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Prudential Treatment of Sustainability Risks

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Responding to the paper

EIOPA is going to assess the extent to which a dedicated prudential treatment of assets and activities associated with environmental or social objectives would be justified under Solvency II, motivated by the proposed Article 304a of the Solvency II Directive.

The assessment follows a step-by-step approach, starting by a discussion paper focusing on methodologies and data sources for the intended analysis. At a later stage, a consultation paper focusing on empirical findings and potential policy implications will follow.

EIOPA welcomes comments on the discussion paper on the prudential treatment of sustainability risks. Com ments are most helpful if they:

- respond to the question stated, where applicable;

- contain a clear rationale; and

- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA using the EU Survey tool **by Sunday, 5 March 2023, 23:59 CET** by responding to the questions below. Contributions not provided using the EU Survey tool or submitted after the deadline will not be processed.

Publication of responses

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After you start filling in responses to the survey there is the option to save your answers. However, please note that the use of the online saving functionality is at the user's own risk. As a result, it is strongly recommended to complete the online survey in one go (i.e. all at once).

Should you still proceed with saving your answers, the online tool will immediately generate and provide you with a new link from which you will be able to access your saved answers.

It is also recommended that you select the "Send this Link as Email" icon to send a copy of the weblink to your email - please take care of typing in your email address correctly. This procedure does not, however, guarantee that your answers will be successfully saved.

You will have the possibility to print a pdf version of the final responses to the survey after submitting it by clicking on "Download PDF". You will automatically receive an email with the pdf file. Do not forget to check your junk / spam mailbox.

* Declaration by the contributor

- (●) I consent to the publication of all information in my contribution in whole.
- ( ) I consent to the publication of parts of information in my contribution as clearly indicated in my responses.
- ( ) All my responses remain confidential.

About the respondent

* Stakeholder name

Actuarial Association of Europe

* Type of Stakeholder

- (●) Association
- ( ) Industry
- ( ) Ministry
- ( ) Supervisor
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Questions to Stakeholders

I. Assets and Transition Risk Exposures

Q1: Are there any specific data sources that might be useful for a historical analysis of transition risk for private and public equity and debt? How can EIOPA access them? Why are they relevant?

This response applies to Q1-Q11: We note that historical data have to be handled with care especially in case of business disruption/transition.
For public equity and debt, historical Green House Gas (GHG) intensity and footprint may be used (based on CDP data for example, or other ESG providers one).
MSCI for example provides GHG emissions time series from 2008.
We also recommend, for sectors subjects to CO2 public pricing (e.g. EU ETS), to use threshold defined annually for each sector and country, and prices of CO2 tons. The lower the threshold vs. sectoral emissions, and the highest the price, the highest the “transition risk”.
A primary theme for sustainability / climate modelling must be a paradigm shift away from purely historical data sets and to use models that use scientifically projected scenarios instead. Climate catastrophe may not occur historically therefore a pure historical data-set approach would conclude that the risk was very limited, which might not be the case in future. We acknowledge that historical statistical analysis is a staple actuarial methodology, and in part it will play a role. However, the main efforts must be to incorporate work done from other professions, most notably climate science.

Q2: In case you are suggesting the use of historical “non-valuation data” like cash flows: How would the measurement of risk be commensurate with the definition under Solvency II (i.e. fluctuation of values in accordance with Article 75)?

An additional criterion is the Limited representation of the global economy. MSCI Global Environment Index (one of the proposed indices) has currently a weight of 28% for a single company.
We also note the risk of circularity between the level of transition risk exposure and weight of sustainability criteria.

Q3: Do you have comments on the outlined criteria for the selection of market indices?

When trying to assess the exposure to transition risk, we suggest the use of indices whose composition or weights is adjusted only based on climate factors (GHG emissions / intensity levels, exposure to intensive sectors such as fossil fuels, Climate Value at risk), and not to indices with transversal sustainable criteria, in order to facilitate the isolation of climate risk vs. a standard index.

- It is noteworthy that the initial scope covers only some investment classes. There are many other investment classes such as derivatives, commodities and loans which may also be affected by transition risks.
- Data required to make this assessment might be difficult to procure for certain portfolios or may be inconsistent. Examples include:
- Focus primarily on EU data sources – how will non-EU investments be treated?
- In particular, to the extent that certain sustainability metrics are readily available within the EU, this may not be the case for non-EU investments.

