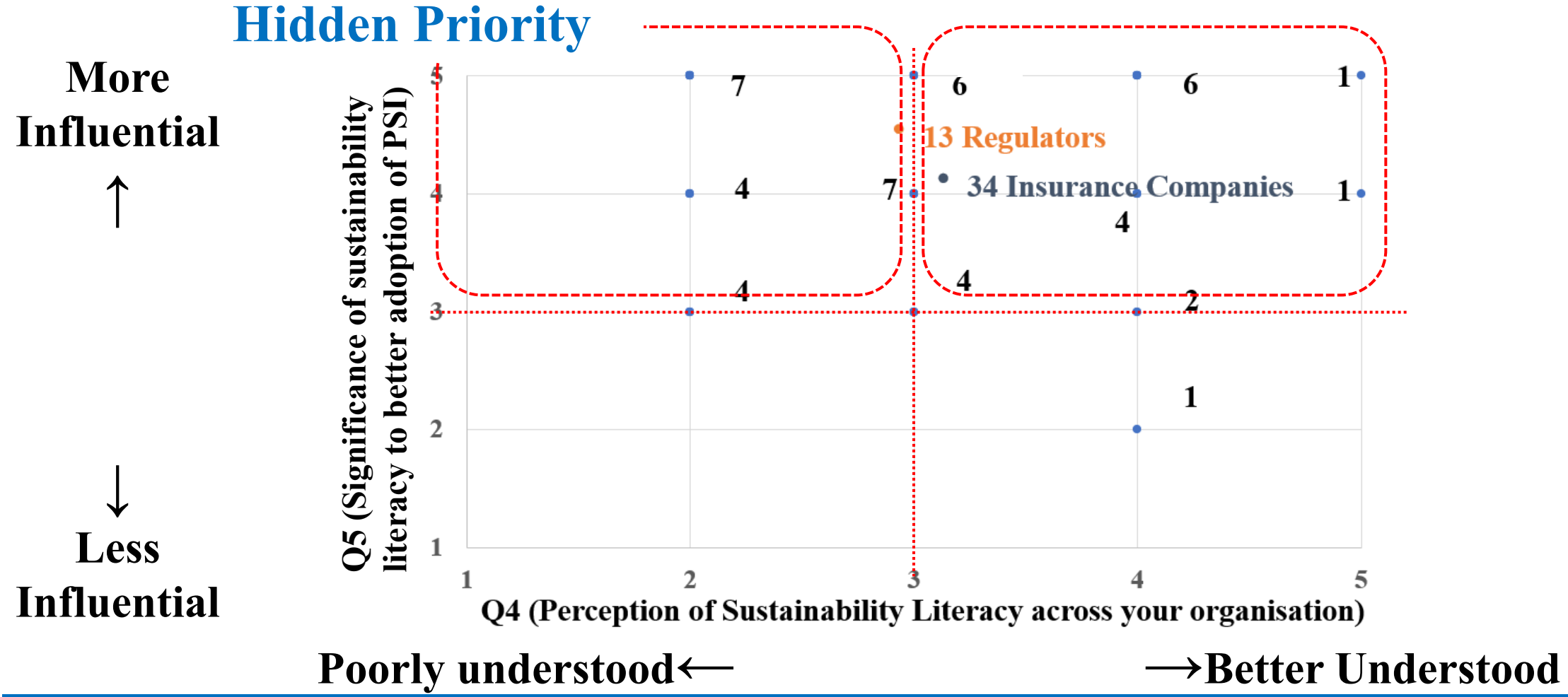
PSI is Priority for action in Asia to drive sustainability practices

6. Research Results and Insights (RQ1:Sustainability Literacy)

Questions	Average	Median	Standard Deviation	Interpretation
(RQ1) Q4 Level of Sustainability Literacy among the employees?	3.0	3.0	0.88	Neutral
Q5 Influence of Sustainability literacy among employees to adoption of PSI?	4.2	4.0	0.84	Influential

6. Research Results and Insights (RQ1:Sustainability Literacy)

Scatter plot of Q4 (Sustainability Literacy among employees) vs Q5 (Significance of sustainability literacy to better adoption of PSI)



