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Insurance Undertakings in Poland in the Face of ESG Challenges

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Anna Żyła[1]

Abstract:

Purpose: *The main objective of this research paper is to present the ESG-related activities undertaken by selected insurers in Poland and to identify the challenges they face in the process of implementing and carrying out these activities.*
Design/Methodology/Approach: *This article was developed on the basis of a literature review, drawing on the analysis of secondary data as well as primary information obtained directly from insurers. The main data source on the ESG-related activities undertaken by insurers consisted of their published sustainability reports. A key data source with respect to the challenges they face in the process of implementing this concept included interviews with managerial-level staff and data collected during industry meetings and training events. The analysis of the collected material was qualitative in nature.*
Findings: *During the study, all three research hypotheses were positively verified. It was confirmed that insurers in Poland have been intensifying ESG-related activities year on year, inter alia through: modifying existing insurance products and introducing new ones; changing their approach to customer service and claims handling in a more pro-environmental direction; developing training programmes for employees, business partners and customers; creating employee development programmes and supporting their physical and mental health.*
Practical Implications: *The research findings may be a valuable source of information for insurers and other financial institutions in the process of assessing and improving sustainable development strategies and identifying good market practices. Investors and financial analysts may use the information obtained in the process of assessing the credibility and long-term stability of insurance market entities. The research findings may also be useful for individual and institutional customers, supporting them in making decisions when selecting an insurer that applies the principles of responsible and sustainable business conduct.*
Originality/Value: *To date, relatively few academic studies have been published in Poland on ESG issues in relation to the insurance market. However, the frequency of regulatory changes and the intensity of insurers' activities in this area in recent years require frequent review of earlier research findings.*

Keywords: *Sustainable development, Polish insurance market, non-financial reporting.*

JEL codes: *G22, Q01, M14.*

Paper type: *Research article*

[1]*Ph.D., Kielce University of Technology, Faculty of Management and Computer Modelling, Poland, ORCID: 0000-0001-5738-1033, e-mail: azyla@tu.kielce.pl;*

1. Introduction

We live in times in which people around the world are being tested on their responsibility for themselves, others, and for the natural environment every day. The deepening climate crisis and growing socio-economic disparities are forcing humanity to take action aimed at limiting the negative consequences of the changes taking place.

These include international cooperation, often even across existing divisions. Unfortunately, events of recent years, such as in particular: the crisis triggered by the Covid-19 pandemic, war in Ukraine, the escalation of the conflict in the Middle East, or the strained relations between the United States and China, have caused a major economic slowdown in many countries.

Some states have been forced to extend implementation deadlines, modify, or even completely abandon parts of previously adopted plans for achieving sustainable development goals, at the expense of measures aimed at increasing the level of security in various dimensions.

Nevertheless, the adverse effects of climate change are being felt ever more strongly, and it is no longer possible to postpone difficult decisions and actions aimed at achieving climate neutrality. Without it, problems, inequalities, and local, regional, and global conflicts will only intensify.

Pursuing activities in support of sustainable development requires the involvement of everyone. The task of national governments and international organisations is to create the legal and institutional framework for the “green” revolution and an appropriate investment climate.

The role of society is to change everyday habits to more pro-environmental ones, to move away from consumerism and shift towards a model of sustainable consumption. Entrepreneurs must respond to the demands voiced by the other groups, taking into account the requirements imposed on them while at the same time pursuing their business objectives.

This, forces them, inter alia, to make changes in the way they produce, manage their organisations, introduce innovative pro-environmental solutions or use renewable energy sources, which requires capital. Therefore, achieving climate neutrality is possible only as a result of economic transformation. This, however, is possible only with a substantial involvement of the financial sector.

An analysis of the direction of actions taken at the level of the EU in recent years shows that financial institutions are already obliged and will continue to be obliged to give even greater consideration to environmental issues in the process of providing capital for business development, which is intended to accelerate the integration of companies' business strategies with sustainable development strategies. These changes will also affect insurers and their customers.

The main objective of this research paper is to present the sustainable development-related activities undertaken by selected insurers in Poland and to identify the challenges they face in the process of implementing and carrying out these activities.