Data may be more difficult to obtain for collective investment undertakings, e.g. NACE codes which may not be currently collected for each underlying asset in the portfolio.

Q4: Are there any equity indices not mentioned above that would be relevant to analyze? Why?

The MSCI Climate Action, or MSCI Ex Fossil Fuel may also be relevant to analyse.
The MSCI Climate Action Indexes balance companies' transition risks against their emission reduction targets and climate risk management to select the top half companies in each sector. The MSCI ex fossil fuel reduces exposure to companies with proved or probable coal reserves and/or oil and natural gas reserves used for energy purposes.

Q5: Are there any equity indices which focus on companies with higher transition risk?

We are not aware of the existence of such indices. However, one may deduce the composition of such an index by identifying whose companies have been “filtered” or whose weight has been reduced in a low carbon index, versus its “standard” version.

Q6: Would you have any suggestions how the effect of different levels of transition risk could be “isolated” when comparing the historical risk for a given index with the broad market?

Different levels of transition may be isolated using different type of indexes, e.g. a broad one, one with lower GHG reduction exigence (like the Climate Transition Bmk), and a one with higher GHG reduction exigence (like the Paris aligned one).

Q7: Are there any other bond indices suitable for the analysis? Why?

The MSCI Climate Transition Corporate Bond Index.

Q8: Are you aware of any indices which focus on companies with higher transition risk?

See Q5.

Q9: Would you have any suggestions how the effect of different levels of transition risk could be “isolated” when comparing the historical risk for a given index with the broad market?

See Q6.

Q10: Would you have any suggestions how to compare the risk of a given bond price index (i.e. no separate spread data for each rating class and maturity buckets available) with a “conventional” bond index taking into account possible differences in ratings and durations?

Q11: Do you see any other possible approach to classify stocks and bonds according to their transition risk exposure? What would be their advantages?

We note that the use of Transition Vulnerability Factors as described further in the document is actually a third approach ranging between a “sectoral approach” and “individual company approach”, which we welcome given the limits of a full sectoral approach.
A score may be given to assets based to their historical GHG intensity (in absolute terms), based on GHG intensity versus sector average, and also based on the GHG intensity evolution on a long-term period. The distribution of stocks and bond in different buckets “high / medium / low” carbon transition risk may then be based on this score.

Q12: Would you have other ideas how to quantify transition risk per NACE code?

A possibility may be to consider that sectors eligible to the “climate change mitigation” goal of the taxonomy are more likely to be exposed to transition risk, since they are expected to contribute on a significant way to mitigating emissions. May want to consider using the compass file provided by European Commissions, that indicated the equivalence between taxonomy and NACE sectors, and indicated which one of them are “transitional sectors”.

Q13: Would you have suggestions for sector definitions other than by NACE code? What are their advantages? How does one quantify their transition risk?

NACE presents the advantage to be well-established and is already available in assets QRT.
The taxonomy sectorial classification may be used.

Q14: Do you agree that either the debt or equity shocks from recent stress test exercises should be used for measuring transition risk (resulting in one measure for both asset classes)? What advantages do you see in using equity or debt shocks respectively?

It is important to have a thorough understanding of the narratives/context of the recent stress tests. The underlying calibration and confidence level are, however likely to differ from the SII pilar 1 risk measure. We would therefore recommend using those shocks for challenging but not for calibration purposes.
We recommend making a distinction between debt and equity shocks as equities are first line absorber (we also refer to BCE proxy approach where 15% of the transition equity shock was applied to bond of the same sector). In any case, climate-related effects in SII should be disclosed separately, for a material transition period.

Q15: Do you have any comments on the company-specific transition risk measures set out in this chapter? Are there other ones? If so, what are their advantages?

Although the taxonomy alignment data will be an interesting source to assess such risks in the future, the lack of backward data will be an issue. We would rather recommend the use of GHG intensity-based data.

This data would not be sufficient though and it seems relevant to also analyse geographical exposure too carbon pricing mechanism, GHG emissions trends, and comparison vs. sectorial GHG intensity averages.

Q16: Do you agree with focusing on greenhouse gas (GHG) emission intensities rather than on absolute GHG emissions? What is your view regarding the scope of emissions to be used (1, 2 or 3)?

We agree that GHG intensities are one set of useful measures which relate GHG emissions to revenues and thus enterprise value.

