



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS



SUSTAINABLE  
INSURANCE  
FORUM

Public

## **Resolution of Public Consultation comments on the draft Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**

**19-Dec-19 to 06-Feb-20**

Organisation	Jurisdiction	Answer	Resolution of comments
<b>Q1 General Comments on Issues Paper on Implementation of TCFD Recommendations</b>			
1. Insurance Europe	Europe	<p>Insurance Europe welcomes the IAIS work on climate change and its endorsement of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) initiative.</p> <p>The European insurance industry is fully aware of, and well-positioned to address, the financial risks posed by climate change and extreme weather, since the measurement of climate-related physical risks lies at the heart of insurers' business models. At the same time, insurers are continuously scrutinising their investment portfolios to incorporate long-term sustainability aspects and are increasingly considering the impact of transitioning to a low-carbon economy. Given the industry's concentration of expertise in managing, modelling and pricing climate risk, it is well placed to provide expert input where possible and so appreciates any opportunity to provide evidence and feedback.</p> <p>In addition, European insurers support increased transparency around sustainable investments and sustainability risks, provided the provision of information is balanced and efficient. Therefore, insurers support disclosures that help consumers and investors to make informed financial decisions aligned with their objectives.</p> <p>In particular, European insurers support the fact that:</p> <ul style="list-style-type: none"> <li>- The IAIS is considering the implementation of TCFD recommendations in various Insurance Core Principles (ICPs). Explicit references to sustainability in the ICPs will help strengthen the integration of material sustainability risks in insurers' operations in a consistent and efficient manner. In addition, this could be an effective way of ensuring minimum standards globally.</li> <li>- The IAIS is taking a coordinated approach between jurisdictions, reflective of the cross-border nature of climate-related risks. Coherent policymaking between jurisdictions will avoid duplicative or contradictory standards.</li> <li>- Supervisors encourage insurers to produce robust climate-related disclosures and consider financially material climate-related risks thoroughly, provided feasibility and proportionality considerations are taken into account. In this respect, the use of qualitative scenario analysis can be a useful way to measure climate risks.</li> </ul> <p>Insurance Europe also notes that:</p> <ul style="list-style-type: none"> <li>- The implementation of TCFD recommendations through ICPs should allow sufficient flexibility for insurers to decide on the best way to deal with climate risks, in line with each company's specific characteristics and risk profile. Supervisors need to carefully assess the appropriateness of TCFD</li> </ul>	Noted.

		<p>recommendations to the insurance sector and adapt them as needed if they should serve as a de facto standard.</p> <ul style="list-style-type: none"> <li>- Sustainability-related information is a prerequisite for insurers to produce robust and efficient disclosures. Currently, quality data to accomplish the proposed disclosures is lacking, which has made it difficult for insurers to make as much progress as they would like on public disclosures and on communicating to relevant users. Regulatory support is needed to enhance the quantity and quality of ESG data available to insurers.</li> <li>- Supervisors should investigate whether there are disincentives in the prudential frameworks, such as unjustified and excessive capital requirements, to support insurers' actions to mitigate climate risk. Insurers should not be undermined in their efforts by the regulations themselves.</li> </ul>	
2. Institute of International Finance	Global	<p>We agree with the IAIS' expectation that public disclosure of material information, including material climate-related risks, should enhance market discipline by providing meaningful and useful information to insurance supervisors, policyholders and investors (Paragraph 3). We also agree that further work needs to be undertaken across the financial services sectors and in the insurance sector to improve implementation of the TCFD recommendations (as noted in Paragraphs 39 and 45); these improvements are a work in progress at our member firms.</p> <p>To facilitate meaningful and useful disclosure of climate-related risks, it is necessary for the industry and relevant supervisors to reach a consensus on what "good disclosure" looks like. To this end, the Sustainable Finance Working Group of the IIF (SFWG) is developing a dynamic template for what "good disclosure" will look like in 2020 and beyond, coordinating with the UNEP FI Pilot Project on TCFD Implementation. We welcome the continued involvement of the IAIS and the SIF in these efforts. It is hoped and anticipated that these efforts will help produce a globally harmonized template for climate-related financial disclosures that will facilitate comparability and transparency for the wide range of users of those disclosures. A globally harmonized template could contribute to minimizing the risks of regulatory fragmentation that arise when diverse standards, requirements and supervisory expectations are promulgated in different jurisdictions and among different regulators and supervisors, including insurance and securities regulators and supervisors. It would also permit global investors to make more informed investment decisions based on comparable disclosures. We recognize that the IAIS has not taken a firm view on whether climate risk disclosures should be mandatory. We would recommend that the IAIS and the SIF continue to refrain from calling for mandatory disclosure frameworks, particularly with respect to quantitative disclosures, until the work underway to develop a consensus on "good disclosure" is at a more mature stage of development. Even then, it should be recognized that implementation of the TCFD recommendations by firms is an iterative process. Any disclosure requirements likewise should be iterative and phased in. Importantly, disclosure requirements should be market-driven and informed by the needs of the full range of end users of financial disclosures to ensure that those disclosures are meaningful and</p>	Noted.

		<p>helpful to investors and other end users, as well as to supervisors. Recognizing that the development of disclosure requirements is primarily the province of securities regulators, the IAIS should encourage its members to collaborate with securities markets authorities in order to avoid duplication or contradiction of, the requirements of regulators charged specifically with the responsibility for investor protection and fair and efficient markets.</p> <p>In setting their expectations for TCFD implementation, supervisors should be sensitive to the fact that insurers and other financial firms may face the prospect of shareholder litigation, fines from regulatory and market authorities, and reputational damage if disclosures are found to be materially misleading. These consequences would impact negatively the firm's profitability and, potentially, solvency and long-term viability. In the extreme, a spate of litigation and fines could have negative systemic consequences. These considerations argue for a proportionate and iterative approach to disclosure requirements.</p> <p>Moreover, climate-related financial disclosures may be commercially sensitive or highly technical. While we support the disclosure of material climate-related financial information, supervisors should be mindful that companies may need to limit disclosure in the interests of protecting commercially sensitive information. Companies may also tailor the disclosure to the investor audience by presenting at a higher level highly technical information in order to avoid misunderstanding and investor confusion.</p> <p>Supervisors should recognize that insurers' implementation of the TCFD recommendations is an iterative process and, accordingly, supervisory expectations for such disclosures should evolve over time, initially focusing on qualitative expressions of the impact of climate risk as supervisors and the industry work to develop alignment on more quantitative approaches. Supervisors should adopt a proportionate approach that recognizes that some firms may need a longer trajectory towards TCFD implementation as a result of their size, geographic reach, complexity or business model. Understanding where a firm is in its adoption of TCFD recommendations is of critical importance and firms that can demonstrate a good faith commitment to understanding, assessing, managing and disclosing material climate-related financial risks through the applicable regulatory and supervisory framework should not be subject to supervisory action. Supervisors should also consider the materiality of climate-related risks for a particular insurer in developing expectations for disclosure, consistent with ICP 20. Insurers should be encouraged to disclose any opportunities created by the challenges of climate change, as well as the risks, in order to provide balanced disclosures.</p> <p>As firms work to understand the impact of climate change on their businesses and to implement the TCFD recommendations, end users (including supervisors) should expect a focus on more qualitative disclosures and a gradual, measured inclusion of increasingly quantitative disclosures. At</p>	
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3. VALIDOR	INDIA	NA	
4. International Actuarial Association	International	<p>As the worldwide organization of actuarial associations, the IAA is supportive of this IAIS initiative regarding climate related issues and is pleased to provide input to this Issues Paper. Throughout this IAA response the use of the word "insurer" is intended to include reinsurer as well.</p> <p>The IAA notes that the consideration of meaningful financial disclosure information by insurers in relation to climate risk is a very important aspect of sound governance and risk management. Greater awareness of climate related issues and their potential impact on insurers is an important step forward. The IAA cautions that proper consideration of climate risk for insurers remains a very complex task requiring careful implementation and close coordination among all industry and climate risk stakeholders. The IAA looks forward to being of assistance to the IAIS (and SIF) on this very important topic.</p> <p>While there is research and modelling available for the potential impact of climate change on aspects such as changes to global temperatures and sea levels, it remains challenging for insurers to connect those high-level assumptions with the specifics of their own businesses. This is due to the time horizon involved (both in terms of the climate projection periods and insurance policy coverage periods), interaction with other trends that may have faster impacts for some lines (e.g., self-driving cars and driver assistance technology for motor insurers), and the inherent uncertainty in the model projections. Nonetheless, actuaries are closely monitoring the observable trends. Given their experience with financial condition and catastrophe risk modelling, actuaries can be of assistance in building the tools/processes necessary for insurers to evaluate climate risk.</p> <p>Further complicating the consideration of climate change/risks are other global and regional changes to our atmosphere (i.e., beyond temperature and CO2 levels), our oceans (i.e., beyond their level), resource availability (e.g., key minerals and fuels), arable land usage, fresh-water availability, etc., to name but a few being studied by scientists. In addition, while climate risks are a global issue, their</p>	Noted.

		<p>impact will vary considerably by geography due to local conditions including resource availability and ability or willingness to adapt.</p> <p>A challenge in assessing and communicating the impact of climate risks is that climate risk scenarios typically require years or even decades to evolve, yet stakeholders deserve to be informed today of the possible impact of those risks and the resilience of the insurer to withstand or benefit from them. Actuaries have long been central to this type of work through their roles within insurers and specifically the actuarial function. Traditionally, actuaries could use experience studies and trend analysis to help inform the actuary's selection of future assumption for economic, mortality, morbidity and lapsation variables. The climate risk scenarios being considered by scientists and regulators today may well result in noticeable changes in our economies, migration patterns, health, investments etc. However, the nature and extent of these changes is difficult to predict because they depend on the actions taken in the near term by societies to mitigate climate risk. Despite the additional challenge, actuaries can be of assistance in helping to make financial sense of future climate risk scenarios due to their roles in, and expertise with, insurers.</p> <p>The IAA notes that prudent governance and strategic management of climate risks by insurers may result in changes to their products, product design, product pricing, target markets, investments, risk management etc. Importantly, insurers may need to change their business models in order to meet the needs of their stakeholders. Supervisory notice of such changes may be just as important as the disclosure of current balance sheet sensitivity to climate risks.</p> <p>As a closing introductory remark, the IAA notes that despite the role of insurers as a pillar in the provision economic financial security, governments remain exposed to financial loss as a result of disasters of all kinds. While insurers may provide some level of protection to policyholders, not all citizens may have purchased such coverage. Residual losses (e.g., resulting from a significant natural disaster or epidemic) from both partially covered policyholders and non-insured citizens may have a follow-on effect on the underlying economy, the financial outcomes of insurers and ultimately governments. Actuaries can be of assistance in advising both supervisors and governments on these ripple effects.</p>	
5. The Geneva Association	International	<p>Dear Vicky, Jonathan and Geoff,</p> <p>Thank you for the opportunity to provide comments on the draft Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD Recommendations").</p> <p>The Geneva Association has supported the development of the Issues Paper, and, for example, we attended the SIF/IAIS Industry Stakeholder Workshop on Climate Risks on September 17, 2019. We</p>	Noted.

		<p>also invited SIF to our workshop on "Advancements in Modelling and Integration of Physical and Transition Climate Risk: Focusing on core insurance business, asset management and investment applications" on July 11-12, 2019.</p> <p>We remain supportive of your work in this area and look forward to continue to work with you on the TCFD recommendations and other important topics linked to climate change. In this regard, we would like to highlight that The Geneva Association has undertaken a multi-stakeholder initiative bringing together the insurance industry, catastrophe risk modellers, climate-risk data providers, climate science community, the UN entities and various platforms on modelling and integration of physical and transitions risk for TCFD disclosures and to support all aspects of decision-making in the companies (<a href="https://www.genevaassociation.org/climate-change-forum-2019">https://www.genevaassociation.org/climate-change-forum-2019</a>). To this end, we are launching an international Task Force of experts to undertake a deeper technical study of approaches to climate scenarios and stress testing approaches as relevant to the insurance sector.</p> <p>General Comments</p> <p>We support the overall direction of the draft Issues Paper. A variety of stakeholders (including investors, regulators, broader financial market participants and employees) value openness and transparency when it comes to companies' risks and opportunities as it relates to climate change, as provided by the TCFD framework. We also see the value in a common approach to disclosing the information in order to assist readers as they seek to understand, interpret and compare the disclosures across firms.</p> <p>The TCFD framework still represents a relatively recent development and reporting is occurring on a voluntary basis. GA member representatives took part in the development of the recommendations, and The GA has supported the voluntary approach. We note that a range of stakeholders to the insurance sector is actively promoting the TCFD framework. We expect TCFD adoption to continue to grow. We take note of the paper's suggestion that supervisors should resort to a phased approach to making TCFD-aligned climate risk-related financial disclosures mandatory.</p> <p>We further note that the aspiration is for firms to improve upon their disclosures over time by, for example, including quantitative values (such as probable maximum losses) on their identified risks.</p> <p>We would urge the IAIS and the SIF to take a leadership role in fostering cooperation and coordination between supervisors as it relates to disclosures and climate scenarios. In particular, we would advise the following:</p> <p>As the IAIS-SIF survey referenced in the paper concluded, mainly larger insurance groups from</p>	
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6. General Insurance Association of Japan	Japan	<p>We, the General Insurance Association of Japan, are grateful for this opportunity to comment on the IP.</p> <p>We are aware of the importance of the insurance industry to respond to climate change and support the TCFD Recommendations. Although this IP draws on the results of a SIF Survey on Implementation of the TCFD Recommendations and Guidance, TCFD aligned disclosures are still at an early stage of development. In particular, there are problems such as insufficient data and the lack of a quantitative method for disclosing risk-related information. The insurance sector is currently looking at various ways of moving forward.</p> <p>In such circumstances, it is important to start with voluntary disclosures to share practices, and a step-by-step method to promote disclosures. It should be noted that mandatory disclosures without established methods may lead to a one-size-fits-all approach, such as simply placing checkmarks on check-sheets. Such an approach is unlikely to promote the understanding among insurers nor will it have a positive impact that leads to action regarding climate-related risks and opportunities.</p> <p>In addition, making climate-related disclosures mandatory in a premature manner could cause a rapid acceleration of divestment from certain businesses, etc. and also halt insurance underwriting for these businesses. This could lead to transition risks and the destabilization of the financial system.</p> <p>In Japan, as described in Annex 1, a number of companies including the insurance sector support</p>	Noted.

		<p>TCFD Recommendations through initiatives such as the TCFD Consortium of Japan. Cooperating closely, the private and public sectors are actively discussing and considering disclosure methods on the assumption that they are voluntary. Several statements in the IP that seem to support mandatory approaches such as "a purely voluntary pathway towards adoption of TCFD Recommendations may not yield disclosures of the quality and scope necessary..." in paragraph 61 should be deleted because such points of view are premature. In order to implement TCFD Recommendations, the first step supervisors need to take is to establish the most appropriate means of implementation according to the situation of their own jurisdictions. Discussions that assume they will be made mandatory may inhibit supervisors from considering appropriate implementation means, or the private sector from making spontaneous efforts.</p> <p>Moreover, while the IP mentions changes to underwriting and investment practices, the insurance sector can contribute to the transition towards decarbonization, or a low-carbon economy, not only through direct methods, such as changes to underwriting and investment practices, but also through engagement with their customers and communities. We are of the opinion that constructive dialogues are more important than divestment to further create positive momentum toward energy transition and the development of new innovations.</p>	
7. Swiss Re	Switzerland and	<p>We welcome the opportunity to comment on the Draft Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures developed by the IAIS and SIF. Swiss Re supports the adoption of the FSB TCFD recommendations and ongoing refinements to these recommendations to make them more decision-useful for stakeholders, in particular for investors. We look forward to continuing fostering dialogue on this important topic and remain supportive of the IAIS and SIF work in this area. Some general comments are as follows:</p> <ul style="list-style-type: none"> <li>- Swiss Re is supportive of the general descriptive approach taken in the Issues Paper in order to further develop the exchange on TCFD recommendations among supervisors and industry participants. We also fully support the intent of the TCFD recommendations to increase transparency on climate-related risks and opportunities to make markets more efficient, and economies more stable and resilient.</li> <li>- A key aspect is to disclose information which at the end are decision-useful for key stakeholders such as investors. This needs further dialogue between preparers and users of the TCFD information over the next years. Re/insurers are obviously both preparers and users of the information.</li> <li>- Swiss Re believes that disclosures should be voluntary as recommendations are still evolving and not yet standardized or completely decision-useful for investors and other stakeholders. We will</li> </ul>	Noted.