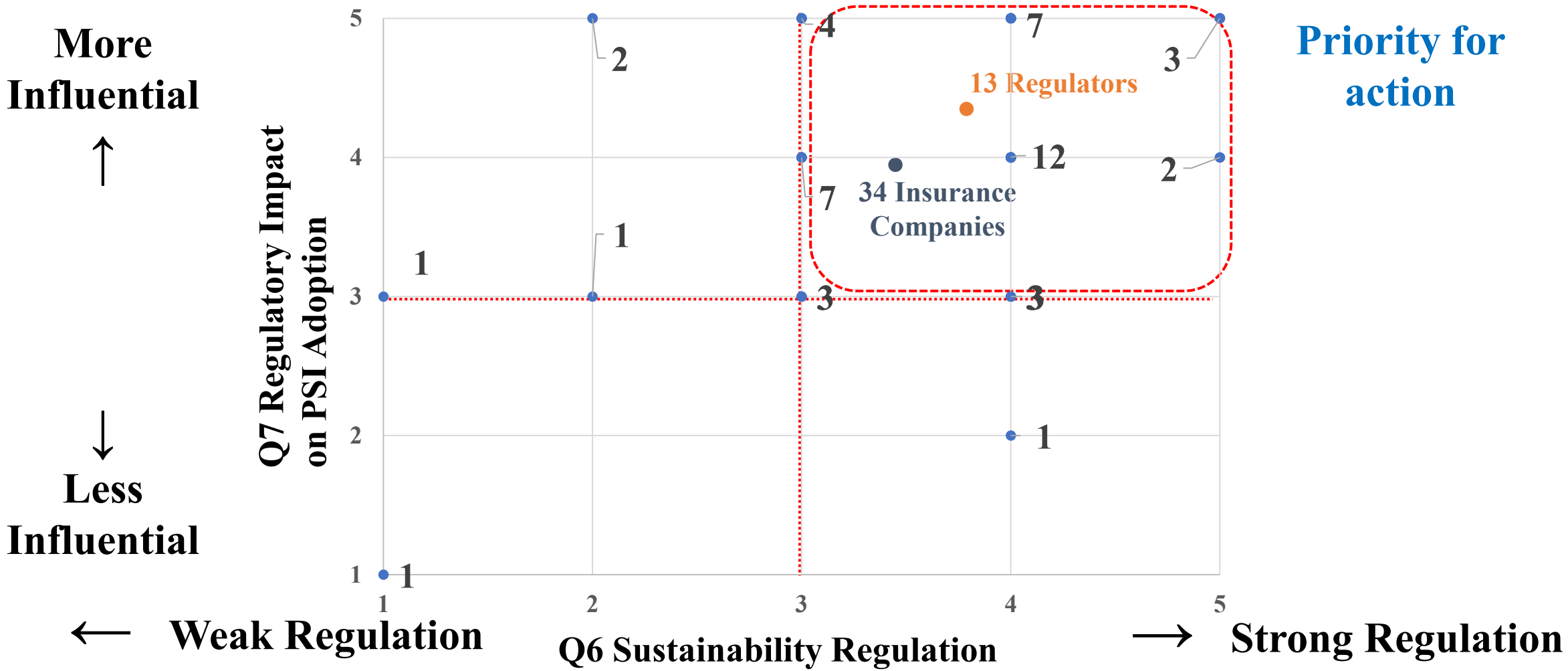
Organizations with low employee literacy must improve literacy for successful PSI implementation.

6. Research Results and Insights (RQ2:Regulation)

Questions	Average	Median	Standard Deviation	Interpretation
(RQ2) Q6 Sustainability Regulations is strong (mandate)?	3.6	4.0	0.93	Strong
Q7 Sustainability Regulation is influential to adopt PSI?	4.1	4.0	0.89	Influential

6. Research Results and Insights (RQ2:Regulation)

Scatter plot of Q6 (Sustainability Regulation) vs Q7 (Regulatory Impact on PSI Adoption))



In countries with weak sustainability regulation, organisations tend to adopt the PSI immediately once strong regulatory measures are put in place

6. Research Results and Insights (RQ3 Corporate Governance Culture)

Methodology

Conceptual Basis

The survey design draws on the distinction between stakeholder-oriented governance and agency-oriented governance based on the stakeholder/agency theory.