Absolute emission levels do not reflect the level of exposure to transition risk well.
Although data are not always available, we recommend using scope 3 data in sectors in which they are relevant: Oil & Gas, Automotive and Finance (financed emissions – cat.15 of the GHG protocol). Such data are now estimated by some providers for these sectors.

Nonetheless, in isolation these are misleading, giving larger margin companies a potentially greener tint than appropriate. This is compounded by the lack of reliable emissions information.

We believe that all scope emissions must be used, and checked for downstream companies, not merely the next company in a chain. Otherwise, fossil fuel companies' scope 3 (which report the end users' emissions) would not enter under consideration, for example.

Q17: Do you see other approaches to define portfolios with companies subject to higher, medium and lower transition risk exposure based on their NACE codes? What are the advantages?

Rather than using thresholds based on the DNB stress test, another option may be to define what GHG emissions reductions are expected of each sector based on available European countries NDC. Some ESG providers are assessing sectorial targets-based EU ETS sectorial allocation and NDCs to work on forward looking climate risk metrics adjusted by companies according to their sectors. Their methodology may be replicated to assess which sectors are due to get the strongest reductions.

Q18: Do you consider it preferable to combine the CPRS classification (Battiston et al. (2017)) with the use of asset shocks (e.g. DNB stress test) to differentiate assets according to their transition risk exposure or should only the latter be used? Why?

We support thresholds to nuance the approach in CPRS classification. We however question the future reassessment of those thresholds and the use of one specific scenario of one supervisor stress test (e.g. the double-shock scenario from the DNB stress test).

Q19: If debt or equity stress test factors are used (e.g. DNB stress test), how should the thresholds to separate lower, medium and higher transition risk exposures be set?

Q20: Do you have any comments how to test the robustness of the sectoral classifications into higher, medium and lower transition risk exposure?

Q21: Would you have any suggestions how to derive a less granular definition of the higher transition risk sectors (e.g. based on 2nd digit NACE codes) based on the CPRS classification (Battiston et al. (2017)) in line with the granularity of the stress test exercises while preserving the risk sensitivity?

Q22: What is your view on the treatment of financial institutions regarding transition risk?

This should not be sector based as there are so many factors and different regulations. Many details are required with strong evolution over time.

Q23: Would you have any suggestions for other portfolios that should be analysed (perhaps also portfolios with lower transition risk)? Why are these portfolios relevant?

Q24: What is the minimum number of bonds/equities in a portfolio that ensures results are reliable?

Finding a meaningful amount of assets requires combining different criteria's, such as total number, size of an asset and representativity criteria. Size should be measured both under economic criteria (e.g. revenue, capitalization) and also relative to total GHG emissions.

Q25: Do you see other approaches to define portfolios with companies subject to higher, medium and lower transition risk based on the company-specific approach? What are their advantages?

Q26: How should the thresholds to separate lower, medium and higher transition risk sectors be chosen?

Q27: Do you have any comments on how to test the robustness of the transition risk classifications?

Q28: Do you have any comments on the advantages and disadvantages regarding both the sectoral and the firm-level classification approach?

Q29: What approach should be preferred? Why?

We favour a sectoral approach under the standard formula in line with the proportionality principle. We stress however that some refinement might be needed for some sectors (e.g. fossil fuels depending on their energy source).

Q30: Which equity index should be selected in terms of geography and size of the constituents to assess transition risk exposures? Why?

EU currency should be more relevant for our purposes

Q31: What are your views on applying a constant or changing composition of constituents regarding the equity portfolios? How material would the deviation between the two approaches be?

It would be ideal to replicate the market. However, given the complexity, we support the constant composition of the constituents.

Q32: Do you agree that a static measurement of transition risk is sufficient? If not, can you suggest relevant data sources to implement a dynamic measurement?

Q33: Do you consider it necessary to isolate the effect of transition risk materializing in the observed historical equity risk of firms from other risk drivers from a prudential perspective?

We recommend avoiding any double counting of equity risk and ensuring consistency with the existing equity component of the framework.

Q34: Do you have any suggestions how to isolate the pure transition risk effect on equity risk?

Q35: Do you have comments on the approach for treating missing data?

Q36: Are there specific issues with missing data for non-listed equities? How should they be solved?

We recommend consistency with best practices for calibrating data. There is a need of guidance on crisis time and how to apply expert judgement.
We also recommend to consider anti-selection in the sense that companies with the most negative impact are less likely to report.