This paper seeks to verify the following research hypotheses:

- *legal regulations, in particular EU requirements concerning sustainable development and non-financial reporting, significantly affect the scope and nature of the activities undertaken by insurance market entities in Poland,*
- *the largest insurers in Poland incorporate ESG issues into their business strategies,*
- *the most common barriers to implementing ESG-related activities are: the lack of uniform standards, the difficulty of predicting the effects of the solutions being implemented, and the high costs of their implementation.*

The research findings may be a valuable source of information for insurers and other financial institutions in the process of assessing and improving sustainable development strategies and identifying good market practices. Investors and financial analysts may use the information obtained in the process of assessing the credibility and long-term stability of insurance market entities.

The research findings may also be useful for individual and institutional customers, supporting them in making decisions when selecting an insurer that applies the principles of responsible and sustainable business conduct.

The research was carried out based on an analysis of secondary data and primary information obtained directly from insurers. The main data source consisted of sustainability reports published by insurers on their websites.

A key data source with respect to the challenges insurers face in the process of implementing the ESG concept included interviews with management-level staff, materials provided by them for the purposes of this paper, as well as data collected during industry meetings and training events. The analysis of the collected material was qualitative in nature.

2. ESG – Benefits, Costs and Legal Regulations for the Insurance Industry: A Literature Review

ESG is a set of criteria used to assess the sustainability of companies, covering the impact of their operations on the natural environment (E – Environment), compliance with the principles of labour law and equality and fairness in the labour market (S – Social), and the principles of responsible and ethical corporate governance (G –

Governance) (European Commission). In practice, implementing this concept involves companies measuring, reporting and working to improve these three areas of their operations (Fernando *et al.,* 2023; Vella *et al.,* 2020).

The implementation of ESG standards in a company involves obligations and costs. As already mentioned, every action requires financial resources, access to which is often limited. The implementation of "green investments", due to their specific nature, is most often capital-intensive, as they involve innovative solutions and their payback period may be quite long.

Furthermore, implementing this concept requires those managing the company to take a greater number of factors into account when making business decisions. Currently, the European Union law obliges some entrepreneurs to submit reports on the implementation of ESG criteria. Preparing them constitutes an additional workload. Companies are also forced to incur costs related to developing a new marketing strategy that takes into account the implementation of principles of sustainable development (Puls Biznesu, 2024).

However, it should be noted that undertaking this actions may bring companies many benefits, particularly of a long-term nature. First, the application of ESG standards forces entrepreneurs to continuously monitor and increase the efficiency of production processes, including reducing water consumption (and increasing its circulation through reuse), energy consumption, and the use of other resources. This contributes to the optimisation of production costs, which results in increased savings. Second, it is an opportunity to gain new customers.

Today, consumers increasingly pay attention to the quality and the way products are manufactured, and not only to their price; therefore, companies known for their pro-environmental activities may attract a larger number of buyers. Third, the implementation of ESG standards increases the credibility of a company and contributes to enhancing its innovativeness, which encourages other entities to invest in it. In addition, it is an opportunity to attract valuable and loyal employees. At a time when modern technologies and innovations increasingly determine a company's competitive advantage, there is a shortage of talent in the labour market.

Choosing an employer, individuals with the best qualifications, apart from the level of remuneration and benefits, also pay attention to non-wage aspects such as: equality policies, corporate governance, the workplace atmosphere, opportunities for promotion, or the actions taken by the company to protect the environment. In addition, ESG may be an important element of an organisation's risk management procedure.

Companies that effectively manage ESG risks minimise the costs associated with potential harmful events in business activity, for example, those related to violations of human rights, professional ethics principles, or the occurrence of corruption-related phenomena (Polskie Stowarzyszenie ESG, 2024). Taking into account the current direction of civilisational, ideological, economic and legislative changes, which translate into changes in the way organisations are managed, entrepreneurs should begin to treat ESG as an opportunity to gain a competitive advantage and build their company's value around ESG. This applies not only to large companies, but also to small firms, which most often act as their subcontractors.

