

## BANK OF ENGLAND WARNS INSURERS ON CLIMATE CHANGE

Insurers warned that investors in fossil fuels risk being left with ‘stranded assets’

Paul Fisher, Deputy Head of the Prudential Regulation Authority and Executive Director, Insurance Supervision, said that insurers may take a huge hit if they don’t take into consideration the [risks of climate change](#).

Fisher warned in a speech given to the Economist’s Insurance Summit this week: “As insurers are directly exposed to social changes, the changing world is the very stuff on which

they should thrive. There are a number of such societal, regulatory or environmental changes currently at play such as global warming, globalisation, digitisation, demographic changes and cyber risk to name but a few.” [\(FULL SPEECH HERE\)](#)

However, the insurance industry is still “quite a long way” from charging an insurance premium for covering risks from fossil fuel investments. We will have to see whether the UK insurance companies view the Bank of England’s warning as premature.

## HONG KONG FINANCIAL REGULATOR CONSIDERS NEW STEWARDSHIP CODE

Hong Kong Securities and Futures Commission will examine non-binding principles

Hong Kong is considering comply-or-explain requirements for listed companies on Hong Kong’s Securities and Futures Commission (SFC). It will be similar to UK’s stewardship code and follow in the footsteps of regional rivals Malaysia and Japan.

“Whilst the primary responsibility for a company’s success rests with the company’s board, investors in a company also play a significant role by holding

the board to account,” said SFC Chief Executive Ashley Alder.

The seven principles of responsible ownership:

- establish and report to stakeholders policies on ownership responsibilities;
- monitor and engage investee companies;
- establish clear policies on escalating engagement;
- clear voting policies;
- willingness to act collectively with other investors;
- report to stakeholders how ownership responsibilities discharged;
- have policies on managing conflicts of interests.

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### THIS WEEK IN NUMBERS

100 million

people in China tuned in to watch a documentary on air pollution in less than 48 hours.

62%

growth in the annual rate of deforestation from 1990 to 2010 when compared to the previous decade.

50%

Switzerland is promising to reduce its greenhouse gases by this much ahead of the Climate talks in Paris, the only country so far to make a commitment.

30

countries are highly vulnerable to an Ebola type of epidemic.

2.8

gigawatts are in a proposed power plant in the UK using tidal energy.

## EUROPEAN ENVIRONMENT AGENCY REPORTS THAT IT NEEDS “RADICAL NEW POLICIES”

Profound changes will need to occur to reach goals for safeguarding environment

An assessment of the European environment’s state, trends and prospects found that the European Union will need to enact radical new environmental legislation in order to meet its 2050 goals. “Despite these gains, Europe still faces a range of persistent and growing

environmental challenges,” including global warming, chemical pollution and extinctions of species of animals and plants, [the report](#) said. The report also noted the Europeans are using more than double the land and resources than they should to maintain a sustainable ecological footprint.

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### WE’RE KEEPING AN EYE ON...

#### INDIA

Two weeks ago [we reported](#) that Prime Minister Modi appeared to be encouraging India to take a central role in climate change negotiations. This week India committed to [doubling the tax](#) on coal production and use in order to promote renewables.

## IS YOUR ECONOMY MAKING YOU HAPPY?

Bloomberg released the ‘[misery index](#)’ this week, a ranking of 51 economies based on a rather simple equation: unemployment rate + change in the consumer price index = misery. The worst economies to live and work? Venezuela, Argentina, South Africa, Ukraine and Greece. [The best?](#) Thailand tops the list, followed by

Switzerland then Japan. Thailand’s rank is due partly to an unusually low unemployment rate, currently tracking below 1 percent, that has so far failed to spur inflation. The U.S.—the world’s largest economy—places eighth-happiest on the 2015 misery ranking, trailing China’s 7th place.

### BELIEVE IT OR NOT

Mountain climbers on Mount Everest are leaving their mark. But not a good one. They are leaving too much human waste behind on the mountain, threatening the mountain’s pristine nature.

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