		<p>support mandatory disclosures after this has been achieved and best-practice learnings / experience from the industry have become more established.</p> <p>- Swiss Re also believes that climate-related financial disclosures should be aligned across different regulatory jurisdictions to reduce the operational burden on global firms and enhance the transparency and comparability between firms operating across different geographies. Therefore, we would encourage the IAIS and SIF to foster further exchange and coordination between supervisors, including exchange with the NGFS.</p> <p>- It will be helpful to stay in close contact with the TCFD developments as further guidance on scenarios and risk management will be developed in 2020.</p>	
<p>8. Zurich Insurance Company Ltd.</p>	<p>Switzerland</p>	<p>Zurich welcomes the opportunity to comment on IAIS' Issues Paper on the Implementation of the TCFD Recommendations. Climate-related risks represent the most urgent and complex risks facing society and its supporting financial system today, as noted in the World Economic Forum's Global Risks Report 2020 <a href="https://www.weforum.org/reports/the-global-risks-report-2020">https://www.weforum.org/reports/the-global-risks-report-2020</a>. The TCFD recommendations are only one of the many measures required to mitigate and, ultimately, adapt to climate-related risks, but an important one as they offer the needed underlying transparency.</p> <p>With due consideration for the core business of insurance, we support the TCFD recommendations for insurers to assess and disclose how physical, transition and liability risks stemming from climate-related change may affect business resilience, underwriting and services, profitability and solvency to provide customers and investors a view on the insurer's strength and preparedness for climate impacts</p> <p>Global harmonization of climate-related disclosures is essential to facilitate comparability and transparency for a wide range of stakeholders, including investors. To ensure the broadest commitment of the insurance industry, we caution against overly prescriptive measures: Insurers need to retain the ability to innovate and develop approaches that leverage their intellectual property and thought leadership. Indeed, regulators and supervisors can best assist insurers to address climate risk by fully supporting their ability to price such risk from both an underwriting and investment perspective.</p> <p>While format and granularity of reporting lends itself to harmonization to reduce competitiveness concerns when disclosing granular data, the methodology and scenarios used should allow for flexibility. That notwithstanding, we acknowledge that a basic level of standardization is required for quality assurance and particularly smaller companies will benefit from the availability of standardized scenarios they can opt to use.</p>	<p>Noted.</p>

		<p>There is a need to recognize that the full implementation of TCFD recommendations is an iterative process, starting with governance and moving from a qualitative to an increasingly quantitative disclosure over several reporting periods.</p> <p>To support informed decisions, scenarios need to cover a wide range of possible future outcomes, and insurers need to have confidence to disclose even challenging scenarios without concerns about disclosing potentially misleading information for which they may be held liable - in particular, supervisors need to understand and accept that these analyses are not precise forecasts but, rather, sensitivity analyses are used to inform strategic planning and to facilitate awareness of and preparation for climate-related change.</p> <p>We encourage the IAIS and the SIF to stay the course on climate-related risks, to continue to work towards coordinated proposals for the financial sector overall with the FSB and the other standard-setting bodies, and to engage the wider economy.</p>	
9. ICMIF	UK	<p>ICMIF appreciates the opportunity to comment on the joint SIF/ IAIS Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures. We welcome the cooperation between the IAIS and UNEP within the Sustainable Insurance Forum for Supervisors and hope this platform will uphold the essential role of insurance in increasing the resilience of individuals and societies with international policymakers. We believe this second Issues Paper is timely and value the openness and transparency in the IAIS' approach.</p>	Noted.
10. Institute and Faculty of Actuaries	United Kingdom	<p>The Institute and Faculty of Actuaries (IFoA) welcome this draft Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) from the International Association of Insurance Supervisors (IAIS) and the Sustainable Insurance Forum (SIF). We are active in the climate change space and recognise that there are material financial risks arising directly from climate change and from measures taken to avoid or mitigate it. Firms within the insurance sector should seek to understand and assess their exposure to climate risks as failure to do so is likely to impact upon resilience and solvency. This is the minimum that insurance supervisors should expect of the firms within their jurisdiction. Supervisors will need to clearly articulate their expectations around this.</p> <p>The IFoA considers effective and thoughtful disclosure to be essential to understanding the financial risks of climate change. While the issues paper identifies that the majority of insurers disclose some information about climate and its impacts, we are conscious of the potential impact of the large variation in the scope and depth of this information, particularly between different jurisdictions. Insurers can also utilise corporate disclosures made by other companies to inform decisions about</p>	

		<p>whether or not to offer insurance, or whether or not to invest. However, insurers will only be able to make adequately informed decisions if disclosures provide sufficiently comprehensive, accurate and consistent information on sustainability risks.</p> <p>It is concerning to note that the level of awareness and understanding of TCFD Recommendations within the sector are low, particularly in non-advanced and advancing economies. Given the low level of awareness it is unsurprising, yet no less concerning, that SIF 2019 survey results indicate only 15-20% of insurers have made plans to, or are taking steps, to implement the TCFD recommendations and to deliver TCFD aligned disclosures. The findings of the TCFD Secretariat report, published in June 2019, compared disclosure practices of firms in 2016/17 and in 2018. The reports finding that the insurance sector exhibited some of the smallest improvements in disclosure practices when compared to other financial sectors should serve as further encouragement for IAIS and SIF to consider interventions to accelerate the scale and pace of response.</p> <p>The IFoA is a listed supporter of the TCFD. The TCFD recommendations provide a useful framework for companies to deliver forward-looking disclosures about climate-related financial risks and opportunities. Insurers who make disclosures in line with the recommendations will be able to better manage these risks. Alignment with the TCFD recommendations will also ensure a greater degree of global consistency and an element of 'future proofing' in that the nature of disclosure in line with the recommendations is an evolving process. Using the TCFD framework, insurers can develop an understanding of good, globally consistent, practice with respect to climate change risk disclosure over the next few years and use this understanding to work towards this good practice.</p> <p>We note that awareness of the framework is highest in insurance markets where supervisors have made clear reference to the TCFD in public statements, and welcome the papers efforts to encourage examples of good practice such as by the Bank of England Prudential Regulation Authority (PRA) with its supervisory statement published in 2019. We consider the supervisory statement to be a very useful document in helping to put the financial risks from climate change at the forefront of firms' agendas, which is especially important at a time when firms are also grappling with other major issues such as threats to cybersecurity.</p> <p>We appreciate that as an issues paper, the document lays the foundation for future work on this topic, and future outputs will follow. It is evident that IAIS and SIF understand the longer term challenges around the interaction of insurance and societal effects of climate change over the short, medium and long terms. Annex 2 to the paper, which explains the four TCFD pillars and maps them across to insurance principles (ICPs), is reflective of this. Whether for general insurance or life business, disclosures developed in line with the TCFD recommendations will require consideration of business viability beyond the annual premium cycle. TCFD recommendations around governance and strategy will naturally lead to disclosure, and potentially challenge, around longer term</p>	
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12. American Academy of Actuaries	United States	<p>The ERM/ORSA Committee of the American Academy of Actuaries applauds the attention given to the emerging issue of climate risk and risk disclosure by the IAIS. The Academy has actively been involved in several initiatives to provide its members and U.S. regulators and the American public with information around climate and extreme events associated with it and to encourage insurers both to assess their own vulnerability to climate risk and to effectively disclose those assessments.</p>	Noted.
13. APCIA	United States	<p>The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to comment. Our membership includes companies that write insurance internationally and companies that write solely in the U.S. These companies represent a broad diversity of size and business model. Some of our companies currently make extensive use of TCFD and some do not.</p> <p>Insurers are engaged in a wide range of activities relating to the identification and mitigation of climate risk. With regard to what supervisors can best do to support those efforts, we request the addition of the following sentence: "Regulators can best assist insurers to address climate risk by fully supporting their ability to price and underwrite for such risk."</p> <p>It should be clearly reiterated that the TCFD by its express terms is voluntary and use of it by firms should still be voluntary. At this juncture, the TCFD framework is a relatively recent creation and reporting is occurring on a voluntary basis. We note that a growing number of insurers and a range of valuable stakeholders to the insurance sector are actively promoting the TCFD framework. We expect TCFD adoption to continue to grow. We also note that the aspiration is for firms to improve upon their disclosures over time by, for example, including quantitative values (such as probable maximum losses) on their identified risks.</p> <p>We urge the IAIS and SIF to consult regularly with (re)insurers and their representatives in future activities relating to disclosures and climate stress testing. And, we urge jurisdictional supervisors, with on-going consultation with insurers, to cooperate and coordinate to avoid a situation where individual entities within a group are compelled to issue their own different disclosures. Such a situation could well create an enormous reporting burden. Different jurisdictional regulators carrying out differing quantification activities could add significant complexity for groups participating in these exercises while also complicating the ability of supervisors to (a) assess a group's overall resilience to climate change; and (b) the comparability of results between firms.</p>	Noted.

14. National Association of Insurance Commissioners (NAIC)	USA, NAIC	The paper refers to "TCFD Recommendations", "TCFD Framework" and sometimes simply "TCFD". As in most places it seems these are referring to the same thing, it would be helpful if one term was used consistently throughout so as to avoid potential confusion.	Revisions made as necessary.
<b>Q2 Comment on Section 1 Introduction</b>			
15. Canadian Institute of Actuaries	Canada	The Canadian Institute of Actuaries (CIA) thanks the International Association of Insurance Supervisors (IAIS) for its Draft Issues Paper on the Implementation of the TCFD Recommendations and appreciates this opportunity to provide feedback. The CIA believes that the broad issue of financial disclosure is important, notably the consideration of the significant risks from climate change undertaken by insurers and other financial institutions.	Noted.
16. Insurance Europe	Europe	<p>Insurance Europe welcomes the IAIS work on climate change and its endorsement of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) initiative.</p> <p>The European insurance industry is fully aware of, and well-positioned to address, the financial risks posed by climate change and extreme weather, since the measurement of climate-related physical risks lies at the heart of insurers' business models. At the same time, insurers are continuously scrutinising their investment portfolios to incorporate long-term sustainability aspects and are increasingly considering the impact of transitioning to a low-carbon economy. Given the industry's concentration of expertise in managing, modelling and pricing climate risk, it is well placed to provide expert input where possible and so appreciates any opportunity to provide evidence and feedback.</p> <p>In addition, European insurers support increased transparency around sustainable investments and sustainability risks, provided the provision of information is balanced and efficient. Therefore, insurers support disclosures that help consumers and investors to make informed financial decisions aligned with their objectives.</p> <p>In particular, European insurers support the fact that:</p> <ul style="list-style-type: none"> <li>- The IAIS is considering the implementation of TCFD recommendations in various Insurance Core Principles (ICPs). Explicit references to sustainability in the ICPs will help strengthen the integration of material sustainability risks in insurers' operations in a consistent and efficient manner. In addition, this could be an effective way of ensuring minimum standards globally.</li> <li>- The IAIS is taking a coordinated approach between jurisdictions, reflective of the cross-border</li> </ul>	<p>Noted.</p> <p>At this stage, the IAIS is not considering to revise the ICPs to incorporate sustainability matters. Following a long period of extensive supervisory development work, the IAIS anticipates a period of greater stability for its supervisory material. The IAIS has started developing an Application Paper to provide guidance on how to apply the ICPs from a climate risk perspective.</p>

		<p>nature of climate-related risks. Coherent policymaking between jurisdictions will avoid duplicative or contradictory standards.</p> <ul style="list-style-type: none"> <li>- Supervisors encourage insurers to produce robust climate-related disclosures and consider financially material climate-related risks thoroughly, provided feasibility and proportionality considerations are taken into account. In this respect, the use of qualitative scenario analysis can be a useful way to measure climate risks.</li> </ul> <p>Insurance Europe also notes that:</p> <ul style="list-style-type: none"> <li>- The implementation of TCFD recommendations through ICPs should allow sufficient flexibility for insurers to decide on the best way to deal with climate risks, in line with each company's specific characteristics and risk profile. Supervisors need to carefully assess the appropriateness of TCFD recommendations to the insurance sector and adapt them as needed if they should serve as a de facto standard.</li> <li>- Sustainability-related information is a prerequisite for insurers to produce robust and efficient disclosures. Currently, quality data to accomplish the proposed disclosures is lacking, which has made it difficult for insurers to make as much progress as they would like on public disclosures and on communicating to relevant users. Regulatory support is needed to enhance the quantity and quality of ESG data available to insurers.</li> <li>- Supervisors should investigate whether there are disincentives in the prudential frameworks, such as unjustified and excessive capital requirements, to support insurers' actions to mitigate climate risk. Insurers should not be undermined in their efforts by the regulations themselves.</li> </ul>	
<p>17. VALIDOR MANAGEMENT CONSULTANCY SERVICE PVT LTD (VALIDOR)</p>	<p>INDIA</p>	<p>NA</p>	
<p><b>Q3 Comment on Section 1.1 Context</b></p>			



18. Canadian Institute of Actuaries	Canada	The TCFD initiative as proposed in 2017 was for a voluntary approach to the disclosure of climate change-related risks. In our recent paper, "Time to Act: Facing the Risks of a Changing Climate," the CIA proposes that mandatory TCFD disclosure begin as early as 2021. For such a short timeframe to be implemented, the IAIS should give supervisors guidance on such new disclosures. This proposed approach would highlight that information in the public domain helps to create the awareness of the risks from climate change that could impact financial institutions, industry, and society as a whole.	Issues Papers are meant to be descriptive and do not set expectations or guidance on supervisory practises. This may be covered in the Application Paper.
19. Global Federation of Insurance Associations	Global	The Global Federation of Insurance Associations (GFIA) welcomes the opportunity to work with IAIS on its focus on climate change and its endorsement of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) voluntary disclosure initiative. The global insurance industry is inherently aware of, and well-positioned to address, the financial risks posed by climate change and extreme weather since the measurement of climate-related physical risks goes to the heart of many insurers' business models.	Noted.
20. VALIDOR	INDIA	NA	
21. ICMIF	UK	We agree climate change constitutes a challenge for our economies. We believe re/insurers are well placed to understand the impact of climate related risks on the financial sector and the global economy. We support the Recommendations issued by the Task Force on Climate-related Financial Disclosures on a voluntary basis and note that some of our members have started adjusting their disclosures accordingly. We believe however that the requirements to disclose in such detail should remain flexible and proportionate to the size of the company and to the nature of the risks. On the other hand, while the complex challenges posed by climate risks require a strategic response at higher level, we strongly believe it is equally important to encourage all stakeholders, from the national to the local administrations, to start assessing their exposure/vulnerability to climate-related risks. It is important for them to know insurance can help them in the process as well as enhancing the incentives to invest in climate adaptation measures.	Noted.
22. APCI	United States	Insurers have long identified and responded effectively to changing risks, including climate risk. Therefore, the context should include a statement that: "Insurers do have a role to play especially in pricing and underwriting for climate risk. But insurers are not the cause of climate change and to successfully address climate risks will require action by many other sectors and by all levels of government to prevent, mitigate and adapt to climate change."	Noted.
<b>Q4 Comment on Paragraph 1</b>			

23. Global Federation of Insurance Associations	Global	Insurers have long identified and responded effectively to changing risks, including climate risk. They call on governments to focus on mitigation and adaptation and to support insurers' efforts in those areas. Therefore, the context should include a statement that: "Insurers do have a role to play especially in pricing and underwriting for climate risk. Yet climate change is a cross-sectorial and global problem. Successfully addressing climate risks will thus require action by many other sectors and by all levels of government to prevent, mitigate and adapt to climate change."	Noted.
24. VALIDOR	INDIA	NA	
25. APCIA	United States	See our comment above with the request for additional language. Also, since the natural catastrophe losses in the U.S. in 2019 are much lower than prior years and below average, it is not clear when and where actual impacts on insurance will occur, which argues for a flexible non-mandatory approach.	Noted.
<b>Q5 Comment on Paragraph 2</b>			
26. Insurance Europe	Europe	Given the magnitude and urgency of the issues at stake, collaboration between the industry and supervisors is fundamental to better understand and address climate-related risks. Therefore, it would be highly beneficial if the Sustainable Insurance Forum (SIF) would develop its collaboration and engagement with the industry, at least to reach the same stakeholder and industry engagement as the IAIS. Insurance Europe believes that the SIF should invite contributions, including stakeholder participation, from both industry and consumer groups.	The development of joint SIF/IAIS materials (such as this Issues Paper) has always followed the usual IAIS procedures in terms of stakeholder involvement and public consultation, as well as public background calls. See paragraph 9 related to stakeholder involvement during the development process. For the upcoming Application Paper, the SIF and IAIS are also considering how to involve stakeholders early on.
27. VALIDOR	INDIA	NA	
<b>Q6 Comment on Paragraph 3</b>			
28. Insurance Europe	Europe	The content and manner of the disclosures can develop naturally in markets eg via direct engagement with the users of this information, based on their needs. In view of this, it is vital that insurers are able to communicate climate impacts to their policyholders in a flexible manner to ensure information-users remain engaged, while recognising that consistency and comparability of	Noted. This may be covered in the upcoming Application Paper.