The insurance industry is of key importance in implementing the idea of sustainable development. On the one hand, insurers provide cover for a range of ESG risks, in particular climate risks (through property insurance), but also risks related to responsible business conduct (such as directors' and officers' liability insurance or environmental liability insurance).

It is worth emphasising that, in response to changing customer needs associated with the growing number of ESG risks and the likelihood of their materialisation, insurers are gradually expanding their offerings by introducing new products, for example, insurance for photovoltaic installations and farms, wind farms, or hydropower plants (Sawicki, 2021).

On the other hand, insurers can significantly influence the development and behaviour of other entities. Life insurers are major institutional investors that can support "green" investments and promote entities pursuing the idea of sustainable development. In turn, non-life insurers may, for example, make the conclusion of an insurance contract conditional upon the adoption of pro-environmental and preventive actions aimed at reducing the risk of a potential loss occurring, or encourage their customers to do so through the price and terms of the protection offered (Sadek, 2024). We should also not forget that insurance market entities (in particular insurers themselves) must also take ESG-related principles into account in their operations.

The growing importance of ESG in conducting business is evidenced by the number of regulations implemented in recent years at both EU and national levels. What was once voluntary disclosure of sustainable development-related activities, has today become an obligation to report and disclose non-financial information. The most important EU legal acts regulating ESG-related issues include (Steward Redqueen, GPW, EBOR, 2024):

- CSRD – Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting – the directive replaced the financial reporting requirements under the NFRD (Non-Financial Reporting Directive);
- SFDR – Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Dz. U. UE. L. z 2019 r. Nr. 317, str. 1 z późn. zm.);

- Taxonomy – Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- CSDDD – Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.

The most important objective of the first of the listed documents (CSRD) is to ensure that companies report material, reliable and comparable sustainability-related data. The Directive extends the scope of entities required to report under the NFRD to all large, medium-sized and small companies, with the exception of micro-enterprises.

Thus, the new provisions cover insurers, as well as some insurance intermediaries. The scope of information subject to the reporting obligation is also expanding, encompassing both qualitative and quantitative information, including, inter alia: ESG strategies and objectives, the role of the management board and senior management, the most significant adverse impacts of the company's activities, its supply chain, and the manner in which this information is obtained.

Details on the scope of data subject to the reporting obligation are set out in the twelve European Sustainability Reporting Standards (ESRS) published by the European Commission on 31 July 2023. The CSRD introduces deadlines for mandatory reporting, which is to begin in 2025 (for 2024) for companies and capital groups that have so far been required to prepare data in accordance with the NFRD Directive (Kosztowniak, 2023).

In subsequent years, further groups of entities are to be added to the obligation, however under the Omnibus I package, the deadlines for them have currently been postponed by two years.

The second of the documents indicated (SFDR) has been in force since 2021. It focuses on disclosures and is addressed to financial market participants, including insurers. Disclosure obligations imposed under the SFDR are divided into those made at the entity level and those made at the product level.

The former require companies to ensure transparency regarding their business activities, for example, by publishing sustainability strategies on their websites. The latter type of disclosures requires entities subject to the reporting obligation to provide their customers, prior to the conclusion of the contract, with a description of how ESG risks are taken into account in investment decisions or services provided (Deloitte, 2021).

The aim of the Regulation of the European Parliament and of the Council, in force since 2021, on the establishment of a framework to facilitate sustainable investment (a document commonly referred to as the Taxonomy) is to specify the criteria used to determine whether an economic activity qualifies as environmentally sustainable. The provisions do not prohibit investment in activities that harm the environment, but they allow additional preferences to be applied in relation to entities supporting environmentally friendly solutions. For an activity to be regarded as environmentally sustainable, it must simultaneously meet the following conditions (Taxonomy, Art. 3):

- "contributes substantially to one or more of the environmental objectives which, in accordance with Article 9, include: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems;
- does not significantly harm any of the environmental objectives;
- is carried out in compliance with the minimum safeguards (the minimum safeguards (…) shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights,
- complies with technical screening criteria that have been established by the Commission".

