

## The Sustainable Insurance Forum

### ***Leading Insurance Supervisors assess insurance sector action on climate risk disclosure – and set action plan for further work in 2019***

Buenos Aires/Geneva, June 21<sup>st</sup>, 2019

A global supervisory and regulatory survey of the insurance sector's action on climate has uncovered a significant disconnection between firms' recognition of climate change as a risk, and steps taken to identify, assess, and disclose information on the risks they face. Gathering responses from nearly 1200 entities across 15 jurisdictions, was designed to assess insurers' and reinsurers' levels of awareness, uptake and implementation of the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which set a voluntary framework for the identification, assessment, and disclosure of climate-related risks and opportunities by corporate and financial sector entities.

The survey was implemented by members of the Sustainable Insurance Forum (SIF), the global leadership group of supervisors collaborating on climate change and sustainability risks. The SIF held its Sixth Meeting in Buenos Aires, alongside the Global Seminar of the International Association of Insurance Supervisors (IAIS). At this meeting, the SIF welcomed four new member jurisdictions (Canada, Egypt, Ireland, and New Zealand), bringing its member to 25 supervisory bodies.

The purpose of this SIF survey effort was to assess the progress of voluntary uptake of the TCFD Recommendations, and examine and the potential need for supervisory engagement and interventions to support insurers' efforts. While TCFD-aligned disclosures are primarily oriented towards investors, some supervisors are looking to such disclosures as an indicator of the strength of long-term business planning and prudential resilience to climate impacts.

Toby Fiennes, Head of Financial System Policy and Analysis at the Reserve Bank of New Zealand, said: "The New Zealand insurance sector has acknowledged that it is exposed to climate change risks, but as we've seen internationally, there has been limited progress in reflecting those risks in business practices and public disclosures. The Reserve Bank will be working with industry and wider stakeholders to develop an appropriate climate risk disclosure framework for New Zealand, and welcomes the opportunity to learn from the experiences of other SIF member organisations."

Geoff Summerhayes, Chair of the SIF, said: "While there is some leadership on climate risk disclosure by a few of the world's major insurers, the vast majority of the sector is not yet assessing and disclosing climate risk information in a consistent or systematic way. Considering that changes in climate-related natural disasters – such as extreme weather, or wildfires – are happening faster than previously expected, it is imperative that supervisors and regulators gather necessary information from firms to ensure that insurance markets are safe and stable in the face of impending climate-related disruptions. The TCFD provides a consistent framework to help guide industry forward – however, it will be up to supervisors to use the range of instruments at their disposal to ensure that the critical (and complex) set of issues presented by climate change are adequately addressed."

At the SIF meeting, supervisors recognized that action on climate change risk disclosure is progressing unevenly within and across markets. While SIF member supervisors welcome and encourage voluntary action to address climate change risks (including through the release of TCFD-aligned disclosures), they recognize that further action and engagement may be necessary to motivate comprehensive efforts by general, life, and specialist insurers and reinsurers.

To support this, members of the SIF will work with the Secretariat to develop an Issues Paper climate risk assessment and disclosure, focusing on TCFD implementation – following from the landmark paper issued with the IAIS in 2018. As part of this work, the SIF is planning to conduct engagement with industry stakeholders in Q3 2019. The SIF will also advance a new research project on the consideration of climate change risk factors in insurance-sector stress testing and scenario analysis. This work will support the future efforts of other supervisory coalitions (such as the Central Bank and Supervisors Network for Greening the Financial System), which have signaled intent to develop tools for climate scenario analysis.

Victoria Saporta, Chair of the IAIS Executive Committee, and Executive Director of Prudential Policy Directorate at the Bank of England, said: “Our collaboration with the SIF offers our Members a dedicated platform for an exchange of supervisory practices, which then facilitates an acceleration of the conversation among our broader membership. The IAIS will increase its focus on helping its Members to proactively respond to a range of emerging trends and developments, particularly in the areas of climate risk and sustainable development. We look forward to our continued partnership with the SIF and an engaged conversation with our broader stakeholders on the topic of climate risks. Moreover, we believe that the work of the IAIS, both undertaken independently and in partnership with the SIF, can support the objectives of other bodies – including the NGFS – by bringing a specific insurance sector perspective”.

#### **Notes to Editors**

SIF/IAIS 2018 Issues Paper on Climate Change Risks to the Insurance Sector available at: <https://www.sustainableinsuranceforum.org/publications>

#### **About the Sustainable Insurance Forum**

The Sustainable Insurance Forum (SIF) is a global network of insurance supervisors and regulators working together to strengthen responses to sustainability challenges facing the insurance sector. Launched in December 2016, the SIF provides a platform for international collaboration among supervisors, facilitating knowledge sharing, dialogue, and uptake of policy innovations. This SIF is convened by United Nations Environment Programme (UNEP), which serves as its Secretariat. The SIF works closely with the International Association of Insurance Supervisors (IAIS), delivering collaborative projects and research on climate change issues. As of June 2019, the SIF has 25 jurisdictions as members.

- Argentina: Superintendencia de Seguros de la Nación (SSN)
- Australia: Australian Prudential Regulation Authority (APRA)
- Belgium: National Bank of Belgium (NBB)
- Brazil: Superintendência de Seguros Privados (SUSEP)

- Canada: Office of the Superintendent of Financial Institutions (OSFI)
- Costa Rica: Superintendencia General de Seguros de Costa Rica (SUGESE)
- Egypt: Financial Regulatory Authority (FRA)
- Finland: Finanssivalvonta (FIN-FSA)
- France: Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- European Union: European Insurance and Occupational Pensions Authority (EIOPA)
- Germany: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
- Ghana: National Insurance Commission (NIC)
- Guernsey: Guernsey Financial Services Commission (GFSC)
- Ireland: Central Bank of Ireland (CBI)
- Italy: Istituto per la Vigilanza Sulle Assicurazioni (IVASS)
- Japan: Financial Services Agency (FSA)
- Morocco: Autorité de Contrôle des Assurances et de la Prévoyance Sociale (ACAPS)
- Netherlands: De Nederlandsche Bank (DNB)
- New Zealand: Reserve Bank of New Zealand (RBNZ)
- Singapore: Monetary Authority of Singapore (MAS)
- South Africa: South African Reserve Bank; Financial Sector Conduct Authority
- Sweden: Finansinspektionen (FI)
- United Kingdom: Bank of England Prudential Regulation Authority (PRA)
- United States – California: California Department of Insurance (CDI)
- United States – Washington State: Office of the Insurance Commissioner (OIC)

For more information, please visit: [www.sustainableinsuranceforum.org](http://www.sustainableinsuranceforum.org), or contact Jeremy McDaniels (Head of SIF Secretariat), at [Jeremy.McDaniels@un.org](mailto:Jeremy.McDaniels@un.org)