4 composite indicators

Likert 5 point Scale

1 5

Q8 Shareholder primacy

Stakeholders ↔ Shareholders

Q9 Short-term orientation

Long-term ↔ Short-term

Q10 Financial success metrics

ESG ↔ ROE

Q11 Centralised strategic culture

Participatory ↔ Centralised

Coding

1 5

Stakeholder-oriented Agency-oriented

Composite Score =

(Q8 + Q9 + Q10 + Q11) / 4

Classification

Score	Interpretation
> 3.0	Agency-oriented
≈ 3.0	Mixed / Transitional
< 3.0	Stakeholder-oriented

6. Research Results and Insights (RQ3 Corporate Governance Culture)

4 composite indicators	Average	Median	Standard Deviation	Classification
1. Shareholder Primacy (Q8)	3.0	3.0	0.98	Mixed
2. Short-term orientation (Q9)	2.9	3.0	1.06	Stakeholder-oriented
3. Financial Success Metric (e.g., ROE) (Q10)	3.3	3.0	0.95	Agency-oriented
4. Centralised Strategic Culture (Q11)	3.7	4.0	0.8	Agency-oriented
Composite Score	3.2		0.58	Agency-oriented

Composite score of Corporate Governance Culture is 3.2, classified as Agency-oriented culture.

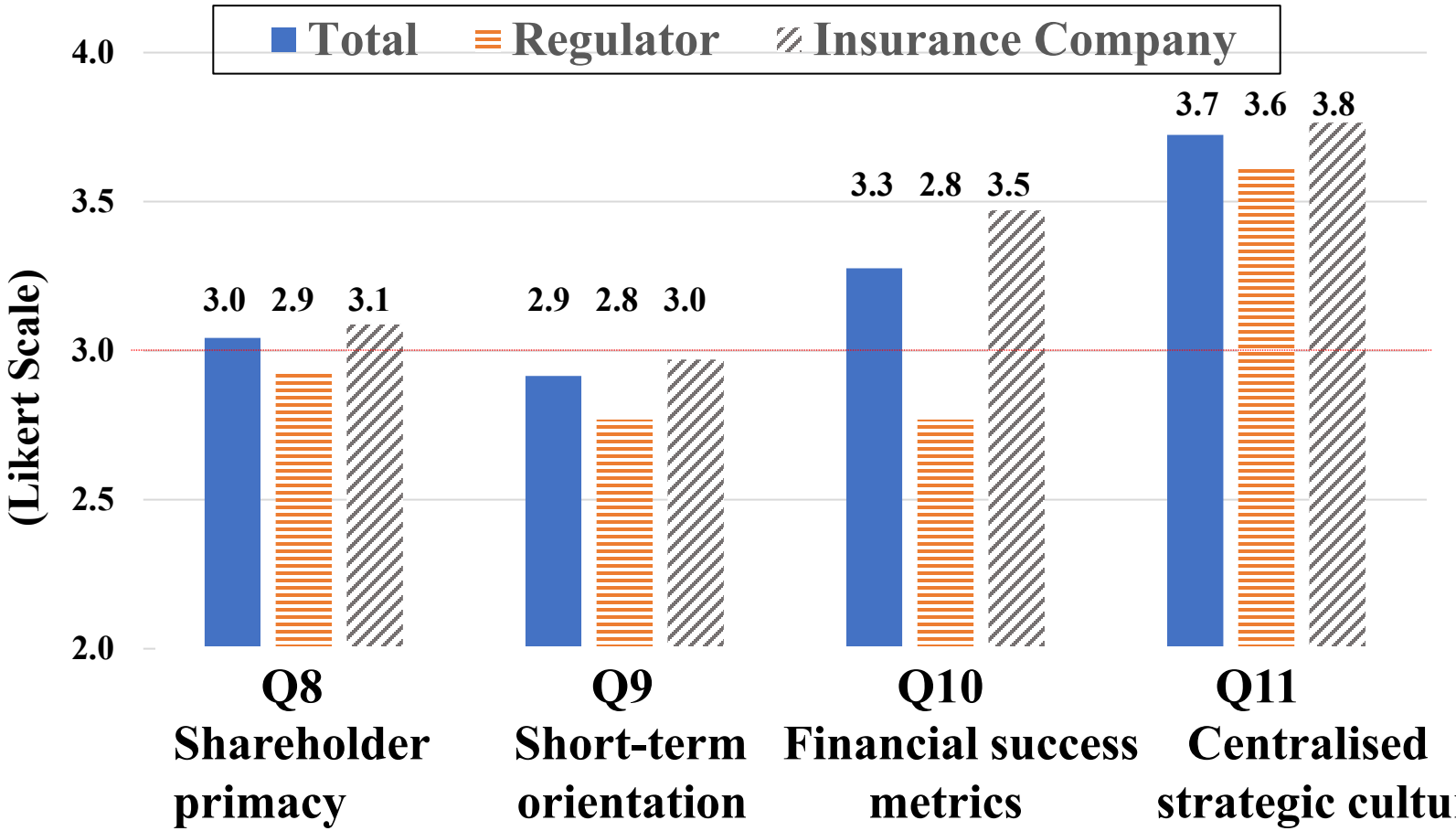
6. Research Results and Insights (RQ3 Corporate Governance Culture)