		information is also important. An overly prescriptive approach could lead to a lack of interest among users and their disengagement with disclosures. Disclosures to regulators, investors and other relevant market experts, however, could be far more detailed and technical than those to consumers.	
29. Global Federation of Insurance Associations	Global	It is vital that insurers are able to communicate climate impact to their policyholders in a flexible manner to ensure customers are engaged. An overly prescriptive approach in this regard could lead to a lack of interest and disengagement with disclosures. Similarly, disclosures to regulators, investors and other relevant market experts need to be flexible to reflect the different interests of the audience and are likely to be much more detailed and technical compared to relevant engagement with customers.	See response to comment 28.
30. VALIDOR	INDIA	NA	
31. APCIA	United States	We note that the TCFD work was always intended to be voluntary and was so advertised when it was open for comment and thereafter. Therefore, we do not support any statement or implication that supervisors should make TCFD mandatory. On the other hand, it may be a valuable reference tool and should be accepted as one way by which insurers may report on climate risk.	Noted. This paragraph does not include any such statement.
<b>Q7 Comment on Section 1.2 SIF/IAIS action on climate risk</b>			
32. Canadian Institute of Actuaries	Canada	The CIA commends the SIF and the IAIS on the discussions and approaches being undertaken by its member supervisory agencies to elevate the issue of disclosure on the risks from climate change.	Noted.
33. VALIDOR	INDIA	NA	
34. APCIA	United States	In characterizing the U.S. participation in SIF, it is critical to note that many of our regulators have views not necessarily represented by California and Washington.	Noted.
<b>Q8 Comment on Paragraph 4</b>			
35. Global Federation of Insurance Associations	Global	Given that industry and supervisory collaboration will be fundamental in order to better understand and address climate risk, it would be highly beneficial if the Sustainable Insurance Forum (SIF) were to open itself up to at least the same stakeholder engagement and industry feedback as the IAIS. GFIA understands, for example, that consumer groups can currently attend SIF meetings but that industry groups cannot. At the same time it should be an IAIS goal to increase SIF jurisdictional membership or ideally for the SIF workstream to be eventually subsumed into a standard IAIS	This comment is out of scope for this Issues Paper.

			working group (i.e. participation from all jurisdictions). In addition, it would be helpful for SIF to engage in a structured discussion with GFIA in association with IAIS and GFIA's jointly-timed assemblies. This would allow for topics of mutual interest to be raised and discussed.	See also response to comment 26.
36. VALIDOR	INDIA		NA	
37. ICMIF	UK		Our comments to the 1st joint IAIS/SIF Issues Paper on Climate Risks to the Insurance Sector noted the challenges caused by the availability of data. We would like to reiterate what we believed then, i.e. for the IAIS to become a focal point and disseminator of best practices for its member-jurisdictions, with a view to facilitating the exchange of information between advanced to less advanced and emerging markets, in particular as regards disclosures, climate scenarios and stress testing.	Noted.
<b>Q9 Comment on Paragraph 5</b>				
38. Global Federation of Insurance Associations	Global		It would be relevant to mention the work of the Network for Greening the Financial System already at this stage of the paper.	This Paper discusses the TCFD recommendations, therefore it does not seem fit to introduce the NGFS already in the introduction.
39. VALIDOR	INDIA		NA	
40. ICMIF	UK		It is reassuring to know the 2018 Issues Paper was the catalyst for a greater understanding of climate related risks.	Noted.
<b>Q10 Comment on Section 1.3 Evolving supervisory interest in TCFD</b>				
41. Canadian Institute of Actuaries	Canada		As noted in Q2, the CIA supports a more immediate timeline to increase the implementation of the TCFD recommendations. Related to this issue is the need for more levels of government to work closely together to provide more robust data on extreme weather events (floods, wildfires, windstorms, etc.) arising from the risks of climate change. From the CIA's "Time to Act: Facing the Risks of a Changing Climate" public statement, it is clear that the insured losses related to these weather events represent only a fraction of the economic loss from the risks of climate change. More information is needed to enumerate the losses from business disruption, future investment income returns, operating expenses, infrastructure destruction, emergency room and hospitalization incidences, and increases in morbidity and mortality arising from extreme weather events.	Noted.

42. VALIDOR	INDIA	NA	
43. ICMIF	UK	As mentioned before, our federation supports the TCFD as a voluntary approach and aims to monitor the TCFD's aligned disclosures of some of our larger members to encourage medium-sized and small members to start. We would however like to stress that the framework is still very recent and therefore, probably needs more time to be known and understood in emerging economies but also in advanced ones.	Noted.
<b>Q11 Comment on Paragraph 6</b>			
44. Insurance Europe	Europe	<p>The IAIS recognises that it is not clear "whether quality data to accomplish the proposed disclosures is available". This is a crucial point and creates a substantial challenge to fundamental policy positions within the paper.</p> <p>The IAIS should better recognise the implications of limited data quality and availability of sustainability-related information throughout the Issues Paper. It is unclear whether the timeline for insurers' disclosure requirements will align with the timeline of disclosures from corporates and asset managers. The lack of quality data creates significant obstacles to the preparation of consistent public disclosures by insurers.</p> <p>The IAIS should also make it clear throughout the paper that insurers should retain discretion over how they fulfil their responsibilities on climate-related public disclosures, while recognising the importance of consistency and comparability of information. Insurance Europe suggests replacing the last sentence with the following: "In addition, there has been no analysis of whether the recommended disclosures in the TCFD should be revised or enhanced to [better] address the issues of the insurance business or whether quality data to accomplish the proposed disclosure is available [without undermining the flexibility of disclosure.]"</p>	Included "better". The other change was not made as it has been made clear in section 1 already that the TCFD recommendations are voluntary.
45. Global Federation of Insurance Associations	Global	On the last sentence of the paragraph, GFIA would like to highlight that the TCFD recommendations already contain specific guidance for asset owners and insurance companies. As pointed out by the IAIS, it is not clear whether quality data to accomplish the proposed disclosures is available. The IAIS should better recognise the implications of limited data quality and availability throughout the Issues Paper. It is unclear whether the timeline for expectations of insurers' disclosure requirements will align with expectations of corporates, as well as asset managers.	Change was made, as the Paper already discusses at various points the importance of data quality and availability.
46. VALIDOR	INDIA	NA	

47. ICMIF	UK		The lack of a comprehensive climate risk awareness across the insurance sector and the great variance between the sector's disclosure practices across market segments do not help convincing smaller to medium sized members they should adopt the TCFD reporting framework. Furthermore, the lack of certainty on whether the framework will be revised, the poor quality of data and the uncertainty about whether it will ever be comparable across jurisdictions constitutes another obstacle for broad adoption.	Noted.
<b>Q12 Comment on Paragraph 7</b>				
48. Canadian Institute of Actuaries	Canada		The CIA agrees with the proposal that the supervisors, via the IAIS, should take the lead in developing more information on climate risk that can be of use to insurance companies.	Noted.
49. VALIDOR	INDIA		NA	
50. General Insurance Association of Japan	Japan		At this stage, it is rather premature to assert, "recognising that supervisors are questioning whether market-led action alone will deliver the necessary transformation". Therefore, this sentence should be deleted.	It is a fact that some supervisors "are questioning whether market-led action alone will deliver the necessary transformation". So added "some" to make it clear that it may not be all supervisors.
<b>Q13 Comment on Section 1.4 Objectives of this paper</b>				
51. VALIDOR	INDIA		NA	
<b>Q14 Comment on Paragraph 8</b>				
53. Canadian Institute of Actuaries	Canada		The CIA appreciates that this document is "...meant to be descriptive and is not intended to create supervisory expectations." However, the paper also recognizes that practices are evolving with respect to the financial impacts of climate change. We recommend that the IAIS work with associated experts to direct a coordinated effort for this development. This would include supervisors, actuaries (via the IAA for modelling and assumption development), and accountants (via the IASB and IFRS17). Consistency between jurisdictions, between different accounting models, and public financial disclosure requirements is necessary to have public disclosures accepted by both supervisors and the public financial community.	The IAIS started work on developing an Application Paper that will also deal with issues related to disclosure.

54. Global Federation of Insurance Associations	Global		If further material is developed, it should not overlap nor add further measures to existing supervisory tools on climate. GFIA wishes to highlight the wide variety of existing practices and tools across jurisdictions. Some regulators and supervisors have significant tools to review and analyse insurer understanding and preparation for climate risk. Different levels of climate disclosure obligation can be noticed around globe.	Noted.
55. VALIDOR	INDIA		NA	
56. Swiss Re	Switzerl and		We suggest that at the current stage regulators and industry participants should foster dialogue regarding good practices. There should be neither regulatory intervention nor intention to develop regulatory expectations at this stage. We see it as a good practice to start disclosing climate-related risks and opportunities across jurisdictions with material climate-related risk exposures.	Noted.
57. ICMIF	UK		We believe an Application Paper would be a positive outcome provided it does not add an additional layer of climate disclosure requirements.	Noted.
58. American Academy of Actuaries	United States		To support the US National Association of Insurance Commissioners (NAIC) in analysing and improving disclosures within the US, the ERM/ORSA Committee of the American Academy of Actuaries is undertaking a research project lasting approximately 12 months and in two stages: in the first stage, we are working with the NAIC to analyse the responses provided to the most recent NAIC Climate Risk Disclosure Survey; in the second stage, based in part on the results of the first stage, we will be assessing information which is not being provided by most companies in response to the current NAIC survey, but which would be provided if the Financial Stability Board's TCFD guidelines were being followed. We believe the work we're doing to support the NAIC will also help the IAIS in the development of additional material.	Noted. For the upcoming Application Paper, the SIF and IAIS are also considering how to involve stakeholders early on.
59. National Association of Insurance Commissioners (NAIC)	USA, NAIC		In the fifth sentence, it is not clear what or who these "coalitions" are; suggest rewording with the same intention to: "...both within individual jurisdictions and through collective activities,..."	Change made.
<b>Q15 Comment on Section 1.5 Inputs for this paper</b>				
60. VALIDOR	INDIA		NA	
<b>Q16 Comment on Paragraph 9</b>				

61. VALIDOR	INDIA	NA	
<b>Q17 Comment on Section 1.6 Structure of this paper</b>			
62. VALIDOR	INDIA	NA	
<b>Q18 Comment on Paragraph 10</b>			
63. VALIDOR	INDIA	NA	
<b>Q19 Comment on Section 2 Climate risk and insurance supervision: relevance of the TCFD Framework</b>			
64. VALIDOR	INDIA	NA	
<b>Q20 Comment on Paragraph 11</b>			
66. Canadian Institute of Actuaries	Canada	The "physical risks" mentioned relate mostly to non-life insurance companies. A prime risk for long-term life insurance is the effect on policy liabilities from changes in the future investment returns due to climate change.	Noted.
67. Global Federation of Insurance Associations	Global	GFIA suggests adding in this paragraph a sentence highlighting the actions already undertaken by insurers. GFIA suggests adding as follows "Over the past years, the insurance industry across the globe has had a proactive approach in addressing climate change. Insurers are already starting to take into account climate criteria in their investment strategies".	See paragraph 44.
68. VALIDOR	INDIA	NA	
69. Swiss Re	Switzerland and	While physical risks are mainly NatCat related, we do not observe an increase in frequency in the capital relevant events such as tropical cyclones and winter storms in Europe. The strongest storms might become even stronger but likely less frequent. For flood, heavy precipitation events, droughts, heatwaves and wildfire (or companies' secondary perils) we see an impact on companies' earnings but from our perspective there is no concern regarding financial system stability as outlined in the paper.	Noted.



70. ICMIF	UK	We agree that insurance is of critical importance for the economy and we note that many developments are currently taking place around climate change, including the behaviour of consumers, policyholders and the general public. All these developments are likely to have an impact on the business of insurance.	Noted.
71. APCIA	United States	As liability risk has not been established in many jurisdictions, IAIS should refrain from raising this issue.	Noted.
<b>Q21 Comment on Section 2.1 Climate risks and responses in the insurance sector</b>			
72. Global Federation of Insurance Associations	Global	GFIA recognises the IAIS plans to develop an Application Paper for supervisors on climate risks (covering ERM, investments, governance and disclosures) in 2020. This will facilitate supervisory coordination across jurisdictions and constructive engagement with the stakeholders, which will avoid duplicative or contradictory standards between jurisdictions and will also facilitate insurers assessment of material climate risks.	Noted.
73. American Academy of Actuaries	United States	The American Academy of Actuaries has produced two indices which add to our understanding of changes in climate risk and the losses associated with those changes. The Actuaries Climate Index ( <a href="http://www.actuariesclimateindex.org">http://www.actuariesclimateindex.org</a> ), the result of collaboration with three other North American actuarial associations, documents in an objective, retrospective method changes in the frequency of extreme events in the U.S. and Canada—both for the countries as a whole and for 12 regions within the two countries. The index combines six different indicators and shows a clear increase in extreme weather and hydrologic activity since 1990. In Actuaries Climate Risk Index: Preliminary Findings ( <a href="https://www.actuary.org/sites/default/files/2020-01/ACRI.pdf">https://www.actuary.org/sites/default/files/2020-01/ACRI.pdf</a> ), just published by the Academy, extreme weather is correlated with property losses. Based on these correlations, excess losses are defined that estimate the losses due to changes in climate risk, controlling for changes in risk exposure. While version 1.0 is only estimated for the U.S., and reflects substantial uncertainty, version 2.0 is expected to include Canada, reduce uncertainty, provide more granular, robust results, and extend the analysis to lives lost, injuries, and crop losses as well. The current best estimate of approximately \$1 billion (US) per year in losses due to changes in extreme weather are the first of their kind, and broadly consistent with the Intergovernmental Panel on Climate Change (IPCC) estimation that most of the increase in weather-related losses are due to increases in risk exposure.	Noted.
<b>Q22 Comment on Section 2.1.1 Recent developments in climate science</b>			
74. Canadian Institute of Actuaries	Canada	This section is well developed and outlines the key risks from climate change in good detail.	Noted.

Q23 Comment on Paragraph 12			
75. APCIA	United States	APCIA notes with approval the sentence: "Going forward, future climate-related risks and their physical and economic impacts will depend on the rate and ultimate level of warming, and how these changes manifest into environmental impacts." This is a major reason why we support a flexible non-mandatory approach to supervision and application of the TCFD work.	Noted.
Q24 Comment on Paragraph 13			
76. Institute and Faculty of Actuaries	United Kingdom	<p>We agree that in its capacity as a risk manager, risk carrier and investor, the insurance sector plays a critical role in the management of physical and transition climate risks. We also agree that through its core actuarial function, the insurance sector is perhaps the best-placed within the financial sector to understand the pricing of climate risks. We also agree that insurers are responding to climate risks through changes to underwriting and investment practices, which may pose implications for affordability and availability of insurance in high-risk areas.</p> <p>However, we would also want to note that the insurance industry and supervisors will need to develop an understanding and approach beyond the pricing of shorter term physical risk aspects as would be manifested in Property and Casualty business. The implications for life insurance business, both in terms of demographic risks (mortality, morbidity and health), as well as in terms of long term investment are important and supervisory developments must consider and incorporate these.</p>	Noted.
Q25 Comment on Section 2.1.2 Industry responses			
77. ICMIF	UK	<p>Climate risk is likely to materialise over the course of many years and possibly decades. Assumptions must be made regarding the behaviour of consumers, on the technological innovations, etc. This will be very challenging, and the resulting outcome could be very diverse. We believe it is essential that jurisdictions develop physical impact scenarios, consistent with latest research for the main risk events (e.g. flood, heatwaves, sea level rise...) so that insurers can assess their own risk exposure starting from a common framework.</p> <p>Physical risks are at the core of all insurance activities. If these risks become too great for the sector to cover, reinsurance or other risk mitigating measures should be considered.</p> <p>Transition risks constitute however a very intangible risk type, thus very difficult to substantiate.</p>	Noted.
78. APCIA	United States	We ask for the addition of the statement as proposed in Q3, above	Noted.
Q26 Comment on Paragraph 14			

79. International Actuarial Association	Internati onal	<p>The IAA welcomes the reference to the actuarial function and its important role in the insurance sector. As noted in the Issues Paper, "Through its core actuarial function, the insurance sector is perhaps the most well-versed part of the financial sector in understanding the pricing of climate risks". However, as noted by the Issues Paper significant differences in awareness of TCFD exist in the insurance sector.</p> <p>One of the most important missions of the IAA is to provide advice useful to supranational organizations such as the IAIS that helps such stakeholders in their well-informed and well-founded decision making. The IAA is planning its engagement in various climate risk related activities in 2020 and beyond including giving advice stemming from such activities to relevant stakeholders on a global level, including the IAIS. Through these initiatives, the IAA expects to contribute to the global efforts to further identify, measure and manage climate risks.</p> <p>A key issue affecting financial institutions, including insurers, is the need to identify, develop and reach consensus with key stakeholders regarding relevant climate scenarios to be used for governance and risk management purposes. In turn the high-level assumptions of such scenarios (e.g., temperatures, rainfall patterns, sea levels etc.) require translation into both business model and financial impacts on the balance sheet. Some efforts to support this issue have been undertaken (such as the work being conducted by the North American and Australian actuarial associations in the development of their Actuaries Climate Indices), but far more is needed. The IAA believes that contributions in this field are one way in which the actuarial profession can assist both the IAIS (through the SIF) and the TCFD by enabling companies to effectively respond to the demands of the TCFD reporting methodology.</p>	The suggestion goes beyond the scope of an Issues Paper.
80. General Insurance Association of Japan	Japan	Despite the statement that reads, "However, there are significant differences in awareness of climate risk (and views on materiality) across the insurance sector", we are of the opinion that the insurance sector is sufficiently aware of climate risk. In addition, the statement is incongruous with "relatively high levels of awareness of climate change risk" in paragraph 39. As such, the sentences after "However..." should be deleted.	Disagree – the statement was within the context of the survey.
81. APCIA	United States	See our comment in Q25 above.	Noted.
<b>Q27 Comment on Paragraph 15</b>			
82. International	Internati onal	The statement that "Climate-driven events have been a factor in some insurer insolvencies" has only one incident cited to support the statement. It is important to understand the underlying causes of this insolvency. Some believe that the incident cited was more the result of poor risk management on	Revised language.