Q37: Do you have comments on the proposals regarding calculating the equity portfolio’s value?

We recommend including dividends, i.e., total return as it has an impact on returns.

Q38: Are there specific considerations that apply for non-listed equities?

Q39: Do you have comments on the selection of periods for assessing equity risk?

It appears difficult to extract transition during a period based on an index as it might result in noise. It might be more appropriate to select specific representative equities and measure the impact.

Q40: Do you have comments on the measurement of equity risk if no adjustment for transition risk is performed?

It is not clear whether the years following the Paris Agreement would sufficiently reflect the transition risk incorporated into the price of securities, as it depends on the credibility perception by the market to respect the treaty and on adjustments applied to future profits. It is plausible that the recent rise in carbon prices in the EU ETS would be more reflective of transition risks, as the impact is more tangible here.

Q41: What is your view on the merits of the absolute vs. relative approach? Why?

We support a relative adjustment as transition is mostly relative over the 2015-2022 period but we should avoid any double-counting. We welcome providing an example of relative adjustment to an absolute approach.

Q42: Which bond indices could be a suitable source for traded bonds? Why? Are there other relevant sources for traded debt?

We question why the focus is on investment grade and support the inclusion of below IG as it can be representative of the investment universe of the insurance sector, especially over the last years where there was a search for yield to make up for low interest rate environment. Maturity should also be considered in line with the global life and non-life duration (e.g. 7-15 years).

Q43: Do you have any comments on the considerations regarding maturities and credit ratings for the analysis of transition risk?

Q44: What could be suitable sources for data on non-traded debt?

Q45: Do you have comments on the use of spread data provided by index providers for the analysis?

Q46: Do you think that a simple or a market value weighted spread should be used? Why?

Market value weighted spread is more relevant.
An emission-weighted spread would be an alternative to consider.

Q47: Do you have comments on the selection of relevant time periods for the analysis?

Q48: Do you have any suggestions how the similarity of different portfolios in terms of modified duration could be measured?

Q49: What are the possibilities to account for the effect of duration/remaining maturity other than defining maturity/duration buckets? How would this work?

Q50: How could risk be measured for non-traded debt?

Q51: If there is a link between a building’s energy efficiency and its market value, what are the economic drivers for this link?

A distinction on the economic drivers should be made depending on the situation. For example, DCF will be impacted by heating/cooling cost, which in turn will impact the market value
Tenant: probability of paying the rental

Q52: Do you have quantitative evidence on the potential link between a building’s energy efficiency and its market value on EU housing markets?

Q53: Are Energy Performance Certificates an appropriate measure for transition risk on residential and commercial real estate markets?

Q54: Do you expect different findings regarding potential risk differentials for commercial and residential buildings? Why?

Q55: What are typical characteristics of commercial and residential buildings influencing their market values and therefore should be controlled for when constructing price indices?

The commercial buildings cover a broad range of situations: shops, offices, logistics which show a different trend especially since Covid-19. We encourage a more granular approach, also under the 25% real estate shock of the standard formula.

Q56: What are the benefits or disadvantages constructing a price index on hedonic regression analysis or simple price averages for the purpose of studying potential risk differentials?

Q57: What are potential data sources for the purpose of the study, i.e. data containing the market value of a building, a measure of its level of energy performance and further value driving characteristics?

Q58: What are the benefits or disadvantages using advertisement data for the purpose of this study?

Advertisement data will likely understate the price in very tense housing markets (as is the case in several major cities in the EU), as buyers will be more likely to overbid. It is unclear whether impact would be material.

Q59: Besides transition risk, climate-related physical risk exposures might also influence property risk. Do you have evidence in this regard and what data sources are available to study this potential link?

Q60: Do you have suggestions for other forward-looking assessments of transition risk that will help EIOPA in studying transition risk differentials? If yes, please provide these suggestions.

We refer to the GIMAR study from IAIS on transition risk as a possible source of information GIMAR-2022.pdf (iaisweb.org).

On Forward / backward looking themes, legislation risk would be high for historically high emitters, irrespective of expressing it in terms of intensity. Forward looking, these could be expected to have stricter transition pathways e.g., Swiss cement company facing claims to transition faster.
Dynamic framework as companies and social response will outpace regulatory upkeep pace.

Q61: Do you have comments on using the sectoral transition vulnerability factors (TVFs) introduced by DNB (2018) as a forward-looking measure regarding transition risk?