Agency -oriented

↑

↓

Stakeholder -oriented



Regulator is Stakeholder-oriented. Insurance Company is Agency-oriented.

Survey Result of Q10 (Financial success metrics)

Agency -oriented

↑

Option 5 "Financial ratios like ROE offer the clearest assessment of a company's performance."

Option 4 "Financial performance is key, although ESG should be considered as supplementary."

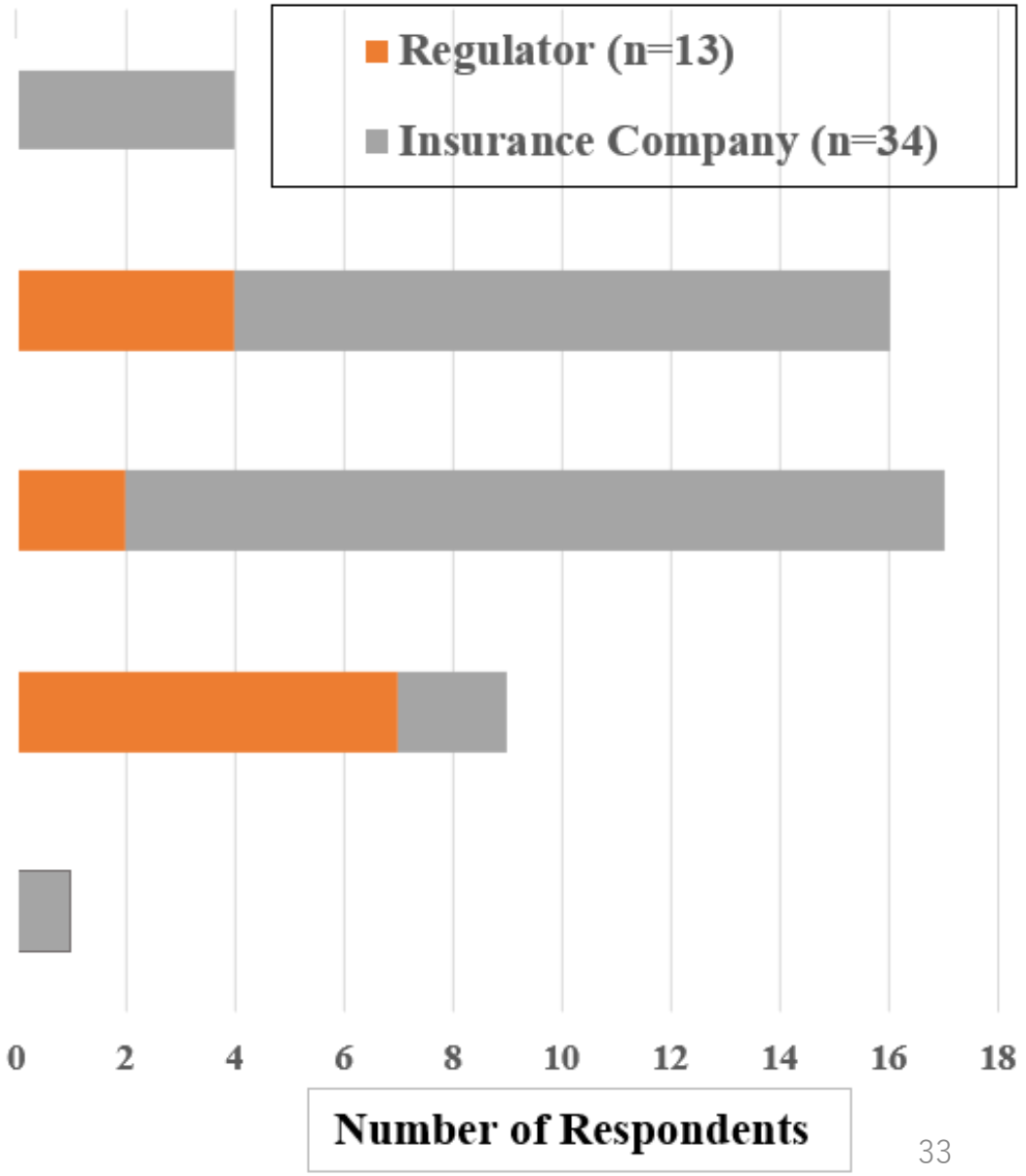
Option 3 "Both financial and non-financial indicators have their place in measuring success."