Actuarial Association		the part of the insurer, and decades of mismanagement on the part of the local utility. For this reason, it would be beneficial to be able to cite the underlying causes for this failure as well as additional incidents to support the quoted statement.	
83. The Geneva Association	International	<p>While we agree that affordability and availability of insurance in high-risk areas may become a problem, the use of risk-based pricing and indeed ever more granular risk-based pricing may be what is needed to accelerate adaption and mitigation efforts by incentivizing better decision-making and better behaviours on the part of individuals, businesses and governments.</p> <p>We would ask for more concrete citations supporting the assertion that "climate-driven events have been a factor in some insurer insolvencies".</p>	<p>Noted.</p> <p>Revised language.</p>
84. General Insurance Association of Japan	Japan	<p>As insurers not only underwrite, invest, and offer loans, but also engage with customers and society, we propose adding "Insurers are responding to climate risks through various measures such as changes to underwriting and investment practices, and through engagement with customers and society through climate policy" to the paragraph.</p> <p>Moreover, the Japanese insurance sector is of the opinion that constructive dialogues are more important than divestment to further create positive momentum toward energy transition and the development of new innovations.</p>	Noted.
85. Swiss Re	Switzerland and	The attribution of climate-driven events to insolvencies seems premature to us. The referenced Californian insolvency may also be caused by underestimation of accumulation risk. Therefore, we propose to delete the second sentence of para 15.	Revised language.
86. ICMIF	UK	We agree that affordability and availability of insurance in certain high-risk areas may become an issue and hope that access to relevant expertise and data will be available and affordable for all insurers, regardless of their size.	Noted.
87. American Academy of Actuaries	United States	Climate-driven events may have contributed to difficulties, including insolvencies, for some insurers, but not all of the associated financial losses are attributable to changes in climate risk. As emphasized in Actuaries Climate Risk Index: Preliminary Findings, as well as in the recent American Academy of Actuaries paper on wildfires, Wildfire: An Issue Paper ( <a href="https://www.actuary.org/sites/default/files/2019-06/Wildfire.IssuePaper_0.pdf">https://www.actuary.org/sites/default/files/2019-06/Wildfire.IssuePaper_0.pdf</a> ), increasing losses due to climate-related events may be due at least as much if not more to increasing population and development in areas subject to extreme events compared to that which is due to increases in the frequency or severity of extreme weather events.	Revised language.

88. APCIA	United States	<p>After "Insurers are responding to climate risks through changes in underwriting and investment practices.", we urge the addition of the following sentences: "The observed underwriting changes reflect the industry's evolving view of the cost of insuring properties in areas vulnerable to natural disasters thus communicating the climate-related financial costs that property owners' decisions have on their risk profile and insurance premiums. These same cost-based pricing and underwriting decisions that may affect affordability are essential for insurers' solvency and participation by insurers in these markets."</p> <p>The use of risk-based pricing and indeed ever more granular risk-based pricing may be what is needed to accelerate adaption and mitigation efforts by incentivizing better decision-making and better behaviours on the part of individuals. We note the fact that increased exposures over recent decades are primarily due to population growth and development as opposed to simply the impact of climate change; therefore, better decisions around land use, real-estate development, building codes, etc. could significantly contribute to resiliency. In particular, there has been rapid growth in coastal population, suburban growth next to forests etc., which have increased the hurricane and wildfire risk. By the same token, rapid urbanization and landscape change have increased flood and other catastrophe risk aggregations. Globalization has inadvertently exposed supply chains to a wider range of (often less) understood catastrophes).</p> <p>While it may well be true in the future, we would ask for more concrete citations supporting the assertion that "climate-driven events have been a factor in some insurer insolvencies".</p>	<p>Noted. The IAIS will be reflecting on these issues in future work.</p> <p>Revised language on attribution of failures.</p>
<b>Q28 Comment on Section 2.2 Recent supervisory developments</b>			
<b>Q29 Comment on Paragraph 16</b>			
<b>Q30 Comment on Paragraph 17</b>			
<b>Q31 Comment on Paragraph 18</b>			
89. Global Federation of Insurance Associations	Global	<p>GFIA notes the Question Bank process to be an example of how supervisors and regulators can collaboratively work together, using existing regulatory tools and structures, to understand insurer exposures to climate risk.</p>	Noted.
90. International Actuarial Association	International	<p>The IAA welcomes the development of this Question Bank on climate risks as this would be a direct tool to be used by supervisors in order to evaluate the resilience of the industry under their jurisdiction.</p>	Noted.

91. ICMIF	UK		We shall be looking forward to receiving the SIF's Question Bank.	Noted.
92. APCIA	United States		It is critical to ultimate success for any coalition of supervisors to engage with the industry through on-going dialogue. APCIA requests such on-going dialogue.	Noted.
93. National Association of Insurance Commissioners (NAIC)	USA, NAIC		In the first sentence, it is not clear what or who these "coalitions" are; suggest rewording with the same intention to: "Supervisors collectively are developing..."	Revised language.
<b>Q32 Comment on Paragraph 19</b>				
94. Global Federation of Insurance Associations	Global		It would be helpful to have an opportunity to comment on the NGFS Guide before it is finalised to help assure the effectiveness of the Guide.	Noted, but this is not the role of the IAIS to comment on.
95. International Actuarial Association	International		The IAA would welcome an opportunity to provide input to the development of the NGFS Supervisory Guide scheduled for an April 2020 release.	See response to comment 94.
96. ICMIF	UK		Will this Guide be subject to consultation?	See response to comment 94.
98. APCIA	United States		It would be helpful to have on-going consultation with insurers with regard to any future NGFS activities.	See response to comment 94.
<b>Q33 Comment on Paragraph 20</b>				
99. Canadian Institute of Actuaries	Canada		It is good to know that the IAIS has classified climate risk as an important emerging risk in its five-year strategic plan. It is also a good first step for the IAIS to develop its application paper in 2020 on how supervisors intend to examine enterprise risk management (ERM), investment, governance and disclosures by insurers in light of climate risk trends and developments. The CIA would look forward to working with its IAA partners to assist the IAIS in this endeavour.	Noted.
100. Insurance Europe	Europe		Insurance Europe welcomes the IAIS plans to develop an Application Paper for supervisors on climate risks (covering ERM, investments, governance and disclosures) in 2020. It is crucial that policy divergence between jurisdictions is avoided where possible, to ensure a coordinated approach	Noted.

		reflecting the cross-border nature of climate-related risks. This will avoid duplicative or contradictory standards between jurisdictions. Care should be taken to avoid overlaps between any new requirements and already existing requirements that ultimately satisfy the same objective.	
101. Global Federation of Insurance Associations	Global	GFIA would be grateful to be able to participate in a detailed stakeholder discussion session with IAIS before an Application Paper is drafted and approved for consultation.	Noted.
102. The Geneva Association	International	Reference is made to Enterprise Risk Management in par. 20 and to ICPs in general in par. 23. We support integrating climate-related risks into ERM (ICP8) but not for solvency purposes (ICP16). We urge the IAIS to make this distinction clear.	Noted.
103. Swiss Re	Switzerland	Reference is made to Enterprise Risk Management in para 20 and to ICPs in general in para 23. We support integrating climate-related risks as part of ICP 8 (Risk Management and Internal Controls) but not under ICP 16 (Enterprise Risk Management for Solvency Purposes). We recommend the IAIS to make this distinction clear.	Noted.
104. ICMIF	UK	We could provide the IAIS with some examples on how some of our members are adapting their governance, risk management, strategy and metrics and targets according to the TCFD.	Noted. This may be considered in the Application paper.
106. APCIA	United States	We request an opportunity to have a detailed stakeholder discussion session with IAIS before an Application or an Issues Paper is drafted and approved for consultation.	Noted.
<b>Q34 Comment on Paragraph 21</b>			
<b>Q35 Comment on Paragraph 22</b>			
107. Global Federation of Insurance Associations	Global	In relation to the Financial Stability Institute's (FSI) and SIF Insights paper on stress testing, GFIA supports the use of scenario analysis as a useful way to measure climate risks. GFIA would however note that initially scenario analysis is likely to be more qualitative than quantitative.	Noted.
<b>Q36 Comment on Section 2.3 Relevance of the TCFD to IAIS supervisory material</b>			
108. Insurance Europe	Europe	Climate change is a global problem and so benchmarking good practices between supervisors internationally is clearly a necessity. Insurance Europe welcomes the fact that the IAIS sees various Insurance Core Principles (ICPs) as the mechanism by which TCFD recommendations could be implemented, since this could be an effective way of ensuring minimum standards globally.	Noted. This may be considered in the Application Paper.

		<p>Insurance Europe agrees that the wording of ICP 20 suggests that climate risks and TCFD recommendations are highly relevant to this principle and that climate-related information should therefore be within its scope. Insurance Europe also supports the incorporation of financial risks due to climate change into ICP 7 (corporate governance), including Board oversight and the broader management's role in assessing and managing climate-related risks and opportunities. In addition, it supports the incorporation of financial risks from climate change into ICPs 8 (Risk Management and Internal Controls), 9 (Supervisory Review) and 16 (ERM and Solvency).</p> <p>Explicit references to sustainability in the ICPs will help strengthen the integration of sustainability risks in a consistent and efficient manner to the benefit of policyholders. In particular, insurers should pay particular attention to financially material climate-related risks that have a high potential to affect the balance sheet of the insurance company.</p> <p>In addition, supervisors' efforts to encourage insurers to make climate-risk disclosures in line with ICP 20 are supported, provided that TCFD recommendations remain voluntary and do not become an informal layer of duplicative disclosures on top of existing regulatory disclosures and tools already available in a given jurisdiction to deal with climate-related risks, eg with respect to the governance, actuarial and risk management functions. Therefore, Insurance Europe suggests adding a clear reference that implementation of TCFD recommendations through ICPs is aimed to encourage voluntary disclosures, rather than laying down the basis for future additional regulatory obligations.</p>	
109. International Actuarial Association	International	<p>The IAA is supportive of the direction taken in Section 2.3. The IAA can be of assistance by identifying relevant actuarial aspects of TCFD that require consideration within the ICP's. Already underway within the IAA and in cooperation with our Full Member Associations is a review of actuarial practices involved in incorporating climate risk in an ORSA report.</p> <p>Part of the challenge in identifying relevant actuarial aspects of TCFD relates to the difficulties in translating high level global climate change scenarios spanning decades into more detailed actionable ones that can be used by insurers in their risk management processes (e.g., including ORSA). Such translation may include the mapping of global environmental change to the location of the insurance risks (e.g., especially important for non-life risks if they are located in flood, drought, fire prone areas). Climate change may well impact geographies differently and those geographies may have different capacities for resilience. Another translation challenge may relate to the need to distinguish between the scenario projection period (i.e., global climate scenarios tend to encompass a few decades) and the impacts to be recognized within the typically much shorter forecast periods typical of financial condition testing such as ORSA.</p>	Noted.



<b>Q37 Comment on Paragraph 23</b>				
110. The Geneva Association	International		Reference is made to Enterprise Risk Management in par. 20 and to ICPs in general in par. 23. We support integrating climate-related risks into ERM (ICP8) but not for solvency purposes (ICP16). We urge the IAIS to make this distinction clear.	Noted.
111. Swiss Re	Switzerland		Reference is made to Enterprise Risk Management in para 20 and to ICPs in general in para 23. We support integrating climate-related risks as part of ICP 8 (Risk Management and Internal Controls) but not under ICP 16 (Enterprise Risk Management for Solvency Purposes). We recommend the IAIS to make this distinction clear.	Noted.
<b>Q38 Comment on Paragraph 24</b>				
<b>Q39 Comment on Paragraph 25</b>				
112. Canadian Institute of Actuaries	Canada		Related to the earlier comment on requiring mandatory TCFD disclosure, ICP 20 (Public Disclosure) can be strengthened by increasing the pace at which insurers publicly disclose their risks from climate change as per the TCFD framework.	Noted.
113. Swiss Re	Switzerland		With regard to ICP 20 (Public Disclosure) we recommend the IAIS to put emphasis on those disclosures which help investors and further stakeholders to use TCFD related information for decision making across all the four TCFD recommendation pillars (governance, strategy, risk management, metrics and targets). For this, further exchange among private sector participants and investors over the next years is key.	Noted.
114. APCA	United States		We specifically call attention to the standard of "materiality" in ICP 20 that should be retained and that should be understood to mean materiality to the particular company. In addition, public disclosure should be considered in the context of protecting appropriate information under confidentiality laws.	Noted.
<b>Q40 Comment on Paragraph 26</b>				
115. Swiss Re	Switzerland		With regard to ICP 20 (Public Disclosure) we recommend the IAIS to put emphasis on those disclosures which help investors and further stakeholders to use TCFD related information for decision making across all the four TCFD recommendation pillars (governance, strategy, risk management, metrics and targets). For this, further exchange among private sector participants and investors over the next years is key.	Noted.

<b>Q41 Comment on Paragraph 27</b>			
116. Global Federation of Insurance Associations	Global	GFIA acknowledges that TCFD voluntary disclosure is appropriate under ICP 20 when the climate risk is material. This may thus vary according to insurers' activities. In addition, the IAIS should better recognise the implications of limited data quality and availability on emissions throughout the Issues Paper. It is vital for the IAIS to engage with stakeholders to discuss the feasibility of the disclosures on their investments and underwriting in terms of expected quality and data. In fact, it is unclear not only whether the timeline for expectations of insurers' disclosure requirements will align with expectations of corporates, as well as asset managers, but also how comparability of information will be affected.	Noted.
117. American Academy of Actuaries	United States	The American Academy of Actuaries' research may prove useful to supervisors in assessing how best to use TCFD guidelines. The research and analysis of the current National Association of Insurance Commissioners (NAIC) Disclosure Survey will consider whether many companies are already addressing all of the major issues (not including the scenario analysis) in the TCFD guidelines in their narrative responses to the broad questions currently asked. Depending on the answer to this question, the Academy may propose additional questions or instructions addressing the TCFD topics not currently being addressed.	Noted.
118. APCA	United States	We are concerned that the current language strongly implies that the TCFD work is the way to apply ICP 20. We respectfully disagree. It may be appropriate for some companies in some jurisdictions but not for others. TCFD should be accepted as one adequate way to apply ICP 20, especially in jurisdictions where no other climate-related financial disclosures are mandated and standardized by another regulatory body. But supervisors should not make companies use TCFD to comply with ICP 20 especially if some other regulatory body has already instructed insurers how to make similar disclosures.	Noted.
<b>Q42 Comment on Section 3 Assessing TCFD implementation and climate risk disclosure within the insurance industry</b>			
119. Insurance Europe	Europe	<p>Insurance Europe supports TCFD implementation. Further regulatory support is needed to enhance the quantity and quality of ESG data available in the wider financial system. It is important that implementation through the ICPs is not overly prescriptive and allows discretion to ensure that the presentation of information is suitable for its intended users, while recognising the importance of consistency and comparability of approaches. Implementation through the ICPs should support consistent and comparable climate disclosures across jurisdictions.</p> <p>Insurance Europe encourages the IAIS to consider how climate change will have an impact on the different types of insurance undertakings with different timeframes for physical and transition risks.</p>	Issues relating to data availability are addressed throughout the paper.

		Furthermore, as noted above, the IAIS should consider the implications of limited data quality and availability on sustainability considerations throughout the Issues Paper.	
<b>Q43 Comment on Paragraph 28</b>			
<b>Q44 Comment on Paragraph 29</b>			
<b>Q45 Comment on Paragraph 30</b>			
<b>Q46 Comment on Section 3.1 Results of the SIF Survey on TCFD Implementation</b>			
<b>Q47 Comment on Paragraph 31</b>			
120. Canadian Institute of Actuaries	Canada	The information in Figure 1 would be more useful if the effects could be shown separately for life insurance and non-life insurance.	Requested amendment is not possible due to differences in survey data across jurisdictions.
121. Insurance Europe	Europe	The result of the SIF survey should be disclosed to stakeholders, which in turn should have the opportunity to engage with the SIF. Indeed, this paper relies heavily on the SIF survey results, and on its implications, though none of these pieces of work have been disclosed. The IAIS should also consider other sustainability-related initiatives, similar to the TCFD, so that other perspectives not captured in the focused survey are reflected.	The aggregate results of the SIF survey will not be publicly disclosed considering differences in application across participating jurisdictions, and data sensitivities in certain jurisdictions.  See paragraph 44.
<b>Q48 Comment on Section 3.1.1 Understanding climate change</b>			
<b>Q49 Comment on Paragraph 32</b>			
123. International Actuarial Association	Internati onal	The reported survey results appear to be mostly focused on broad global trends. More useful analysis would point out which jurisdictions and/or products had the greatest expected impact, and which had the least. Knowing the characteristics that lead to greater impact would be more useful than relying on broad averages. The IAA could be of assistance in fine tuning future surveys to deliver greater value and understanding of the risk dynamics.	Noted. Due to differences in underlying survey data and application strategies across participating jurisdictions, it is not possible to provide further insights on geographic or business-related differences.

