



ACTUARIAL ASSOCIATION OF EUROPE

AAE WG SUSTAINABILITY AND CLIMATE-RELATED RISKS (SCRR)

Insurance Committee

Rome

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SCR Initiatives (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 Actuvie platform

SCR Initiatives (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.