Option 2 "While short-term performance matters, strategic focus should lean toward long-term positioning and sustainability."

↓

Stakeholder -oriented

Option 1 "Long-term resilience, stakeholder trust, and sustainable growth should take precedence over short-term gains."

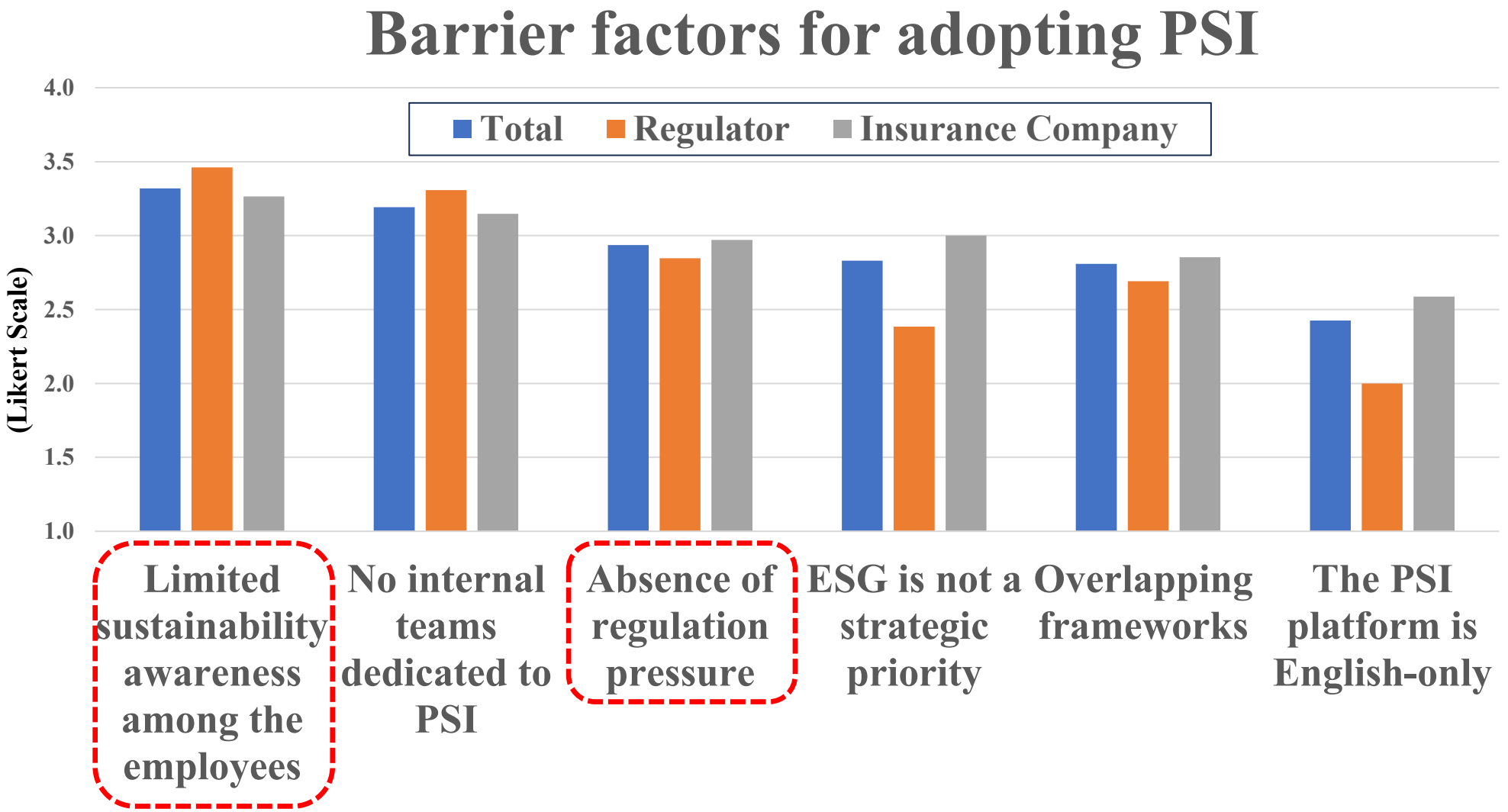


6. Results of ANOVA comparing regulators and insurance companies

Question	Mean (Regulators)		Mean (Insurance Companies)	p-value	Significant?
Q1 PSI Credibility	**4.4**	>	**4.2**	**0.344**	**No**
Q2 PSI Influence	**4.3**	>	**3.9**	**0.083**	**No**
Q4 Sustainability Literacy	**2.9**		**3.1**	**0.572**	**No**
Q5 Significance of Sustainability Literacy	**4.5**	>	**4.1**	**0.144**	**No**
Q6 Sustainability Regulation	**3.8**	>	**3.4**	**0.184**	**No**
Q7 Regulatory Impact on PSI Adoption	**4.3**	>	**4.0**	**0.252**	**No**
Q8 Shareholder primacy	**2.9**	<	**3.1**	**0.610**	**No**
Q9 Short-term orientation	**2.8**	<	**3.0**	**0.566**	**No**
Q10 Financial success metrics	**2.8**	<	**3.5**	**0.022**	**YES**
Q11 Centralised strategic culture	**3.6**	<	**3.8**	**0.573**	**No**