124. Swiss Re	Switzerland and	First sub-bullet: It is important to note that the main driver for higher losses for climate-related natural catastrophe events is a higher number of assets in exposed areas, which is, among other things, related to urbanization in coastal areas. Climate change is one additional factor but not the main driver.	Noted. Issue of urbanization and implications for climate-related vulnerabilities covered in 2018 Issues Paper.
125. American Academy of Actuaries	United States	Given survey respondents' concerns reported in this IAIS white paper both with accessibility of risk transfer mechanisms such as reinsurance and catastrophe bonds, and with the general stability of the insurance sector (in which transfer mechanisms play an important role during extreme events), the American Academy of Actuaries will be examining the extent to which regulators should pay closer attention to reinsurers' disclosures around its risk appetites, tolerances, and limits for extreme events in its analysis of the NAIC Climate Risk Disclosures survey responses.	Noted.
<b>Q50 Comment on Paragraph 33</b>			
126. APCIA	United States	Depending on their business models, climate change may impact insurers as weather patterns and sea-levels continue to change. However, these impacts may not be relevant or material to the matter of solvency, which is the insurance regulator's primary concern. This supports our position that TCFD or similar disclosures should not be required by insurance regulators unless the risks are material to their primary regulatory duty.	Noted. Supervisors and regulators may have other mandates to consider a wider range of objectives than purely focusing on micro-prudential solvency.
<b>Q51 Comment on Paragraph 34</b>			
127. International Actuarial Association	International	The IAA notes with concern the last sentence of this paragraph which states, "Insurers that report they do not expect to be affected by climate change in any respect are predominately life insurers." While this may be due to insufficient awareness of climate risks (as noted by the Survey), the IAA expects that life insurers would be subject to the same categories of climate risk as were noted in paragraphs 32 and 33. However, an individual insurer's exposure to such categories of risk will vary based on factors such as the nature of the products sold (e.g., life vs non-life), the nature of the assets held and the time horizon being considered. While climate risks may be seen to have a greater impact on a non-life insurer's potential claims or business model, life insurers may experience noticeable impacts to their investment portfolio and potentially even their future claim costs, depending on the specifics of the climate risk scenario.	Noted.
128. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Suggest some minor changes to be clearer that this paragraph is describing the results of the survey: "The majority of insurers surveyed that expect to be affected by climate change were non-life insurers, primarily those concerned with risks to underwriting liabilities, with some life insurers primarily concerned with investment activities. Insurers that reported they do not expect to be affected by climate change in any respect were predominately life insurers."	Revised language.

<b>Q52 Comment on Section 3.1.2 TCFD awareness and implementation</b>			
129. Insurance Europe	Europe	At present, there is an unfortunate and distinct lack of consistent market data on ESG criteria for insurers to use in their assessment of the financial risks associated with climate change. It is therefore important that TCFD recommendations are applied across the financial system including, for example, to fund managers. The IAIS should therefore work as collaboratively as possible, likely through FSB coordination, with supervisors and regulators of other financial market institutions.	Noted.
130. International Actuarial Association	International	The IAA notes the various impediments to TCFD awareness and implementation noted in this section of the Issues Paper. The IAA believes it can be of assistance in gathering jurisdictional best practices on actuarial aspects of TCFD disclosure to support the development of international actuarial principles and frameworks for climate risk disclosure as well as providing a forum for actuarial discussion of these disclosures. Given the importance of climate risk generally and TCFD specifically, the IAA expects there to be rapid growth and experimentation in TCFD disclosures in the coming years.	Noted.
<b>Q53 Comment on Paragraph 35</b>			
132. General Insurance Association of Japan	Japan	The statement "This stems from differences in regulatory requirements relating to climate change risk disclosure" does not seem to be presented with sufficient rationale. As analysis that is not based on objective data may not necessarily describe facts in an appropriate way, the statement after "This..." should be deleted.	Revised language.
133. American Academy of Actuaries	United States	The American Academy of Actuaries' ERM/ORSA Committee believes guidance around disclosures should endeavour to avoid duplicative disclosures, or at least allow insurers to refer to a single document, where possible.	Revised language.
134. APCIA	United States	In our view, the differences in disclosure also reflect the fact that not all risks are material to all insurers. A company is in the best position to understand its most material risks and determine the appropriate way to communicate those risks to regulators.	Revised language.
<b>Q54 Comment on Paragraph 36</b>			
135. Global Federation of Insurance Associations	Global	The differences in disclosure also reflect the fact that not all risks are material to all insurers. A company is in the best position to understand its most material risks.	See response to comment 134.

137. APCA	United States	The demands and degree of complexity faced by groups will be reduced to the extent that legal entities are asked to run the same, or substantially the same, in the case of climate stress tests.	Noted.
<b>Q55 Comment on Paragraph 37</b>			
138. Insurance Europe	Europe	Insurance Europe believes that supplementary guidance for insurance companies may need to be refined in order to better reflect the specific characteristics of the insurance business and to ensure disclosed information will not deliver wrong or misleading messages.	Noted.
139. Global Federation of Insurance Associations	Global	In GFIA's view, supplementary guidance for insurance companies may need to be refined not only in order to better meet the specifics of the insurance business, but also in order to take into account the business-sensitivity of some Key Performance Indicators contained in the guidance.	Noted.
140. ICMIF	UK	We would also like to ask for supplementary guidance on how to report according to the TCFD principles. We would value having some key performance indicators specifically designed for insurance.	Noted.
141. American Academy of Actuaries	United States	<p>The issue of how to increase the availability of consistent disclosures of climate risk is an important one, which the American Academy of Actuaries may be better able to address in the US at the conclusion of the first phase of the upcoming research project. Two of the most salient known relevant facts are:</p> <p>1) While only six states require participation in the NAIC Climate Disclosure Survey, the participating companies account for more than 70% of the market (in terms of premiums received).</p> <p>2) While approximately 80% of the market in Property and Casualty insurance and Life insurance is included in the responses, less than 40% of Health insurance is included.</p> <p>Even before knowing how much of the information required by the TCFD Guidelines is absent from the current NAIC Survey responses, there are several options for increasing the consistency of reporting, only one of which would be to press for adoption of the TCFD guidelines as the basis for disclosures. Another possibility would be to focus on expanding the number of states which require participation, likely expanding the reach of the disclosures to more, smaller insurers. Still another possibility would be to focus on health insurer participation specifically. Which of these should be the highest priority may be a finding associated with the results from the research project.</p>	Noted.
142. APCA	United States	Perhaps as an extension of this paragraph, we would also suggest that supervisors consider providing guidance to elucidate what a "good" TCFD report (by an insurer) should look like. What are some best practices insurers ought to consider when issuing a TCFD? Current TCFD standards and guidance provide a great deal of discretion. Furthermore, the industry would benefit from additional guidance on how to address life insurance-related climate-related risks within the TCFD, which	Revised language in paragraph 44.

		received little to no attention relative to general insurance in the original framework.	
<b>Q56 Comment on Paragraph 38</b>			
143. ICMIF	UK	Our internal survey also indicates TCFD recommendations are best known in developed economies.	Revised language.
<b>Q57 Comment on Paragraph 39</b>			
144. Canadian Institute of Actuaries	Canada	While current plans by insurers to disclose climate-related risks according to the TCFD are low (20%), this figure will rise if there is a more immediate timeline put in place by the IAIS and the national supervisory bodies to require disclosure according to the TCFD framework.	Noted.
145. Insurance Europe	Europe	<p>Insurance Europe notes that the paper compares insurers' awareness of climate change as a risk to insurers' actions to deal with it as proxied by the implementation of the TCFD recommendations. While Insurance Europe supports TCFD recommendations to promote information about climate-related risks and opportunities, it highlights that their implementation is not the only way for insurers to take actions to tackle climate change. In general, given the uncertainties in this area, European insurers make use of a number of good practices based on flexible, high-level principles that do not always fall under the TCFD recommendations, for example the United Nations Global Compact, the Carbon Disclosure report, ClimateWise Principles, UN Environment Programme - Finance Initiative, etc.</p> <p>In addition, Insurance Europe notes that the lack of materiality of climate risk will be the reason why undertakings do not explicitly disclose information about climate-change risks in their activities, including the nature of the insurance business (short duration of non-life contracts and ability to reprice them).</p>	Noted.
<b>Q58 Comment on Paragraph 40</b>			
146. ICMIF	UK	We slightly disagree with the wording of this paragraph as some of our members applying the TCFD are medium sized insurers compared to the world's largest.	Revised language.
<b>Q59 Comment on Paragraph 41</b>			
147. General Insurance	Japan	Although this paragraph suggests that the disparity between large and small insurers is due to "resource requirements", we think that "whether or not the necessary resources can be secured"	Revised language.

Association of Japan		explains the cause more accurately. Therefore, we propose revising "considering the resource requirements of climate risk assessment" to "considering whether or not the necessary resources can be secured to assess climate risk".	
148. Glasgow Caledonian University	United Kingdom	<p>Whereas, climate risk will cause changes in longevity, mortality and morbidity trends (IAA, 2017; IFOA, 2017; Mitchell et al., 2018). Therefore, life and health insurers need to consider its implication for their products and reflect the risks in modelling (IFOA, 2019) and report the same.</p> <p>References:            IAA, 2017. Climate change and mortality. Discussion paper, Resources and Environment Working Group (REWG) of the International Actuarial Association (IAA). Canada. Available at <a href="https://www.actuaries.org/CTTEES_ENVIRO/Papers/REWG_CCandMortality_final_Nov2017.pdf">https://www.actuaries.org/CTTEES_ENVIRO/Papers/REWG_CCandMortality_final_Nov2017.pdf</a></p> <p>IFOA, 2017. Implications for Setting Mortality Assumptions. Available at <a href="https://www.actuaries.org.uk/system/files/field/document/Mortality%20report%20-%20July%202019%20updates%20%28final%29.pdf">https://www.actuaries.org.uk/system/files/field/document/Mortality%20report%20-%20July%202019%20updates%20%28final%29.pdf</a></p> <p>Mitchell, D., Heaviside, C., Schaller, N., Allen, M., Ebi, K.L., Fischer, E.M., Gasparrini, A., Harrington, L., Kharin, V., Shiogama, H. and Sillmann, J., 2018. Extreme heat-related mortality avoided under Paris Agreement goals. Nature climate change, 8(7), p.551.</p> <p>IFOA, 2019. A Practical Guide to Climate Change for Life Actuaries. Available at <a href="https://www.actuaries.org.uk/system/files/field/document/A%20Practical%20Guide%20to%20Climate%20Change%20%20for%20Life%20actuaries%20-%20Oct%20v7a.pdf">https://www.actuaries.org.uk/system/files/field/document/A%20Practical%20Guide%20to%20Climate%20Change%20%20for%20Life%20actuaries%20-%20Oct%20v7a.pdf</a></p>	Noted.
149. American Academy of Actuaries	United States	The differences between larger and smaller insurers will be one of the focal points of the American Academy of Actuaries' current research project. While larger insurers may account for most of the losses covered, attention to smaller insurers may be required if a healthy market for insurance is to be sustained. Finding ways to increase effective climate risk disclosure for both large and small insurers may be one of the issues addressed in the reports from the current project.	Revised language.
<b>Q60 Comment on Paragraph 42</b>			
150. Insurance Europe	Europe	Insurance Europe recommends excluding the second sentence of the third bullet point of this paragraph on the applicability of the TCFD. Given the role of the application paper, the use of anecdotes should be avoided. The discussion should rather focus on evidence and take into account in a transparent manner the limitations of the SIF/IAIS survey, eg regarding country participation.	Revised language.



		In addition, it should be noted that European insurers are aware of the TCFD recommendations and a number of them have in fact started to implement TCFD-aligned disclosures.	
151. GCU London	United Kingdom	<p>View that TCFD was not applicable (e.g. for life and health insurers)</p> <p>Comment as footnote: Whereas, climate risk will cause changes in longevity, mortality and morbidity trends (IAA, 2017; IFOA, 2017; Mitchell et al., 2018). Therefore, life and health insurers need to consider its implication for their products and reflect the risks in modelling (IFOA, 2019) and report the same.</p> <p>References: IAA, 2017. Climate change and mortality. Discussion paper, Resources and Environment Working Group (REWG) of the International Actuarial Association (IAA). Canada. Available at <a href="https://www.actuaries.org/CTTEES_ENVIRO/Papers/REWG_CcandMortality_final_Nov2017.pdf">https://www.actuaries.org/CTTEES_ENVIRO/Papers/REWG_CcandMortality_final_Nov2017.pdf</a></p> <p>IFOA, 2017. Implications for Setting Mortality Assumptions. Available at <a href="https://www.actuaries.org.uk/system/files/field/document/Mortality%20report%20-%20July%202019%20updates%20%28final%29.pdf">https://www.actuaries.org.uk/system/files/field/document/Mortality%20report%20-%20July%202019%20updates%20%28final%29.pdf</a></p> <p>Mitchell, D., Heaviside, C., Schaller, N., Allen, M., Ebi, K.L., Fischer, E.M., Gasparrini, A., Harrington, L., Kharin, V., Shiogama, H. and Sillmann, J., 2018. Extreme heat-related mortality avoided under Paris Agreement goals. Nature climate change, 8(7), p.551.</p> <p>IFOA, 2019. A Practical Guide to Climate Change for Life Actuaries. Available at <a href="https://www.actuaries.org.uk/system/files/field/document/A%20Practical%20Guide%20to%20Climate%20Change%20for%20Life%20actuaries%20-%20Oct%20v7a.pdf">https://www.actuaries.org.uk/system/files/field/document/A%20Practical%20Guide%20to%20Climate%20Change%20for%20Life%20actuaries%20-%20Oct%20v7a.pdf</a></p>	Noted.
152. American Academy of Actuaries	United States	The reported perception that climate risk may seem less relevant for insurers writing certain product types might suggest the need for different questions for different lines of business. For those in short duration lines of business, the possibility of increasing losses and of increasingly large extreme losses might be the primary focus. For those in long duration lines of business, the focus might be on the assets held. The results of the American Academy of Actuaries' analysis may help shed light on the impact of targeting different questions to different lines of business.	Noted.
<b>Q61 Comment on Section 3.2 Identifying good practices</b>			
<b>Q62 Comment on Paragraph 43</b>			

154. APCA	United States	We are concerned that this paragraph goes too far in implying that TCFD should be mandated.	Noted. We do not agree that this paragraph implies that the TCFD should be mandated. It rather explains the benefits of implementation for firms, investors, and supervisors.
<b>Q63 Comment on Paragraph 44</b>			
155. Canadian Institute of Actuaries	Canada	The CIA believes that the enhanced actuarial modelling, the development of scenario analysis, and the requirements to disclose transition risks (to ensure financial stability) can be more readily accomplished by ensuring that actuaries are directly engaged in these processes.	Noted.
156. Insurance Europe	Europe	<p>Insurance Europe notes that quantifying how climate-related risks affect business resilience is a difficult task for insurers. That said, risk modelling and risk management are a core expertise of the insurance industry and insurers have played a key and leading role in the development of models, leveraging on long-standing collaboration with the scientific community. In addition, insurers pay close attention to a number of factors that might be directly affected by climate change, eg mortality and morbidity assumptions.</p> <p>Care should be taken to highlight the lack of climate-related data that insurers can use to improve their models. Therefore, public action to encourage the disclosure of quality (granular, consistent, etc.) climate-related observed data, including on climate-driven events, is supported. Similarly, the increased availability of data on sustainability considerations by companies across all sectors would facilitate insurers' risk assessments.</p> <p>An appropriate balance should be struck between working with third-party service providers and developing insurers' own models, which can be used over a number of years. If not, the use of the complex methodologies of third-party service providers can make insurers excessively dependent on those third parties for year-on-year comparisons, which could create a black box for insurers and damage their ability to assess risks in the long-run.</p>	Noted.
157. Global Federation of Insurance Associations	Global	On the point raised by the paper of strengthening climate risk assessment capacities, GFIA is of the view that insurers are in the best position to identify, analyse and assess their risk. They should remain free to do so through their own models or through working with third-party services providers. The TCFD process and format is an appropriate discussion point between supervisors and insurers, when appropriate, to provide examples of other analytical risk frameworks that insurers could consider in their risk analysis and evaluation.	Noted.

