ACTUARIAL ASSOCIATION OF EUROPE

AAE WG SUSTAINABILITY AND CLIMATE-RELATED RISKS (SCRR)

Insurance Committee

Rome

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6 October 2022

SCR Inititiatives (1/2)

- ✓ **TF 1- Overview of existing climate scenario material (on hold)**
  - 160 sources for raw uncategorised climate models
  - Challenges to further analyse those models
  - Missing: ESG Ratings, long-vs-short timeframes, Societal vs Entity analysis, Pension-specific issues/modelling
- ✓ **TF 2- Mapping and translation of climate scenarios to insurance**
  - Selection of 20 models from TF 1, focus on references EIOPA climate best practices in ORSA (EIOPA publishes application guidance on how to reflect climate change in ORSA | Eiopa (europa.eu))
- ✓ **Webinars**
  - Joint webinar 'Sustainability and Climate Change – what does it mean for risk management in Insurance and Pensions?' by the Risk Management Committee (RMC) with the Insurance Committee (IC) and the Pensions Committee (PC) (01/02/22)
  - AAE Webinar 'Sustainability and the role of the actuary – A professionalism perspective' by the Professionalism Committee (30/06/22)
  - Presentation on "Climate and sustainability risks" by the RMC at convention A (22/09/22)

Those webinars are still available on AAE website or via Actuview platform

SCR Inititiatives (1/2)

- ✓ **TF 3 - Communication and Consultation of Sustainability related Topics**
  - **SUSTAINABILITY AND CLIMATE CHANGE: MAIN POSITIONS OF THE AAE – DEC 2021** (20211208-AAE-Position-Sustainability-and-Climate-Change.pdf (actuary.eu))
  - **SOLVENCY II-REVIEW: MAIN POSITIONS OF THE AAE – JUNE 2022** (Solvency II-Review: Main positions of the AAE - Actuarial Association of Europe (actuary.eu))
  - **SUSTAINABILITY ISSUES AND REPUTATIONAL RISK FOR INSURANCE COMPANIES AND PENSION FUNDS – SEPT 2022** (Sustainability issues and reputational risk for insurance companies and pension funds - Actuarial Association of Europe (actuary.eu))
  - Draft paper on "Vision for a future world of a sustainable economy, society, social security system and insurance / pensions industry" (on hold)
- ✓ **TF 4 – Sustainable products**
  - Prepare an overview on what makes a product sustainable
  - How green-washing could be avoided
  - Translate current criteria for ESG classification also to features of insurance products and discuss sustainable underwriting and operations of such products

SCR Next Steps

- ✓ **Sustainability in SII** – how to support and interact with SII WG given trilogue discussions
- ✓ **Climate scenarios best practices** - guiding Actuaries in their upcoming ORSA exercise based on reference scenarios
- ✓ **Sustainable products** – sustainable savings/risk products, ESG risk for insurance products, classification in different taxonomies
- ✓ **Own sustainability for AAE -** Framework for AAE "Priorities on Sustainability"
- ✓ **Following updates on EIOPA plans** (EIOPA further contributes to sustainable finance | Eiopa (europa.eu)
  - Pilot dashboard for the natural catastrophe protection gap
  - Methodological paper for integrating climate change in underwriting risk capital charge of the Solvency II standard formula
  - Report on non-life underwriting and pricing in light of climate change
  - Exploring a risk-based prudential treatment of insurance products related to climate change adaptation
  - Integration of climate change adaptation and mitigation requirements in insurance distribution and product oversight and governance requirements
  - Investigating the potential for long-term non-life contracts, considering the need to develop innovative solutions.

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