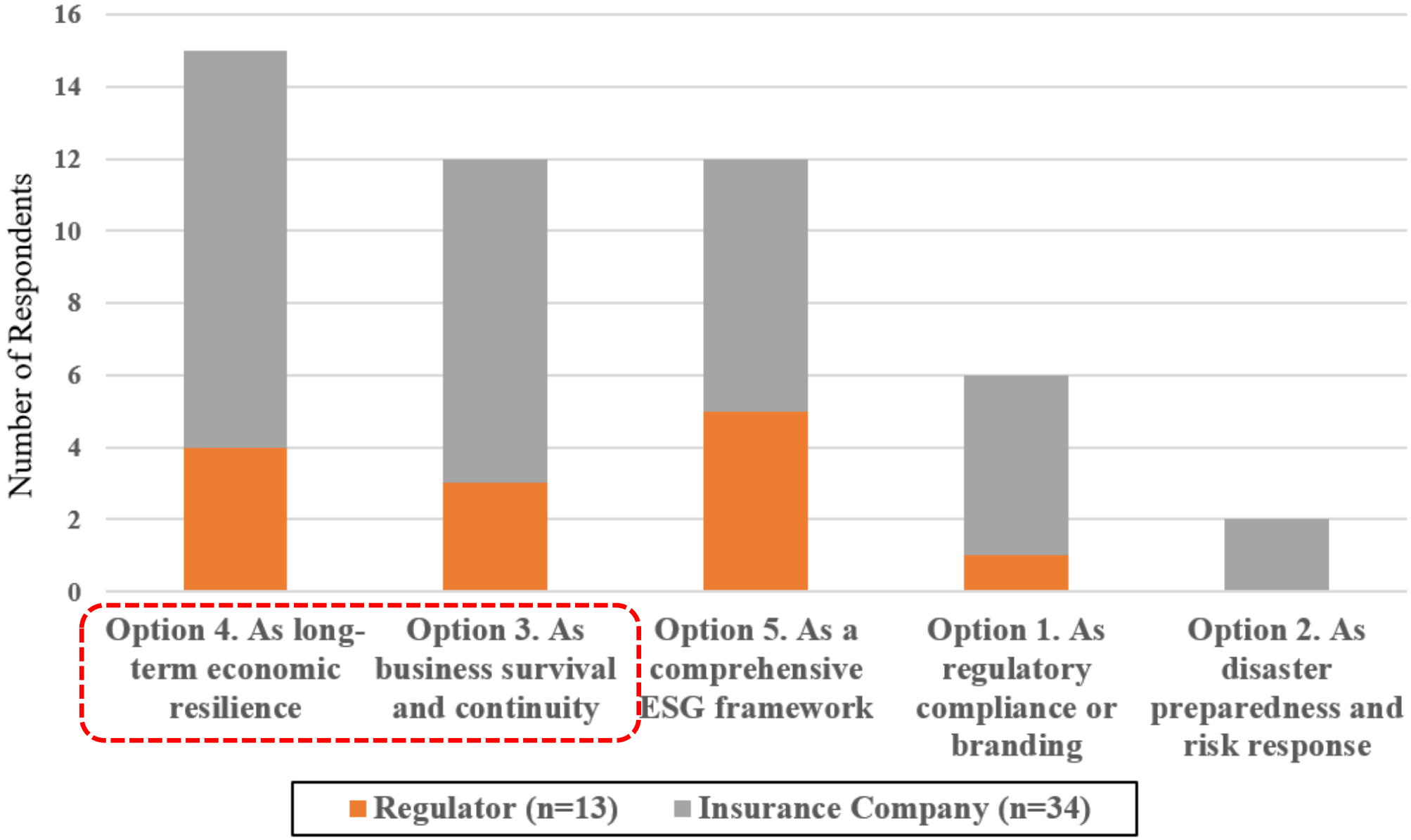
Regulators view the PSI as more credible, and they place greater importance on sustainability literacy, regulation, and stakeholder-oriented governance when considering PSI adoption.

6. Research Results and Insights



Q3 5 = Major barrier; 1 = Not a barrier

6. Research Results and Insights (Understanding of Sustainability)



7. Discussion / Conclusion

(1) PSI has high credibility, but low implementation:

Strong potential for mainstreaming in Asia

(2) Sustainability literacy is the top barrier to PSI adoption:

Regulators highly expect literacy increase.

(3) Sustainability regulation is widespread in Asia:

Insurance companies show a strong expectation for the introduction of clearer sustainability regulations.

(4) Shifting from agency- to stakeholder-oriented governance:

Stakeholder-oriented governance is beginning to take root in Asia.

Regulators should take an active role in promoting stakeholder theory

(5) Sustainability is mainly viewed in economic and business continuity terms

8. Policy Recommendations for Mainstreaming PSI in Asia

(1) Develop an "Implementation-Support Architecture"

(2) Boost Sustainability Literacy

Developing educational content that clearly explains the basic concepts of ESG, global challenges, and their relevance to insurance operations is essential.

(3) Leverage Regulatory Momentum

Continued engagement with regulators can accelerate implementation and align the PSI with national sustainability strategies. PSI may consider providing technical support to regulators to position PSI as a practical tool.

(4) Promote cultural shift toward stakeholder-oriented governance

PSI secretariat may collaborate with regulators to promote long-term value creation frameworks.

(5) Adapt PSI more closely to Asian operational realities

9. Limitations in Research

(1) Limited Sample Size

Small sample sizes, especially supervisors and organisations, reduce statistical power and affect result reliability.

(2) Self-Reported Data Bias

Reliance on self-reported data may introduce response bias, making findings less objective and more prone to social desirability

(3) Confounding Factors

Analysis is affected by confounding factors, like regulatory regimes, stages of insurance market development, company sizes and ownership, which are not controlled.

(4) Sustainability Literacy

Actual literacy levels are not measured directly using objective indicators.

(5) Comparison between Asia and Europe

This study does not make a symmetrical comparison between Asia and Europe.

This is the end of the presentation.

Thank you for listening to my presentation.