<p>158. The Geneva Association</p>	<p>International</p>	<p>With regards to "Strengthening Climate Risk Assessment Capacities," as mentioned on the first page of this letter, The Geneva Association is undertaking this as a high priority topic. Please note that:</p> <p>The priority for companies is increasingly the integration of climate risks and opportunities into governance, corporate strategy, policies, risk management, innovation and product development, capital allocation and investing, as well as disclosure and reporting. The degree of adoption differs by jurisdiction, sector, line of business and size.</p> <p>Increasingly, main concerns are focused on the need for data, standard tools and methodologies and expertise on climate risk analysis, access to relevant and sound climate scenarios and stress testing approaches for informed decision-making, taking into consideration different time-lines.</p> <p>There are many initiatives underway, but the landscape of physical and transition climate risk modelling is deeply fragmented in terms of risk, sector, application and decision-making. Gaps, needs and requirements need to be identified and addressed to enable the integration of climate risk modelling at scale. Furthermore, advancements in climate science, climate change scenario analysis, machine learning and AI provide new opportunities for improving physical and transition climate modelling.</p> <p>Within the 2020 - 2021 timeframe, The Geneva Association, in collaboration with leading stakeholders, is building a strategy for better coordination in identifying concrete R&amp;D priorities to enable scaling up the integration of physical and transition climate risk modelling. The strategy's focus is on insurance core business, investment and asset management applications. Specifically, our activities will include a deep dive into: (I) Scenario analysis etc., mapping of insurance industry's possible responses on both sides of the balance sheet; identifying and sharing industry recommendations for regulators and requirements for data providers; and, (II) Identifying relevant areas of climate science for improving physical and transition climate risk modelling tools and scenarios.</p>	<p>Revised language in paragraph 44.</p>
<p>159. General Insurance Association of Japan</p>	<p>Japan</p>	<p>While the first bullet point (Implementation process) in the paragraph ends with, "... more advanced disclosures (e.g. risk management, metrics and targets, and scenario analysis)", it should be noted that risk management, metrics and targets, and scenario analysis may be recognized as difficult to respond to not because they are "advanced" but because a common framework is still being developed for them. In line with the aims of the TCFD Recommendations, TCFD aligned disclosures only become meaningful after all the market participants have delivered them. The original aim of the Recommendations cannot be achieved if they are seen as something that only limited numbers of companies with resources can implement because the above-mentioned elements are advanced. Therefore, we propose avoiding the "advanced disclosures" wording and revising the sentence to:</p>	<p>Revised language.</p>

		<p>"Insurers report that the presence of established governance processes relating to climate risks, and TCFD implementation specifically, are necessary in order to take the necessary steps to further the understanding of disclosure items for which common methodology is currently under development (e.g. risk management, metrics and targets, and scenario analysis)".</p> <p>Despite the statement in the third bullet point (Strengthening climate risk assessment capacities), "Insurers can work with third-party service providers...", it should also be stated that technological gaps remain huge to assess long-term physical and transition risks, and conduct scenario analysis, even if insurers work with third-party service providers.</p>	
160. Swiss Re	Switzerland and	As re/insurers further develop their TCFD disclosures, it is important that the exchange between the insurance industry and investors as well as with supervisors is facilitated. Over the next years, the quality of, and metrics for, those disclosures should be further enhanced to be decision-useful for users of this information.	Noted.
161. ICMIF	UK	<p>Most of our members have not developed sophisticated models to assess physical climate-related hazards . We are however aware that catastrophe models are needed in order to enhance the industry's climate risk assessment capacities. We note that currently these are not available for all perils that are sensitive to climate risk, and the development of own catastrophe models is not realistic for most insurers. Most of them are dependent on the availability of catastrophe models in the market and on vendor models.</p> <p>On other hand, if they are to help insurers with the assessment of the climate change related risks and the adaptation of their strategy these scenarios need to be consistent and comparable. In our opinion these physical impact scenarios should integrate the latest research on the main risk events (e.g. flood, heatwaves, sea level rise...) and thus should be developed by public authorities, so that insurers can assess their own risk exposure starting from a common framework.</p> <p>Some of our members have already started adjusting their risk management, products and corporate governance to integrate climate risk. We believe that embedding long term scenario analysis in risk management and governance processes will enable insurers to develop a forward-looking approach about climate change risks.</p>	Revised language.
162. APCA	United States	3rd bullet: Sophistication of the models used should be proportionate to the size and complexity of the insurer, so off-the-shelf mainstream models should suffice in the case of smaller firms.	Revised language.
<b>Q64 Comment on Section 3.3 Findings of the TCFD secretariat report</b>			
<b>Q65 Comment on Paragraph 45</b>			

163. Canadian Institute of Actuaries	Canada	It is concerning that the smallest increase by sector on climate-related risks comes from the insurance sector. We question whether life and health insurers have included the effects on future investment returns. It is clear that non-life insurers are directly impacted by the risks of climate change, especially as it pertains to physical risks.	Noted.
164. General Insurance Association of Japan	Japan	We understand that the source of Figure 3, referred to in this paragraph, is the comparisons of the insurance sector with other sectors included in the TCFD Status Report. However, since the Status Report collected data from certain sectors and insurers' climate efforts are mostly made indirectly through their customers, comparisons between other sectors are not necessarily appropriate. As a result, "The insurance sector exhibited some of the smallest improvements in disclosure practices when compared to other financial sectors (such as banking) or corporate sectors" is misleading.	Noted. The information in the Issues Paper is limited to the survey results and information provided in the workshop. Language was added to paragraph 44 to acknowledge efforts of the industry on climate change.
<b>Q66 Comment on Section 4 The role of supervisors</b>			
165. Insurance Europe	Europe	<p>Insurers are fully aware of their responsibility for the sustainable development of society and the economy and are willing to take voluntary steps towards disclosure. Hence, supervisors should opt for a flexible approach (eg, guiding principles) rather than a prescriptive approach. This would allow insurers to embed sustainability considerations more easily in their business operations in line with their company-specific characteristics. To this end, it is important that supervisors:</p> <p>a) provide insurers with discretion on how they fulfil their responsibilities on climate-related public disclosures, while recognising the importance of consistency and comparability of information. While recognising the importance of consistency and comparability of disclosure approaches, the implementation of voluntary disclosures is an entity-specific decision which depends on whether the TCFD recommendations can be usefully and meaningfully applied to the specific business activity under consideration. In addition, policyholders and investors who are particularly sensitive to sustainability risks will actively ask for information about them.</p> <p>b) focus on the consideration of financially material climate risks. Small entities might be less exposed to some specific climate risks. Insurance Europe therefore considers it particularly relevant to primarily focus on dealing with financially material risks. Both the supervisory authority and the insurance entities should also ensure that the actual risk profile is proportional to the effort required to consider climate risks.</p> <p>c) clarify that the disclosures should take into account feasibility and proportionality considerations. It should be made clear that beyond materiality, disclosures should take into account feasibility and proportionality considerations. In particular, the IAIS work should not end up being a de facto informal disclosure obligation.</p>	Noted. The options described in this section do not endorse a mandatory approach to disclosure, and are presented on the basis of the current and contemplated practices of supervisors.

166. Global Federation of Insurance Associations	Global	<p>Insurers are fully aware of their responsibility for the sustainable development of the society and the economy. Hence, supervisors should use guiding principles to allow this responsibility to be fulfilled in a company-specific manner. To this end, it is important that a) freedom in the choice on the methods depending on individual business models is ensured, b) materiality is considered as a starting point.</p> <p>a) An entity should be free to decide whether to implement a voluntary standard or not. Such a decision is entity-specific and depends on whether the TCFD recommendations can be useful and meaningfully applied to the specific business activity.</p> <p>b) Small entities might be less exposed to some specific climate risks. GFIA therefore considers it particularly important to continue to ensure that only risks that are material and relevant to the insurer and its operations need to be taken into account in risk management. Both, regarding the supervisory authority's and the entities' perspective, the effort required to consider climate risks should correspond to their actual risk content/profile.</p>	Noted. The options described in this section do not endorse a mandatory approach to disclosure, and are presented on the basis of the current and contemplated practices of supervisors.
<b>Q67 Comment on Paragraph 46</b>			
167. Insurance Europe	Europe	Insurance Europe welcomes the clarification here that the work on TCFD implementation aims to develop guidance, not legal obligations.	Noted.
168. Global Federation of Insurance Associations	Global	<p>This language should be qualified in order for IAIS to reflect the diversity of supervisory views. Just as some supervisors and governments have expressed that climate risk disclosure may need to become mandatory, others continue to develop a position on the matter or disagree with mandatory disclosure due to onerous reporting burdens it may place on companies. As such, GFIA suggests qualifying this sentence to read as follows: "Over the course of 2019, certain supervisors and governments have expressed that climate risk disclosure may need to become mandatory in order for climate-related risks to be effectively priced within the financial system, and broader real economy. Other supervisors and governments either continue to develop a position on the matter or oppose mandatory disclosure due to the onerous reporting burdens it would place on regulated entities. This balanced language is well reflected in the first sentence of paragraph 56.</p>	Revised language.
169. General Insurance Association of Japan	Japan	<p>Although this paragraph is a lead to the section "4. The role of supervisors", its title and the lead sentence are inconsistent, since it begins with an example regarding mandatory disclosures. In implementing TCFD Recommendations, we think the first step supervisors should take is to consider preferred strategies for their widespread use, depending on the situation of their own jurisdictions. The TCFD Recommendations, which were developed as a voluntary disclosure framework, should first be applied on a voluntary basis, and supervisors should provide support in order to achieve the objective. In this regard, we are very uncomfortable when "mandatory" comes to the forefront.</p>	Revised language.

		<p>In this context, the first sentence of this paragraph should be described as an example of "4.1.7 Referencing TCFD as a component of mandatory climate risk disclosures". Also, this paragraph should make sure that "supervisors should understand the intention of the TCFD Recommendations and contemplate how to implement them appropriately in their own jurisdictions", without mentioning "making mandatory".</p> <p>In addition, the second sentence of this paragraph and paragraph 47 could be integrated into one, as follows, in order to make them introductory contents for different initiatives. Also, it would be better to revise the term "supervisory guidance" to "supervisory approach" in the process.</p> <p>"The TCFD Framework provides an important foundation on which a supervisory approach for insurer disclosures can be developed. On the basis of current and contemplated practices used by insurance supervisors and other relevant supervisory coalitions, as described in Annex 1, there are several approaches that supervisors are exploring to strengthen public disclosures based on TCFD Recommendations - as well as to leverage the TCFD Framework to support broader supervisory objectives relating to climate risk assessment".</p>	
170. Swiss Re	Switzerland and	Swiss Re believes that disclosures should be voluntary as recommendations are still evolving and not yet standardized or completely decision-useful for investors and other stakeholders. We will support mandatory disclosures after this has been achieved and best-practice learnings / experience from the industry have become more established (See also general comments).	Revised language.
171. American Academy of Actuaries	United States	The American Academy of Actuaries notes in its initial view of the NAIC framework that participation by states in the Climate Risk Disclosure Survey is voluntary but participation by insurers in participating states is mandatory if their premiums exceed the established threshold. This combination of voluntary and mandatory elements has produced substantial if not complete participation.	Noted.
172. APCA	United States	It should be added to the end of the first sentence: "while other supervisors have not made TCFD mandatory."	Revised language.
173. National Association of Insurance Commissioners (NAIC)	USA, NAIC	As Section 4 describes a variety of options to strengthen disclosures based on TCFD Recommendations, it is odd that this introductory paragraph starts off with the view of some that such disclosures should be made mandatory, which is one of the options described later. Suggest the first sentence be moved to become the first sentence of para 56 and the second sentence moved to become the first sentence of para 47 which would then provide a more general and broader introduction to this section.	Revised language.

Q68 Comment on Section 4.1 Options based on current and contemplated practices			
174. Insurance Europe	Europe	<p>It will also be important going forward for the IAIS to consider how the Insurance Capital Standard (ICS) will be designed/implemented to ensure that climate risks are adequately reflected in the final regime.</p> <p>The development of the ICS should incorporate a long-term perspective and consider opportunities as well as risks, as expressly acknowledged in the TCFD recommendations. It will be essential, for example, that ICS capital charges for sustainable infrastructure projects and other ESG investments do not disincentivise insurers from investing in these assets while continuing to be risk-based.</p> <p>Given the long-term, illiquid nature of life insurers' liabilities, many are well placed to invest in long-term assets that contribute to the transition to a low- or zero-carbon economy. The IAIS should investigate whether the ICS calibration and design do not disincentivise sustainable investment so that the ICS does not undermine insurers' sustainability efforts. In addition, it should be clarified that the ICS calibration and design should remain risk-based. Finally, it is also worth emphasising that European insurers' use of internal models plays an essential role in adequately calculating risk exposures in areas such as catastrophe risks, which are a key element of climate risk.</p>	Noted.
Q69 Comment on Paragraph 47			
175. Desjardins Insurance	Canada	We agree with the 2-phase approach (qualitative and quantitative) proposed by the Canadian Expert Panel on Sustainable Finance in their report Mobilizing Finance for Sustainable Growth.	Revised language.
176. National Association of Insurance Commission ers (NAIC)	USA, NAIC	As Annex 1 only describes practices of individual jurisdictions, delete "and other relevant supervisory coalitions".	Revised language.
Q70 Comment on Section 4.1.1 Ensuring climate risks are considered by all insurers			
177. Insurance Europe	Europe	The European insurance sector believes that climate-change risks should be considered as long as they are expected to have a material impact on an insurer's balance sheet. Despite the TCFD being a useful tool to enhance transparency, supervisors should first evaluate the applicability of TCFD recommendations and consider how they are tailored to the insurance sector in general and to companies' specific characteristics in particular. To achieve effective oversight, a balanced and flexible approach is needed and not a "one size fits all" approach.	Noted.



Q71 Comment on Paragraph 48			
178. Desjardins Insurance	Canada	<p>We agree with regulators that climate change is a material risk. Therefore, it must be part of the risks that we identify and describe in our disclosure. Furthermore, regulators seem to consider that the "TCFD-aligned" disclosure should go much further. Regulators should explain how this material risk deserves a more extended disclosure (say TCFD-aligned) as opposed to other material risk. For example, most insurers and companies have identified cyber risk as a material risk but regulators have not developed a guide to indicate how far issuers should give information on this risk. This suggests that there is more than one category of "material risk"; those who deserve "regular" disclosure and those who deserve "extensive disclosure".</p> <p>As stipulated in the two Canadian Securities Administrators (CSA) Notices (51-354 and 51-358), voluntary transitional disclosure is favoured so that markets can gain understanding of the different implications of disclosing the risks and opportunities associated with climate change. The CSA is also maintaining its oversight role so that the industry improves its practices and climate disclosure.</p> <p>We should also await the conclusions of the TCFD pilot group of insurers mobilized by the UNEP FI, of which Desjardins Insurance is part of, which has a role in analyzing and applying the recommendations of the TCFD. The market must be given time to adapt and develop the tools necessary to create scenarios to quantify the risks, in order to remain comparable. Collaboration between companies is necessary and can take a long time.</p>	Noted.
179. International Actuarial Association	International	<p>The IAA concurs with the IAIS on the importance of including all insurers (including captives) within the scope of the proposed TCFD disclosures. As noted earlier in our response, despite the role of insurers as a pillar in the provision economic financial security, governments remain exposed to financial loss as a result of disasters of all kinds. While insurers may provide some level of protection to policyholders, not all citizens may have purchased such coverage. Residual losses (e.g., resulting from a significant natural disaster or epidemic) from both partially covered policyholders and non-insured citizens may have a follow-on effect on the underlying economy, the financial outcomes of insurers and ultimately governments. Actuaries can be of assistance in advising both supervisors and governments on these ripple effects.</p>	Noted.
180. The Geneva Association	International	<p>The intent behind this paragraph is not clear. On the one hand, it states that supervisors have tools in place to enable oversight of all material risks that may affect an insurer. On the other hand, it then goes on to suggest that supervisors can consider using the TCFD framework to "ensure" that all insurers are assessing whether the impact from climate change will pose a material risk.</p> <p>We believe that regulators already have all the necessary tools at their disposal in order to make this</p>	Revised language.

		determination, without having to resort to the TCFD framework. As such, while the TCFD framework may be an additional source of information and inform their work, we do not believe it should be relied upon in any serious way to "ensure" that all insurers' (specifically their ERM functions) are assessing whether climate change will pose a material risk to the firm.	
181. Swiss Re	Switzerland and	This area would benefit from further exchange between supervisors and the re/insurance industry to discuss what meaningful approaches for the use of TCFD disclosures are.	Noted.
182. American Academy of Actuaries	United States	The American Academy of Actuaries ERM/ORSA Committee observes that own risk and solvency assessment (ORSA) as an existing tool for US regulators is limited by its short time horizon for considering capital adequacy and thus factoring the full extent of climate risk issues. In the U.S., all insurers with direct written and unaffiliated assumed premiums greater than \$500 million (\$1 billion for an insurance group) are required to conduct an ORSA at least annually. This annual ORSA should include all material risks, as mentioned in this paragraph. The NAIC requires that an insurer's capital assessment process should be closely tied to business planning. The prospective capital adequacy assessment should demonstrate that the insurer has financial resources to execute its multi-year business plan in accordance with its risk appetite in both normal and stressed environments. Most insurers' planning cycle time horizon for capital assessment is likely to be relatively short—1 to 3 years—and hence may not adequately capture the impact of the evolving climate risk, especially in short-term "normal" scenarios. This suggests a potential limitation in the use of existing tools, e.g. ORSA, to assess climate risk unless those tools are adapted to longer time horizons.	Revised language.
183. APCA	United States	The intent behind this paragraph is not clear. On the one hand it states that supervisors have tools in place to enable oversight of all material risks that may affect an insurer. But it then goes on to suggest that supervisors can consider using the TCFD framework to "ensure" that all insurers are assessing whether the impact from climate change will pose a material risk. We believe that regulators already have all the necessary tools at their disposal in order to make this determination, without having to resort to the TCFD framework. As such, while the TCFD framework may be an additional source of information and inform their work, we do not believe it should be mandated to "ensure" that all insurers [specifically their ERM functions] are assessing whether climate change will pose a material risk to the firm.	Revised language.
<b>Q72 Comment on Section 4.1.2 Clarifying the relevance of TCFD to supervisory expectations</b>			
<b>Q73 Comment on Paragraph 49</b>			