Obligations imposed by the Taxonomy that entrepreneurs must meet depend on the type of business activity carried out. Entities in the financial sector will be required to describe in detail and disclose information on whether the financial products offered in their portfolios are aligned with the Taxonomy.

A group of large companies will also be required to publish information on what proportion (in percentage terms) of their activities is compliant with the provisions of the regulation.

The last of the listed documents entered into force on 25 July 2024. The Corporate Sustainability Due Diligence Directive (CSDDD) introduces an obligation for a specified group of companies to exercise due diligence in order to counteract adverse impacts of business activities on human rights and the environment.

This includes, in particular, actions consisting in: integrating due diligence into company policies and risk management; identifying, assessing and prioritising adverse impacts, both actual and potential; remedying actual adverse impacts and preventing potential ones; implementing procedures enabling complaints to be submitted in the event of concerns related to adverse impacts of the company's activities; publishing information on the actions covered by the Directive in the annual report; adopting and implementing a transition plan for climate change mitigation.

The document also regulates the civil liability of entities for the adverse impacts of their actions and introduces financial penalties for breaches of due diligence obligations.

Entities covered by the regulations include companies established in the EU and outside its borders. In EU, the obligation applies to companies established in accordance with the legislation of a member state that meet one of the following conditions (CSDDD, Art. 2):

- „the company generated a net turnover of more than EUR 450 000 000 in the Union in the financial year preceding the last financial year,
- the company did not reach the threshold as referred to in point (a) but is the ultimate parent company of a group that on a consolidated basis reached that threshold in the financial year preceding the last financial year,
- the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where those agreements ensure a common identity, a common business concept and the application of uniform business methods, and where those royalties amounted to more than EUR 22 500 000 in the Union in the financial year preceding the last financial year; and provided that the company generated, or is the ultimate parent company of a group that generated, a net turnover of more than EUR 80 000 000 in the Union in the financial year preceding the last financial year".

Similarly to the CSRD, the obligation to comply with the principles set out in the Directive has been phased in over time.

In addition to the regulations indicated, IDD (Insurance Distribution Directive) and Solvency II are also of material importance in the ESG context for the insurance market in Poland.

The IDD is Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, which was implemented in Poland as the Act on Insurance Distribution of 15 December 2018.

In relation to this document, of key importance from an ESG perspective is Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, sustainability risks and sustainability preferences into product oversight and governance requirements for insurers and insurance distributors, and into the rules on conduct of business and investment advice in relation to insurance-based investment products.

According to its provisions, sustainability issues should be taken into account by insurers and insurance distributors in the process of assessing the customer's needs, as well as in insurers' approval of insurance products and their product management.

Moreover, "the sustainability factors taken into account in a given insurance product should be presented in a transparent manner, so as to enable insurance distributors to provide relevant information to their customers or potential customers" (Commission Delegated Regulation, 2021). Insurers and intermediaries providing advisory services in relation to insurance-based investment products are required to obtain information from customers on their sustainability preferences.

After analysing this information, insurers may offer customers "green" products tailored to their needs, explaining the difference between insurance-based investment products aimed at investing in environmentally sustainable economic activities and other insurance products.

The Solvency II Directive, which has been in force in the countries of the EU since 2016, constitutes the main element of supervision over the insurance system. It is based on three pillars. Pillar 1 concerns the valuation of assets and liabilities together with capital requirements, in order to ensure insurers' solvency. Pillar 2 comprises governance requirements, including risk management, and the Own Risk and Solvency Assessment (ORSA). Pillar 3 focuses on transparency and reporting, enabling regulators and investors to assess the financial condition of insurance companies.

On 8 January 2025, a proposal to amend the Directive was adopted, which must be transposed in the member states by the end of January 2027. One of its assumptions was to strengthen insurers' obligations in relation to the management of climate risk and sustainability. Under Pillar 1, the European Insurance and Occupational Pensions Authority (EIOPA) received a mandate from the European Commission to develop recommendations on incorporating climate risk into capital requirements. By contrast, under Pillar 2, climate- and sustainability-related risk has been incorporated directly into insurers' risk management frameworks.

