



**Public webinar**

**Public consultation on  
climate risk supervisory  
guidance**

**29 March 2023**

**13:00 - 14:30 (CEST)**

**Follow us on LinkedIn!**





1. Background on IAIS
2. IAIS Climate risk work
3. Outline of Climate Consultation

# IAIS – the global insurance standard setter

The mission of the IAIS is to:

- Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to
- Contribute to global financial stability.

More than **200** jurisdictions,  
constituting **97%** of global insurance premiums,  
represented by **39** members of our ExCo

# IAIS Climate risk work



# Climate risk

Broad consensus that climate change is a source of financial risk that impacts insurers, both in their roles as underwriters and investors.

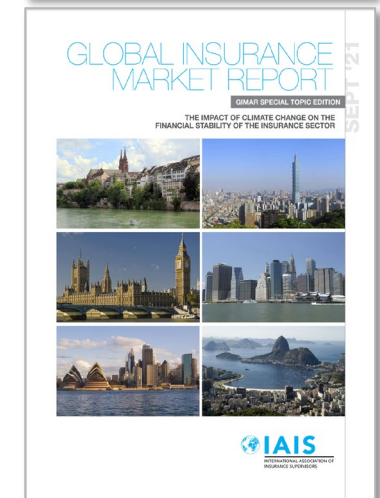
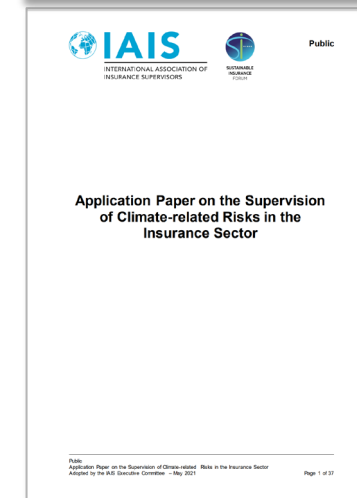
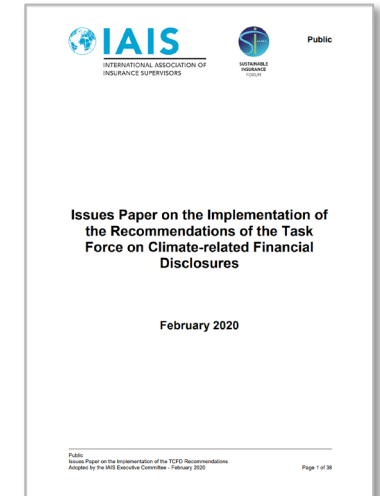
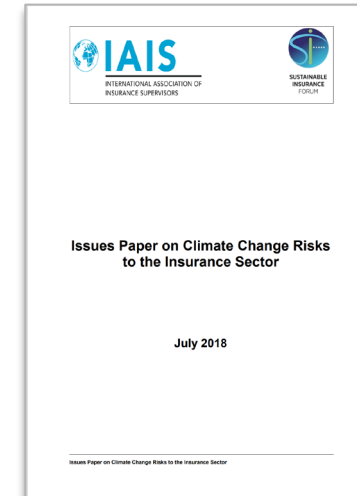
Work focused on equipping supervisors to heighten their focus on the accelerating transition and physical risks and on ensuring that insurers take appropriate action in response.

# IAIS work on climate-related risks

- In September 2021, establishment of **Climate Risk Steering Group (CRSG)**: tasked with coordinating the overall IAIS strategy in addressing climate related risks
- IAIS work focuses on:
  - **Undertaking analysis** to understand how climate change impacts the insurance sector and financial stability
  - **Promoting a globally consistent supervisory response** to climate change, by developing guidance on supervisory practices, reviewing existing IAIS standards to assess whether further work is needed, as well as by supporting cross-sectoral initiatives
  - **Assisting in capacity building** initiatives, in cooperation with our partners

# Previous publications

- **2018:** Issues Paper on Climate Change Risks to the Insurance Sector (2018)
- **2020:** Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- **2021:** Application Paper on the Supervision of Climate-related Risks in the Insurance Sector
- **2021:** Global Insurance Market Report – special topic edition on the impact of climate change



# Climate risk in IAIS 2023-24 Roadmap

The IAIS 2023-24 Roadmap includes the following climate risk related initiatives:

- Following a gap analysis, the IAIS will consider small updates to certain **ICP guidance** and develop further **supporting material** to make it more explicit that insurance supervisors should require insurers to incorporate climate-related risks into their governance and operations:
  - The IAIS will launch three consultations in the next 18 months to gather feedback from stakeholders on the draft materials.
- As part of its Climate Scenario work, IAIS will continue to develop and share practical capacity building materials for insurance supervisors, which will form part of the second climate consultation
- Continue to refine the **data collection** on climate-related risk in the **annual GME** and also explore introducing additional indicators to capture climate-related risks.
- IAIS will continue to bring the insurance sector supervisory perspective to the climate related work of the FSB and maintain its strong track record of **collaboration and cooperation** with standard-setting bodies to ensure that agendas are aligned



# IAIS Climate Risk Consultation

# Timing of consultations

| Timing  | Content   |
|---|---|
| <b>Part 1</b><br>Published in March 2023; public consultation until 16 May 2023 | <ul style="list-style-type: none"><li>• Amendments to ICP Introduction; Supporting material for ICPs 7 and 8; Questions seeking initial stakeholder feedback on the overall package of climate-related work</li></ul> |
| <b>Part 2</b><br>Public consultation planned to start in Q4 2023                | <ul style="list-style-type: none"><li>• Supporting material covering ICP 19, 21 and climate scenario considerations (related to ICP 16 and 24)</li></ul>  |
| <b>Part 3</b><br>Public consultation planned to start in Q1 2024                | <ul style="list-style-type: none"><li>• Climate-related additions to the guidance in ICP 15/16; Supporting material covering ICPs: 9, 14, 15, 16, 20, 24, 25</li></ul>  |

# Outline of Climate Consultation Part 1

- The importance of Climate Change Risk to Insurance Supervision
- Rationale for IAIS climate risk consultations
- The content of the three parts of the consultation
- Consultation material includes:
  - Proposed climate risk related text in ICP Introduction
  - Outcome of the review of ICP7/8 content in the 2021 Application Paper
  - Comparison of IAIS and BCBS approaches on climate risk governance and risk management is aligned with BCBS
  - Request suggestions for additional supporting material on ICP 7/8
  - Request suggestions on issues or themes to explore in the forthcoming consultations

➤ [Access the consultation on the IAIS website](#)

➤ **Consultation period open until 16 May 2023, 24.00 CEST**

# Questions in Consultation Paper

1. Do you have any comments on the proposed text referencing climate-related risk within the ICP Introduction?
2. Do you have any comments on the location of the proposed text?
3. The IAIS considers that the 2021 Application Paper material related to ICP 7 (Corporate Governance) and ICP 8 (Risk Management and Internal Controls) remain appropriate in the context of climate risk management. Are there any issues related to corporate governance and/or risk management and internal controls from a climate perspective that are not addressed in the 2021 Application Paper that would be helpful for the IAIS to develop?
4. Do you have suggestions on issues or themes to explore in the forthcoming consultations to improve the usability of the climate risk related Application Papers?
5. Should the IAIS' work and upcoming consultations on climate risk also cover considerations related to transition planning by insurers?
6. Do you see anything missing from the current IAIS workplans on climate risk, as outlined in the IAIS 2023-2024 roadmap?

# Questions?



# Thank you

Follow us on LinkedIn