184. General Insurance Association of Japan	Japan	As both are about supervisory expectations, we propose integrating 4.1.2 (paragraph 49) and 4.1.3 (paragraph 50) into one.	These two sections address different options, and are therefore not merged. Text has been revised to clarify intent.
185. Swiss Re	Switzerland	This area would benefit from further exchange between supervisors and the re/insurance industry to discuss what meaningful approaches for the use of TCFD disclosures are.	Noted.
<b>Q74 Comment on Section 4.1.3 Setting expectations to encourage TCFD-relevant practices</b>			
<b>Q75 Comment on Paragraph 50</b>			
186. Desjardins Insurance	Canada	Once it is understood that extended disclosure (TCFD-aligned) will be required, we believe that the consistency of the information published is more important than the extent of it to avoid confusion in the market. Therefore, we think the regulators requirements should keep pace with how they themselves are able to develop the disclosure guidelines.	Noted.
187. Insurance Europe	Europe	Insurance Europe suggests adopting a principle-based approach that allows insurers sufficient flexibility to avoid potentially negative consequences and information duplication before moving to detailed reporting guidelines. Indeed, it is important to first assess the relevance and availability of the detailed information that would be required in a detailed reporting based on the specific characteristics of each insurer's business and risk profile.	Noted.
188. Global Federation of Insurance Associations	Global	As of now, GFIA suggests guidance regarding voluntary TCFD disclosure could be helpful to support consistent and comparable reporting based on -and proportional to - specific features of each entity.	Noted.
189. General Insurance Association of Japan	Japan	As both are about supervisory expectations, we propose integrating 4.1.2 (paragraph 49) and 4.1.3 (paragraph 50) into one.	See response to comment 184.
190. ICMIF	UK	We would welcome some guidance on how to apply the TCFD disclosures; this would help grow familiarity and shape the discussion.	Noted.
<b>Q76 Comment on Section 4.1.4 Checking for coherence with other disclosure requirements</b>			
<b>Q77 Comment on Paragraph 51</b>			

191. Insurance Europe	Europe	Insurance Europe agrees with the IAIS that potential conflicts with other disclosures should be considered. The timing of disclosures remains a key issue of debate. Disclosing climate risk-related information and broader financial information at the same time might be challenging for insurers and place unnecessary pressure on them. Given the high complexity of the data to be processed, insurers should be given sufficient time to efficiently complete the required analysis. Timelines for disclosures should be defined according to the nature of the information and data. Timelines can be chosen so that they do not coincide with those of financial reporting.	Noted.
192. Global Federation of Insurance Associations	Global	GFIA sees merit in further research on the timeliness of reporting for both voluntary and mandatory frameworks. Releasing at the same time climate risk-related information and broader financial information might be challenging for insurers and place unnecessary pressures on insurers for the purposes of climate risk-related disclosure.	Noted.
193. ICMIF	UK	Ensuring the consistency between the recommendations set out by the TCFD reporting with public disclosure rules is very important in our view. We welcome further research in that matter.	Noted.
<b>Q78 Comment on Section 4.1.5 Assessing coherence in climate risk disclosures within groups</b>			
<b>Q79 Comment on Paragraph 52</b>			
194. Insurance Europe	Europe	Insurance Europe does not consider it useful to expect each legal entity of a group to deliver TCFD-aligned disclosure if the group is able to disclose on a group-wide basis supported by its established group governance on climate. Such a demand would place an unnecessary burden on insurance groups and create further complexity.	Noted.
195. The Geneva Association	International	We support this paragraph so long as it is clear that efforts to address "inconsistencies or a lack of engagement at legal entity level" should be directed at enhancing and supporting the contribution of legal entities towards group-level reporting rather than creating new expectations and separate reporting obligations on legal entities within a group.	Revised language.
196. General Insurance Association of Japan	Japan	Regarding the sentence, "Involved supervisors may consider ways to integrate climate risks more routinely into group supervisory processes, including supervisory colleges.", it should be noted that completely integrating the necessary level of engagement and disclosures on climate risk issues within insurance groups is difficult, considering each country's circumstances vary widely.	Noted.
197. Swiss Re	Switzerland and	Overall Swiss Re is supportive of having requirements on Group level but it is key that not separate legal entity requirements regarding TCFD are established. Further, it would be helpful to elaborate on what is meant by "supervisors may consider ways to integrate climate risks more routinely into group supervisory processes including supervisory colleges."	Revised language.

198. APCA	United States	We support this paragraph so long as it is clear that efforts to address "inconsistencies or a lack of engagement at legal entity level" should be directed at enhancing and supporting the contribution of legal entities towards group-level reporting rather than creating new expectations and separate reporting obligations for legal entities within a group.	Revised language.
199. National Association of Insurance Commissioners (NAIC)	USA, NAIC	First sentence, suggest more appropriate wording describing a survey would be: "Analysis of the SIF Survey responses suggest that..."	Revised language.
<b>Q80 Comment on Section 4.1.6 Providing standardised guidance to support TCFD-related activities</b>			
200. Insurance Europe	Europe	<p>In relation to the Insights paper on climate risk assessment tools of the Financial Stability Institute (FSI) and SIF, Insurance Europe supports the use of stress-testing and scenario analysis as a useful way to facilitate informed discussion aimed at measuring climate risks, provided undertakings have sufficient flexibility. Insurance Europe would, however, recommend that, at least to begin with, IAIS supervisors place the onus on qualitative rather than quantitative scenario analysis, as this would lead to more robust testing. As the insight paper states, the numerical results are affected by high uncertainty, also as a consequence of limited data quality and availability.</p> <p>In addition, standardisation should be carefully evaluated to avoid it becoming an impediment to the insurer carrying out a company-specific risk assessment.</p>	Noted. This is beyond the scope of this Issues Paper.
201. National Association of Insurance Commissioners (NAIC)	USA, NAIC	As paragraphs 53 and 54 focus on scenario analysis rather than multiple activities and para 54 says there are divergent perspectives on standardization, suggest the subheading would be more appropriate as: "Supporting TCFD-related scenario analysis"	Revised language.
<b>Q81 Comment on Paragraph 53</b>			
202. Canadian Institute of Actuaries	Canada	The CIA strongly supports the proposed approach for the IAIS and its member supervisory bodies to work with other professionals (actuaries, engineers, accountants, economists, and climate scientists) to develop the appropriate scenarios to be modelled and tested by insurers regarding the risks from climate change.	Noted.

203. Desjardins Insurance	Canada	<p>For quantification requirements, we must ensure that the requirements do not outpace science. We must be careful to ask for long-term scenarios (2030 - 50) while the existing catastrophe models that we use to define the limit of our reinsurance programs do not even agree on the quantification of risks for next year. When regulators start to require quantification, it will be necessary that they establish certain parameters in order to ensure consistency. For example, in OSFI Guideline B-9, the periodicity to use for quantifying the risk of an earthquake is indicated.</p> <p>At the moment, it is impossible for us to quantify or assess a risk over a period as long as required by the TCFD, and regulators should therefore assess the relevance and the feasibility of having scenarios over such a long period.</p>	Revised language.
204. International Actuarial Association	Internati onal	<p>As noted in paragraph 53, the IAA can be of assistance to "provide guidance on how appropriate scenarios can be developed along with the associated impacts to an insurer's business under those scenarios". This is due to the pivotal roles of actuaries in insurer scenario testing, valuation, actuarial function and risk and capital management.</p> <p>The IAA notes the importance of considering in climate risk scenarios (among other things) the role played by other earth system processes (access to fresh water, availability of mineral resources, source of energy, ability and willingness to mitigate pollution etc.). These may be important to consider given their potential to non-linearly affect the climate risk scenario outcomes.</p>	Revised language.
205. Swiss Re	Switzer and	Swiss Re is open to further exchange on climate-related scenarios as well as on further climate-related risk aspects, which are the two most challenging TCFD recommendations according to the FSB TCFD status report 2019.	Noted.
206. APCIA	United States	Scenarios should be flexible so as to recognize differences in firms. But, without some degree of uniformity in terms of the design of the scenario analyses, it will be impossible for regulators to compare results between firms. The demands and degree of complexity faced by groups will be notably reduced to the extent that legal entities (within a group) are asked to run the same (or substantially the same) scenario in the case of climate stress tests. An approach might be considered whereby there are agreed upon reference scenarios with some permitted adjustments allowed in terms of the calibrations or parameters, for example.	Revised language.
<b>Q82 Comment on Paragraph 54</b>			
207. Desjardins Insurance	Canada	In our opinion, efforts to understand climate risk, build good governance in organizations, and to integrate it into the daily life of insurers should be a priority as opposed to spending fortunes to quantify the long-term risks of climate change. Our commitments are issued for 12 months and our	Noted.

		<p>reinsurance programs are reinstated annually. The financial risk of commitments (obviously there is also that of transition in terms of investment assets) is still fairly quickly adjustable.</p> <p>We see certain challenges in regular vs. extensive disclosure in connection with strategies or processes that do not primarily aim to manage climate-related risk. We could end up giving a lot of details on "normal" strategies in the climate change section even if some strategies mainly aim to manage other types of risks. (catastrophic risk, operational risk, etc.)</p>	
208. Insurance Europe	Europe	Insurance Europe believes that it is too soon to state that the results of scenario analyses could influence product pricing and availability. It is essential that the scenarios and the associated impacts are developed and assessed based on robust scientific evidence. And then the results need to be analysed very carefully through active engagement with stakeholders before drawing any conclusion on the impact of the tests.	Revised language.
209. Global Federation of Insurance Associations	Global	GFIA would like to point out that a one size fits all scenarios may not be relevant to all companies. In addition, GFIA is of the view that it is too soon to state that scenarios analysis results could influence product pricing and availability. It is essential that the scenarios and the associated impacts are based on robust scientific evidence and analyse the associated impact, yet the results should be analysed very carefully before drawing any conclusion on the impact of the tests.	Revised language.
210. International Actuarial Association	International	The IAA believes it is premature for the IAIS to focus on the development of common climate risk scenarios. The IAA does support the development of greater awareness of TCFD (and climate risk more generally) and the various processes, assumptions etc necessary to support useful TCFD disclosures.	Noted. This section does not state an intention of the IAIS to develop common climate scenarios, but rather notes the potential benefits of harmonisation.
211. General Insurance Association of Japan	Japan	This paragraph, which argues for the "standardisation of aspects of TCFD" and "guidance on how to consider climate risk impacts", mentions "climate sensitivity of a given level of greenhouse gas (GHG) emissions" and "the impacts associated with a given level of temperature rise" in the latter part. Regarding these elements, we request the addition of the following wording: "...differences in each country's energy policies and transition paths are also duly taken into account".	Noted.
<b>Q83 Comment on Section 4.1.7 Referencing TCFD as a component of mandatory climate risk disclosures</b>			
212. Institute of International Finance	Global	In light of our comments above, we recommend that the IAIS add the following new Paragraphs to Section 4.1.7 of the TCFD Issues Paper and re-number existing Paragraphs 58 and following: 58. Supervisors should recognize that insurers' implementation of the TCFD recommendations is an iterative process and, accordingly, supervisory expectations for such disclosures should evolve over time, initially focusing on qualitative expressions of the impact of climate risk as supervisors and the	Revised language.

		<p>industry work to develop alignment on more quantitative approaches. Any disclosure requirements should be informed by the full range of end users of financial disclosures to ensure that those disclosures are meaningful and helpful to investors and other end users, as well as to supervisors.</p> <p>59. Supervisors should adopt a proportionate approach that recognizes that some firms may need a longer trajectory towards TCFD implementation as a result of their size, geographic reach, complexity or business model. Understanding where a firm is in its adoption of TCFD recommendations is of critical importance and firms that can demonstrate a good faith commitment to understanding, assessing, managing and disclosing material climate-related financial risks through the applicable regulatory and supervisory framework should not be subject to supervisory action.</p> <p>60. Supervisors should consider the materiality of climate-related risks for a particular insurer in developing expectations for disclosure, consistent with ICP 20. Disclosure requirements should be iterative and phased in. Disclosure requirements should be market-driven and informed by the needs of the full range of end users of financial disclosures to ensure that those disclosures are meaningful and helpful to investors and other end users, as well as to supervisors. Recognizing that the development of disclosure requirements is primarily the province of securities regulators, the IAIS encourages its members to collaborate with securities markets authorities in order to avoid duplication or contradiction of, the requirements of regulators charged specifically with the responsibility for investor protection and fair and efficient markets.</p> <p>It is important to emphasize that climate-related scenario analyses are not precise forecasts but, rather, sensitivity analyses that can be used to inform strategic planning and to facilitate awareness and preparation for climate change. We recommend that the IAIS include language to this effect in Paragraph 53 of the TCFD Issues Paper.</p>	
<b>Q84 Comment on Paragraph 55</b>			
213. American Academy of Actuaries	United States	The American Academy of Actuaries ERM/ORSA Committee, through its research project related to current disclosures, is working with the Washington state and California Insurance Departments, through the NAIC, to help assess the importance of and best pathways for bringing the NAIC's current disclosures survey to recognize the TCFD considerations.	Noted.
214. APCIA	United States	TCFD submissions should be recognized as one way to comply with any reporting mandates, including those in the U.S.	Revised language.
<b>Q85 Comment on Paragraph 56</b>			



215. General Insurance Association of Japan	Japan	<p>As for "An increasing share of industry stakeholders have also expressed positive views on the implementation of mandatory disclosure, reflecting a phased approach to allow for practices to develop although some stakeholders have suggested that mandatory approaches could discourage the evolution of innovation practices, and that therefore some degree of flexibility is necessary to identify best practices", we are wondering if this correctly reflects the views of the majority of IAIS members based on objective data. Unless objective rationales exist, this statement should be deleted.</p> <p>We think that mandatory disclosures without established methods may lead to a one-size-fits-all approach, such as simply placing checkmarks on check-sheets, and that this is unlikely to promote the insurance sector's understanding nor will it lead to actions regarding climate-related risks and opportunities. It is important to start with voluntary disclosures to share practices, and to promote disclosures step-by-step.</p> <p>Given that disclosure methodologies based on the TCFD Recommendations are yet to be established, using the expression "best practices" is misleading. We propose replacing it with "good practices".</p> <p>In addition, this paragraph only mentions views that promote making disclosures mandatory, despite stating in the beginning, "Supervisors have expressed a range of views on whether or not climate-related disclosure should be mandatory or remain voluntary in nature...". In order to ensure the impartiality of this IP, views from both sides should be taken up. For example, Japan's Ministry of Economy, Trade and Industry regards voluntary disclosures as a positive measure, stating that "it is assumed that accumulating companies' disclosures and investor feedbacks on such information will lead to finding ways for better disclosure". (In the Guidance for Climate-related Financial Disclosure (TCFD Guidance) released in December 2018.)</p>	<p>Industry perspectives reflect the views of industry participants gathered during the SIF/IAIS Stakeholder Workshop on TCFD implementation.</p> <p>Revised language.</p> <p>Revised language.</p>
216. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Suggest moving the first sentence to become a new first paragraph under 4.1.7 as this provides a more general and broader introduction to this subsection.	Revised language.
<b>Q86 Comment on Paragraph 57</b>			
217. Canadian	Canada	While the CIA states in our "Time to Act: Facing the Risks of a Changing Climate" paper that we would like to see more immediate and complete implementation of the TCFD framework, as a start it	Noted.