As a consequence of the changes introduced, insurers are required, in particular, to assess their exposure to climate risk once every three years, to incorporate into the ORSA two climate scenarios assuming a global temperature increase above and below 2°C, and to conduct an impact analysis across three time horizons: short term (identification of direct risks), medium term (risks related to managing gradual sectoral changes and adaptation), and long term (assuming an assessment of structural transformations of the insurance market) (Amudi Research Center, 2025).

The legal acts indicated do not exhaust the catalogue of ESG regulations as they apply to entities operating in the insurance market in Poland. Only the most important ones have been listed. Nevertheless, the analysis of the scope of obligations imposed on insurers in recent years under the cited legal acts confirms the first hypothesis, according to which legal regulations significantly affect the scope and nature of activities undertaken by entities in the insurance market in Poland.

3. Research Methodology

The scope of the study included an analysis of the ways in which environmental, social and corporate governance requirements are implemented, as well as the identification and assessment of challenges related to their implementation in the operations of insurers.

The analysis of ESG-related activities undertaken by selected insurers in Poland was based on sustainability reports and non-financial information published on insurers' websites. The study was qualitative and comparative in nature. It covered 16 insurers operating in the Polish market, including 8 life insurers (Division I) and 8 non-life insurers (Division II), which in 2024 were characterised by the highest market share.

In the group of Division I insurers, the following were included: PZU Życie SA, Allianz Życie Polska S.A., Nationale-Nederlanden TUnŻ S.A., Vienna Life TUnŻ S.A., TUnŻ Warta S.A., UNIQA TUnŻ S.A., Generali Życie T.U. S.A., and STUnŻ ERGO Hestia SA.

The following were classified into the Division II insurance: PZU SA, TUiR Warta S.A., STU ERGO Hestia SA, Compensa TU S.A. (Vienna Insurance Group), UNIQA TU S.A., TUiR Allianz Polska S.A., Generali T.U. S.A., and InterRisk TU S.A. (Vienna Insurance Group). The sampling approach made it possible to analyse market-dominant entities that also set the direction for the development of ESG practices in the Polish insurance sector.

Key sources of information on the challenges faced by insurers in implementing the ESG concept included interviews with managerial-level employees and materials provided by them for the purposes of this paper, as well as data collected during industry meetings and training sessions. Individual interviews were conducted in person (face to face) and by telephone between March and June 2025. The respondents were representatives of three Division I insurers and four Division II insurers with the largest market share.

4. Research Results

4.1 ESG - Insurers' Activities

The analysis of activities undertaken by the largest insurers in Poland indicates a growing integration of environmental, social and corporate governance issues into their operational activities, although the degree of formalisation and transparency of these activities remains varied.

One of the key research challenges was limited access to comparable data at the level of individual companies, as in many cases ESG reporting is conducted only on a consolidated basis within capital groups, such as PZU, WARTA, UNIQA, Allianz, Generali or Vienna Insurance Group. As a result, the analysed activities could be identified on the basis of descriptions of initiatives, products and programmes published mainly on the insurers' websites.

In the environmental area, an important role is played by modifying existing insurance products and introducing new ones that take into account climate risks and the energy transition. The PZU S.A. is developing an insurance offer for the renewable energy sector. It provides cover for photovoltaic installations and wind farms under products such as PZU Energia Słońca and PZU Energia Wiatru. At the same time, this insurer offers solutions for individual customers and the SME sector, which include cover for equipment generating energy from renewable sources (PZU, 2024).

Similar directions can be observed, for example, in the Allianz offer, where photovoltaic installations, heat pumps and electric vehicle chargers can be insured under home and property programmes (Allianz Group, 2024). Among insurers belonging to Vienna Insurance Group, such as Vienna Life TUnŻ S.A., Compensa TU S.A. and InterRisk TU S.A., environmental initiatives in the area of new products focus on protecting environmentally friendly investments (VIG, 2024).

In addition to products related to renewable energy sources, the surveyed Division II insurers have also expanded the scope of other insurance products in recent years. Examples include motor own damage insurance (AC), which has been adapted to risks relevant to electric vehicle owners, as well as insurance for electric scooters.

