

## ESGs : Investing in a Currency Beyond Money

By: Marci De Vries-Todtz, CEO of Fraud Sniffr

In February 2022, [Forbes](#) published an article with these two statements: “Today's investors are passionate about exchanging dollars for a difference. One poll by Domini Impact Investments shows that more than [50% of respondents](#) would be willing to sacrifice performance on their investments to achieve their ESG goals.” and “Morningstar found that ESG funds have shown lower volatility while producing a good return on equity, as well as tending to have better longevity: [77% of ESG funds](#) that existed 10 years ago have survived, compared with 46% of traditional funds.”

Loosely interpreting these two statements, one could say that current investors are willing to invest in, and stick with, funds that provide returns beyond money. While they could make faster, larger returns with a non-ESG fund, investors prefer an intangible return along with “some money”. The data is corroborated by [Harvard](#) and [JP Morgan](#). [PWC](#) has identified ESG impacting 80% of global investment decision making.

When asking a GenX or younger investor, “Why is this happening?” the response is an incredulous look with a bounce-back question, “Why didn’t this happen earlier?” and then a display of genuine rage against the Baby Boomer and Builder generations’ focus on profit-at-any-cost. These younger generations grew up in slavery to the profiteering of earlier generations, earning unsustainably low wages while watching the top tiers of ultra-wealthy increasing their holdings over global finance, politics and the ruination of the planet. They watched their parents fight over money and divorce over it, destroying their families, and they have friends in bankruptcy over medical bills. They have lived in a world so badly damaged by irresponsible profiteering that they see no future in continuing down this path.

Younger generations have been asking for a new currency since they understood what money is, and not just a replacement currency like cryptocurrency; for these generations, it turns out that money is not the only goal, especially when the cost of financial returns is paid by reducing the human condition and destroying our natural resources.

Insurance companies need to carefully consider that ESG is not an investing fad, this is a passionate requirement. ESG investors are looking for data and proof that insurance companies are working hard to make the world a better place, and all aspects of insurance are under the microscope; claims handling, employee treatment, environmental sustainability, and cost to customers. While complying with ESG requirements might seem overwhelming and potentially “intentionally ignorable,” investors and customers have a clear understanding that voting for change with their dollars is the only way to create real movement in the future of business.

The short story is this: ESG for insurance is not going to go away, and it will continue to matter more over time regardless of the financial returns for investors. Zurich has begun addressing ESG with this

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[page on their Web site](#) and the ESG generations have access to enough public data to quantify compliance with these ESG promises. Other insurance companies will need to follow suit to remain competitive and attractive to investors. The global financial market is focused for the foreseeable future on being better instead of richer. It's time to do better.