Institute of Actuaries		would be advisable for the IAIS to encourage insurers to immediately start voluntary disclosure of their climate risks according to the TCFD Framework.	
218. Desjardins Insurance	Canada	<p>TCFD voluntary transition disclosure is preferred, but if TCFD disclosure becomes regulatory, the following should be considered by regulators:</p> <ul style="list-style-type: none"> <li>- Define with the industry what is considered a material risk related to climate change</li> <li>- Make available a disclosure guide to ensure a common understanding of risks and consistency in the market, facilitating comparisons</li> <li>- Disclosure requirements should be scalable to: <ul style="list-style-type: none"> <li>o Follow the pace at which regulators are themselves able to develop disclosure guidelines</li> <li>o Consider the evolution of the information and data available</li> <li>o Grant the necessary period to companies to take ownership and deploy the requirements</li> </ul> </li> <li>- Also, this should be done by first prioritizing the evolution of requirements related to governance, then strategy, <ul style="list-style-type: none"> <li>o While continuing the development work of risk analysis tools, models and metrics, such as those initiated as part of the TCFD-PSI pilot</li> </ul> </li> <li>- Include the concepts of transition risks and opportunities related to climate change</li> <li>- Consider the Canadian climate context in the framework of scenario modelling (versus North American and international) <ul style="list-style-type: none"> <li>o 7 distinct climates in Canada, for example: humid continental, subarctic, etc.</li> <li>o The risks of climate change are specific to each of these climates</li> <li>o The evolution of Canadian climates is different from the rest of the world: 2 times faster than global warming, and the subarctic is 3 times faster.</li> </ul> </li> <li>- We also favour the exploration of new models of engagement to support the development of voluntary practices.</li> </ul>	Noted.
219. Insurance Europe	Europe	Insurance Europe believes that a progressive and phased approach is very important if supervisors want to make climate-risk reporting mandatory. It should be noted that not all TCFD recommendations automatically fit all insurance companies and that it will indeed be crucial to carefully assess the appropriateness and relevance of the TCFD recommendations' specific insurance guidance based on the specific characteristics of each insurer's business and risk profile. TCFD recommendations must be further adapted to the insurance sector if they are to serve as a de facto standard.	Revised language.
220. Global Federation of Insurance Associations	Global	GFIA supports non-mandatory approach to disclosures and application of the TCFD work. GFIA takes the view that a progressive and phased approach is very important whether supervisors want to foster greater voluntary disclosure or to make climate risk reporting mandatory. It will indeed be	Revised language.

		crucial to assess carefully specific insurance guidance to support consistent and comparable disclosure.	
221. American Academy of Actuaries	United States	The regulatory goal of moving to mandatory climate risk reporting in a phased approach may take some lessons from the current NAIC system and potential recommendations that will surface from the American Academy of Actuaries ERM/ORSA Committee's research. The current NAIC system includes both voluntary and mandatory elements by encouraging disclosure through the annual survey and through ORSA considerations. As the Academy examines the information already available through responses to the current survey, the resulting findings might encourage other states to voluntarily participate, increasing the number of insurers mandated to disclose.	Noted. The findings of this assessment would be useful for consideration of future IAIS work.
<b>Q87 Comment on Section 4.1.8 Exploring new engagement models to support voluntary practice development</b>			
222. General Insurance Association of Japan	Japan	We propose changing the orders of 4.1.7 and 4.1.8. Considering the spirit of the TCFD, 4.1.7 should not be positioned after 4.1.8 given that it was developed as a voluntary disclosure framework.	Revised language.
<b>Q88 Comment on Paragraph 58</b>			
223. General Insurance Association of Japan	Japan	As disclosure methodologies based on the TCFD Recommendations are yet to be established, use of the expression "best practices" is misleading. We propose replacing it with "good practices".	Revised language.
224. Institute and Faculty of Actuaries	United Kingdom	We acknowledge the benefit of IAIS and SIF developing material to support supervisors' efforts to assess the impact of climate risks to the insurance sector and to help resolve challenges, including those that exist around public disclosure. The breadth of potential impacts of climate change, and the associated risk implications, are very wide ranging. We would therefore request that further publications, such as the planned Application Paper on Climate Risk in the Insurance Sector and the forthcoming public release of the Question Bank for supervisors consider the full range of potential implications of climate change for the insurance sector. In doing this we consider the assessment table 2 (section 5) as included in the joint-IAIS and SIF paper Issues Paper on Climate Change Risks to the Insurance Sector, published in July 2018, to be a useful structure. Consideration of the breadth of aspects to consider, and the direct linkages to supervisory documentation as shown in Annex 2 of the current publication would also be useful as a check on the breadth of consideration.	Noted.
<b>Q89 Comment on Section 5 Conclusion</b>			

225. Global Federation of Insurance Associations	Global	GFIA encourages the IAIS to consider that life and property and casualty insurers are very different, have different business models and their risk profiles are fundamentally different. Accordingly, GFIA is of the view that standardised reporting could limit the adequacy of the necessary analyses and the robustness of material disclosures of these distinct types of insurers.	Noted.
226. ICMIF	UK	We would like to remind supervisors and regulators they are learning at the same rate as the industry and hence, that they should use guidance more than punishment. We would also ask that the proportionality and materiality principles be applied as it is of utmost importance that the entire industry buys in the process.	Noted.
<b>Q90 Comment on Paragraph 59</b>			
<b>Q91 Comment on Paragraph 60</b>			
227. General Insurance Association of Japan	Japan	Although it is stated that, "Finally, only a small number of the surveyed insurers have made plans to, or are already taking steps to, actually implement the TCFD Recommendations and to deliver TCFD aligned disclosures", leading insurers (i.e., those able to secure resources relatively easily) have an edge over others in terms of TCFD aligned disclosures. In addition, raising the standard of the insurance sector is still at an early stage. Developing disclosure methodologies is also just getting started by the UNEP FI's TCFD insurance pilot group. Both disclosers and discloseds have only just begun their efforts within voluntary frameworks and are about to enhance the quality of their disclosures.	Revised language in paragraph 44.
<b>Q92 Comment on Paragraph 61</b>			
228. Insurance Europe	Europe	Insurance Europe believes that a wide disparity between insurers does not justify an additional layer of legally binding requirements. A voluntary and flexible approach will ensure the agility to reflect fast-changing developments in climate-related issues.	Revised language.
229. Global Federation of Insurance Associations	Global	The fact that there is a wide dispersion on climate-related disclosure between insurers does not mean that a purely voluntary pathway towards adoption of TCFD Recommendations is problematic. GFIA takes the view that, "a purely voluntary pathway towards adoption of TCFD Recommendations" should yield the necessary disclosures of the required quality and scope. Methodologies designed to respond to climate change are yet to be established. GFIA is of the view that it is important to start to share practices and to make considerations in a step-by-step manner.	Revised language.
230. The Geneva Association	International	At this stage, we would urge patience in terms of the scope and quality of insurers' TCFD reports. In most instances, the year 2019 marked the first or perhaps second year in which firms will have produced a TCFD report. We observe that, of the firms that have issued a TCFD report; they are	Noted. Revised language in paragraph 44.

		<p>receiving feedback from stakeholders and gleaning insights from within the organization and each other through industry forums and trade associations. In particular, we would note that insurers are voluntarily joining forums such as the UN Principles for Sustainable Insurers, which has established working groups focused on enhancing TCFD disclosures and developing scenario analyses.</p> <p>As mentioned earlier, we are convening an international task force to take a deeper technical dive into issues related to climate scenarios and stress testing approaches. We will convene top experts from a variety of disciplines and organizations to engage in our discussions and analysis. We look forward to our collaboration and to sharing our finding with the IAIS/SIF in due course.</p>	
231. General Insurance Association of Japan	Japan	<p>The sentence, "Given this wide dispersion..." seems to support mandatory disclosure and should be deleted. The conclusion of this paper should be for supervisors to establish the most appropriate means of implementing the TCFD Recommendations in their own jurisdictions, and must not encourage supervisors to make the Recommendations mandatory.</p> <p>We do not support the implication that a purely voluntary pathway towards adoption of TCFD Recommendations has problems just because there is a wide dispersion on climate-related disclosure among insurers. Leading insurers (i.e., those able to secure resources relatively easily) have an edge over others in terms of TCFD aligned disclosures. In addition, raising the standard of the insurance sector is still at an early stage. Developing disclosure methodologies is also just getting started by the UNEP FI's TCFD insurance pilot group. Both disclosers and disclosed have only just begun their efforts within voluntary frameworks and are about to enhance the quality of their disclosures. While "a purely voluntary pathway towards adoption of TCFD Recommendations" could yield the disclosures of the required quality, this IP does not state enough rationale about the sentence, and is inappropriate from that aspect as well.</p>	Revised language in paragraph 44.
232. APCIA	United States	<p>This paragraph seems to endorse mandating TCFD disclosures when prior paragraphs make clear there is no consensus to do so.</p> <p>At this stage, we would urge patience in terms of the scope and quality of insurers' TCFD reports. In most instances, calendar year 2019 marked the first or perhaps second year in which firms will have reported a TCFD. We observe that the firms that have issued a TCFD, are receiving feedback from stakeholders and gleaning insights from each other through industry forums and trade associations. In particular, we would note that insurers are voluntarily joining forums such as the U.N. Principles for Sustainable Insurance which has established working groups focused on enhancing TCFD disclosures and developing scenario analyses.</p>	Noted.
<b>Q93 Comment on Paragraph 62</b>			

Q94 Comment on Paragraph 63			
233. Canadian Institute of Actuaries	Canada	The CIA supports an approach to the implementation of the TCFD framework that ensures consistency, quality, comparability, and reliability.	Noted.
234. Insurance Europe	Europe	<p>Insurance Europe recommends that the first bullet refers to national/local governments as well as consumers in relation to leveraging insurance sector intelligence in raising awareness, mitigation and adaptation.</p> <p>Insurance Europe believes that the forward-looking scenario analysis referred to in the second bullet may be a useful tool to improve mitigation strategies and push for prevention actions. However, long-term scenarios should not be used at this stage to draw conclusions on capital requirements.</p>	<p>Revised language.</p> <p>Noted</p>
235. Global Federation of Insurance Associations	Global	Generally, as risks increase, insurers will seek to achieve risk appropriate premium levels for current time period risks. Such risk adequate premiums will send important signals about risk and encourage risk reduction. Longer term scenarios can further demonstrate the benefits of different types of risk reduction measures. They can thus be a profitable tool to improve mitigation strategies and push for prevention actions. However long-term scenarios should not be used at this stage to draw conclusions on capital requirements.	Noted.
236. APCA	United States	We urge consideration of these additional matters for future work: 1. How can TCFD be applied proportionately? 2. What is the role of risk-based pricing and underwriting in addressing climate change issues and why should supervisors not restrict risk-based pricing and underwriting? 3. What pre-conditions should be met for a green investment to meet insurance supervisory solvency standards? 4. What can insurance supervisors do in their interactions with other agencies of government, for example sharing aggregate insurance data, to achieve actions that will reduce climate risk?	Noted.
Q95 Comment on Paragraph 64			
237. Canadian Institute of Actuaries	Canada	The CIA welcomes the opportunity to comment in 2020 on the SIF's and IAIS's development of an Application Paper on Climate Risk in the Insurance Sector, including a section on disclosures.	Noted.
238. Global Federation of	Global	The insurance industry would like to be associated to SIF - IAIS work on an Application Paper in the Insurance Sector in order to bring in its expertise where relevant. GFIA would urge consideration of	Noted.

Insurance Associations		<p>these additional matters for future work:</p> <ol style="list-style-type: none"> <li>1. How can TCFD be applied proportionately?</li> <li>2. What is the role of risk-based pricing and underwriting in addressing climate change issues and why should supervisors not restrict risk-based pricing and underwriting?</li> <li>3. What pre-conditions should be met for a green investment to meet insurance supervisory solvency standards?</li> <li>4. What can insurance supervisors do in their interactions with other agencies of government, for example sharing aggregate insurance data, to achieve actions that will reduce climate risk?</li> </ol>	
239. International Actuarial Association	International	Due to the importance of the actuarial function as noted in paragraph 14, the IAA believes it can be of significant assistance to the IAIS/SIF in the development of the proposed Application Paper on Climate Risk in the Insurance Sector.	Noted.
240. Swiss Re	Switzerland	Swiss Re appreciates the planned further work of SIF and IAIS on the topic of climate risk. Regarding the TCFD requirements, we would recommend that the insurance application of those requirements remains principle-based.	Noted.
241. APCIA	United States	Please note our comment to Q94 above with our recommendations for further work, including any Application Paper.	Noted.
<b>Q96 Comment on Annex 1: The role of supervisors: Case studies</b>			
242. Canadian Institute of Actuaries	Canada	The CIA is encouraged by the work done by the ACPR-France on ESG compliance, as the CIA's "Time to Act: Facing the Risks of a Changing Climate" paper has made strong recommendations about insurers and pension plans fully adopting an ESG framework in their investment decisions.	Noted.
243. Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	<p>Please add:</p> <p>Germany: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)</p> <p>Sustainable finance is one of the key priorities of BaFin.</p> <p>BaFin is looking closely at the methods available to insurers e.g. for the quantification of physical and transition risks in their investments. Climate stress tests can be used by insurers to better identify, assess, monitor, manage and control their environmental risks. As the insurers are responsible for their own risk management, they are obliged to examine whether the company-specific stress tests appropriately model the key sustainability risks. They need to independently</p>	Added.

		<p>improve methods and tools to ensure that these can model the sustainability risks in the long term . Many insurers use analysis tools from external providers or combine their own tools with external ones.</p> <p>Given the increasing importance of climate stress tests and scenario analysis, BaFin contacts insurers and, during on-site supervisory interviews, obtained an understanding of the importance of stress tests and scenario analysis in insurers' investments. In addition, BaFin held workshops with the industry with a particular focus on governance issues and scenario analyses and stress tests. The outputs of these activities will influence the design of future supervisory practice and BaFin's risk-based supervisory approach. BaFin plans to continue this practise to build up expertise.</p> <p>As a supporter of the FSB Task Force on Climate-related Financial Disclosures (TCFD) Recommendations published in June 2017, Germany participated in the Sustainable Insurance Forum (SIF) Survey on the status of TCFD Recommendation implementation in 2019. It was discovered, that entities reporting related to climate change is conducted via several channels, first and foremost as part of the entities annual sustainability report, but also via annual consolidated non-financial statements.</p> <p>In June 2019, the European Commission supplemented and published its Guidelines for non-financial reporting (reference to the Corporate Social Responsibility (CSR) Directive 2014/95/EU). The additions incorporate the TCFD Recommendations. The CSR Directive significantly extended the sustainability-related disclosure requirements for large companies (e.g. more than 500 employees). The non-financial declaration must contain at least environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.</p> <p>The CSR Directive was implemented in the German Commercial Code (HGB) by introducing a duty on the non-financial declaration in the (group) management report. The additional reporting was required for the first time for the financial year 2017.</p> <p>In 2019, BaFin published its Guidance Notice on Dealing with Sustainability Risks , which focuses also on key topics relevant within the scope of the TCFD Recommendations. BaFin intends this Guidance Notice to serve as a compendium of non-binding procedures (good practice principles) to be applied, with regards for the principle of proportionality, by supervised entities in the area of sustainability risks to implement the legal requirements for a proper business organisation and an appropriate risk management system. The Guidance Notice considers details of strategies, responsible governance and business organisation. BaFin recommends a strategic assessment of sustainability risks. The central focus of the Guidance Notice is risk management. It considers risk identification, management and control processes together with traditional methods and procedures,</p>	
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		<p>with specific reference to sustainability risks. In addition, the Guidance Notice considers issues regarding stress tests including scenario analyses, particularly with regard to entity-specific tests, and considers transition and impact scenarios. External stress tests are not covered.</p> <p>In December 2019, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector was published which is directly applicable in all EU Member States from 10 March 2021. It applies to financial market participants and financial advisers and lays down harmonised rules on transparency with regard to inter alia the integration of sustainability risks. With this regulation, sustainability-related disclosure will considerably improve.</p> <p>In 2020, BaFin will develop a concept and strategy for the supervision of the management of sustainability risks.</p> <p>As of 2021, BaFin will systematically record and address sustainability risks through existing supervisory instruments.</p> <p>BaFin also participates in the Network on Greening the Financial System (NGFS) with a focus on the development of a handbook for supervisory authorities and the development of climate-risk-related scenarios and corresponding application policies.</p>	
244. Global Federation of Insurance Associations	Global	This is a very useful summary. However, with regard to the U.S., it should be noted that the comments of California and Washington do not necessarily reflect the views of all U.S. regulators.	Noted.
245. General Insurance Association of Japan	Japan	In line with the aims of the TCFD Recommendations, the nature of TCFD aligned disclosures only become meaningful after all the market participants deliver them. In Japan, with the premise of voluntary disclosure, many companies, in addition to the insurance industry, support the TCFD recommendations through activities such as the TCFD Consortium of Japan. In Japan, the financial/insurance supervisor builds cross-sectoral cooperating mechanisms while working with other ministries. Through initiatives such as the TCFD Consortium of Japan, discussions and considerations regarding methodologies of disclosures, which are led by the private sector in cooperation with public sector, are becoming more active. We think such initiatives are beneficial.	Noted.
247. APCIA	United States	This is a very useful summary. However, with regard to the U.S., it should be noted that the comments of California and Washington do not necessarily reflect the views of all U.S. regulators.	Noted.

		We hope that the seven U.S. states participating in the NAIC's Annual Climate Risk Survey will allow firms to submit TCFD reports in lieu of completing the survey, for the firms that wish to do so.	
<b>Q97 Comment on Annex 2 – TCFD thematic areas with links to ICPs</b>			
248. Global Federation of Insurance Associations	Global	On disclosure requirements, GFIA sees merit in further exploring the incorporation of financial risks from climate change into ICP 7 (corporate governance), including Board oversight and broader management's role in assessing and managing climate-related risks and opportunities. GFIA also sees merit in exploring the incorporation of financial risks from climate change into ICPs 8 (Risk Management and Internal Controls), 9 (Supervisory Review) and 16 (ERM and Solvency). However, as noted above, GFIA is not endorsing supervisory mandates. The use of the TCFD by an insurer should be one acceptable way, but not necessarily the only way, to address any climate risk considerations under the ICPs. Due recognition should also be provided to confidentiality protections in connection with supervisory material relating to disclosures.	Noted.
249. VALIDOR	INDIA	NA	
250. ICMIF	UK	We agree with the proposed disclosures as outlined in the annex, provided the proportionality principle applies.	Noted.
251. APCIA	United States	We ask for a statement that full compliance with the ICPs does not necessarily require application of the TCFD disclosures. On the other hand, TCFD disclosures should be accepted as one way to comply with any reporting or disclosure mandates. With regard to public disclosures, specific mention should be made of confidentiality requirements and the legitimate need to protect some information from public disclosure.	N/A.