An interesting initiative implemented by STU ERGO Hestia S.A. under Assistance insurance is the Bike Forever programme, under which customers may choose between using a replacement car for the duration of the repair of their vehicle damaged in an accident or otherwise, and receiving a bicycle as their own (HESTIA, 2020). All surveyed life insurers (Division I) also declare that they take ESG factors into account in investment processes linked to insurance products.

Another area in which ESG-related activities are visible in practice involves changes in approaches to customer service and claims handling. All surveyed insurers are consistently developing digital solutions enabling contracts to be concluded, claims to be reported, and the claims settlement process to be monitored electronically.

Reducing the circulation of paper documents, simplified procedures for settling minor claims, and the possibility of conducting remote inspections contribute not only to improving customer experience, but also to reducing emissions and resource consumption associated with handling these processes (mainly paper and CO_2). They also have a positive impact on work efficiency, as they save time that employees can allocate to other tasks (e.g., preparing a greater number of complex offers, issuing policies, or settling claims). Measures involving the replacement of insurers' vehicle fleets with electric and hybrid cars are also important in reducing CO_2 emissions.

In the social area, an important element of ESG activities consists of training and educational programmes targeted at employees, business partners and customers. For example, ERGO Hestia, in both the property and life insurance segments, is developing extensive training systems for agents and brokers, covering not only product knowledge but also issues related to responsible sales and the management of ESG risk (HESTIA, 2023).

Similar initiatives are undertaken by Allianz, UNIQA, WARTA and Generali, highlighting the importance of distribution partners' competences for the quality of customer service and the reputation of the insurance market. This is also important because intermediaries are to the greatest extent responsible for obtaining from customers information on the sustainable development activities they undertake, which, in accordance with legal provisions, constitute an important element of the implementation of ESG strategies.

Nationale-Nederlanden TUnŻ S.A. is also involved, for example, in educational activities targeted at customers, such as initiatives related to financial planning, families' economic security and long-term saving (NN, 2024). A significant part of the social component within the ESG concept also consists of employee development programmes and initiatives focused on their physical and mental health. The PZU and Generali Groups emphasise in their materials the importance of well-being programmes, flexible forms of work, and initiatives supporting work–life balance.

UNIQA and Allianz have introduced initiatives related to promoting a healthy lifestyle, psychological support and the development of managerial competences. In the case of ERGO Hestia, promoting a healthy lifestyle is pursued, for example, through benefits for employees commuting to work by bicycle. The insurer offers them a free meal and provides bicycle racks, changing rooms and showers at its headquarters for those who need to freshen up before work. These measures also significantly contribute to reducing the carbon footprint (HESTIA, 2019).

Corporate governance constitutes the foundation for the implementation of environmental and social activities. Most of the analysed insurers declare that they have codes of ethics, compliance policies and principles of responsible risk management, although the level of detail in the information disclosed varies. The largest capital groups, such as PZU, Allianz, Generali, and Vienna Insurance Group, emphasise the link between ESG strategy and overall business strategy as well as corporate governance systems, which supports the durability of the solutions implemented.

In summary, the limited availability of uniform and comparable ESG data at the level of individual companies hinders a full assessment of the scale and effectiveness of these activities. Nevertheless, in the context of the forthcoming increase in reporting obligations arising, inter alia, from the CSRD Directive, it can be expected that the scope and quality of disclosed information will gradually increase, enabling more in-depth comparative analyses in the future.

4.2 ESG – Challenges for the insurance sector

Based on the research conducted by the author, it can be concluded that the implementation of ESG principles by insurers in Poland is uneven and remains at an early stage. Therefore, it appears necessary to identify the challenges they face in the process of transformation towards sustainable development. On the basis of an analysis of the collected primary and secondary data, these challenges were classified into five groups: regulatory, organisational, business, technological and informational, and social.

Within the regulatory challenges, the key problem remains compliance with new and dynamically changing legal obligations arising from both EU and national regulations. Insurers are required to adapt simultaneously to multiple legal acts concerning ESG risk management, as described in section 2 of this paper.

The number and complexity of regulations create significant difficulties, including interpretative ones. There are no uniform standards for the indicators that need to be analysed in certain areas. An additional burden is the need to integrate new obligations with those already in place, in particular with the Solvency II system, which requires substantial inputs, including financial ones.

The second group comprises organisational challenges related to the need to incorporate ESG principles into all aspects of insurers' operations. The implementation of the sustainable development concept cannot be limited solely to reporting. It should also encompass decision-making processes, underwriting policy, investment strategy, risk management and corporate governance. In practice, this means the need to restructure organisational arrangements, redefine the responsibilities of senior management and develop employees' competences.

Representatives of Division I insurers emphasised that the implementation of the ESG concept focuses primarily on investment strategies, the design of long-term products and managing customer relationships in the context of responsible capital allocation.

By contrast, for Division II insurers the key issue is the integration of ESG factors into underwriting policy, claims handling processes, and risk management. In both cases, however, there is a tendency to treat ESG as an organisationally separate area, which hinders its full integration into core operational activities.

A significant challenge, particularly highlighted by Division II employees, remains the impact of climate change on insurers' business models. The increasing frequency and intensity of extreme events, such as floods, droughts or windstorms, leads to higher claim payments and necessitates modifications to premium tariffs and the scope of insurance cover. These phenomena call into question the adequacy of traditional actuarial models based on historical data and increase uncertainty regarding the long-term profitability of certain lines of business.

Consequently, insurers are required to seek new solutions, such as parametric insurance or a broader use of climate scenarios in risk management processes. In the case of Division I insurers, the impact of climate change is more indirect and long-term in nature, manifesting primarily through its effects on asset valuations, the stability of financial markets, and longevity and health risks.

Another category comprises technological and informational challenges, with the foremost issue being difficulties in obtaining complete, comparable and reliable market data.

These difficulties affect both insurance divisions, however, respondents pointed to different underlying causes. Division I insurers face barriers in obtaining ESG data on issuers of financial instruments and investment funds, which hinders the fulfilment of reporting obligations arising from the SFDR and CSRD.

In Division II insurers, effective implementation of the ESG concept requires access to detailed information obtained from the insured entities. Such data are often incomplete, inconsistent, or not aligned with regulatory requirements. These limitations increase the risk of reporting errors and undermine the credibility of disclosed information.

In the context of social and reputational challenges, the risk associated with neglecting climate and biodiversity issues becomes particularly significant. In conditions of growing environmental awareness among stakeholders, a lack of genuine action towards sustainable development may adversely affect insurers' reputation and their competitive position in the market.

At the same time, there is a threat of so-called greenwashing, i.e., practices involving presenting insurance activity as pro-environmental without genuine support in operational and investment actions. Such marketing strategies expose insurers not only to a loss of customer trust but also to the risk of regulatory sanctions and legal disputes.

In summary, implementing the concept of ESG in the insurance sector in Poland is associated with multidimensional challenges that overlap and interact. Addressing them effectively requires a systemic approach tailored to the specifics of each division, encompassing both meeting regulatory requirements and a profound transformation of insurers' business models, organisational structures and corporate culture.

5. Conslusions

During the study, all three research hypotheses were positively verified. It was confirmed that insurers in Poland have been intensifying ESG-related activities year on year, inter alia through: modifying existing insurance products and introducing new ones; changing their approach to customer service and claims handling in a more pro-environmental direction; developing training programmes for employees, business partners and customers; creating employee development programmes and supporting their physical and mental health. Most insurers in the market have sustainability strategies and have been implementing them for several years.

However, introducing changes is associated with many challenges, such as meeting regulatory requirements, collecting information for reporting purposes, difficulties in obtaining complete market data, preparing climate scenarios, integrating ESG into all aspects of insurers' operations, and striving to achieve climate neutrality not only by insurers but also by their customers and business partners. It should not be forgotten that, in addition to insurers, other participants in the insurance market should also implement ESG.

This applies in particular to intermediaries, who, although they are not yet subject to reporting obligations, will be required to assess their customers and educate them with regard to ESG.

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