Transition risk might already be reflected in market price, which questions a pure forward-looking approach and raises potential double-counting issues.

Q62: Do you have comments on the parsimonious and pragmatic way to map the transition vulnerability factors (TVFs) onto the NGFS climate scenarios?

It is not clear why the same weight is given to every risk driver or where (0.5, 0.75, 1) comes from. Extra information on the underlying information/expert judgement is welcome (e.g., back-testing, selecting one ST, consistent calibration).

Q63: Do you agree that whether an activity is aligned or not with the (climate mitigation) taxonomy does not allow per se to draw conclusion on the vulnerability to transition risk? If not, please justify your view.

Q64: Do you agree with the proposed approach to express transition risk differentials for different economic activities in terms of 0.5% value at risk (VaR)? If not, please provide your suggestions to improve the proposed approach.

We welcome any further clarification on the following:

- why should the orderly transition scenario be used as baseline, when the “Current policies” and “Nationally Defined Contributions” are both considered to be in the “Hot house world” category. Baseline should reflect “most likely”, not simply current, because climate risk cannot be estimated under a risk neutral measure, it’s not a martingale (current situation is best estimate of the future).
- why would the risk of disorderly transition be limited to 4.5% a year?

We observe model risk/calibration risk at this stage whereas we would expect a calibration of the SII standard formula to be more evidenced based with high governance standards.

Q65: Do you agree that the forward-looking assessment should also consider commercial and residential property based on energy efficiency labels? Please explain your answer.

Q66: Do you have any suggestions that will help EIOPA in projecting forward-looking prices of commercial and residential property based on energy efficiency labels in different transition scenarios?

Since energy labels are relative and country dependent, with the worst rating being given to the worst 15% of performing buildings per country, a simple shock per rating would likely overstate the shock in countries with better average building energy performance and understate it in country that perform worse in that regard. An alternative would be to match rating with energy consumption in each country and infer an average shock.

II. Underwriting and Climate Change Adaptation

Q67: Do you have comments on the expected conceptual impact of adaptation measures on premium, reserve and natural catastrophe risk in Solvency II?

Premium Risk:

- If adaptation measures lead to a reduction in premiums, this will mechanically lead to a lower premium risk (in absolute terms). It is not clear ex ante if a further relative reduction (lower standard deviation) would entail some double counting
- Paragraph 261 asserts that adaptation measures may result in non-linear risk reduction, consequently reducing the standard deviation. This may not be the case, however, as the effect of the adaptation measures could be a reduction in claims cost in the parts of the distribution close to the mean but not necessarily in the tail of the distribution, which is the focus of the capital calculation.

Reserve Risk: while the reserve must be sufficient to meet the obligations of the insurance contract, we agree that the impact of climate adaptation measures on reserve risk is likely to be secondary.

Catastrophe Risk:

- NatCat risk will increase due to climate change, but this may also be partly compensated by climate adaptation measures (which do not only impact premium risk)
- Conceptually there is some interlinkage between premium risk and catastrophe risk, as both are subsets of the overall claim distribution, and the methodology for determining the premium risk charge requires catastrophe losses to be adjusted or removed from the dataset. Furthermore, the comment (paragraph 263) in respect of sums insured increasing causing an increase in the catastrophe risk charge is only correct on the assumption that NatCat factors remain unchanged, which may not necessarily be the case.

General comments:

- Facilitation of adaptation measures is first a matter of pricing, and the assessment of the corresponding risk can also be performed in the ORSA, rather than in the Standard Formula.
- Public adaptation measures (not directly initiated by the insurer itself) can also have a material impact on risk (as seen in EIOPA's selected case studies) and should be considered in the analysis.

Q68: For internal model users, is it correct that climate related adaptation measures are not explicitly taken into account in your Solvency II internal model calculations for non-life risks?
If no, please provide details on your internal models results with and without taking into consideration climate-related adaptation measures.

To our knowledge insurers generally do not explicitly consider climate adaptation measures in their Solvency II risk models. However, an increasing number of insurers are starting to consider climate adaptation measures in their pricing and valuation models

Q69: Do you have evidence on the impact of climate-related adaptation measures on premium risk?

No, the AAE does not have direct evidence.

Q70: Do you have comments on the proposed methodology to study the potential impact of climate-related adaptation measures on premium risk under Solvency II's Standard Formula?

We agree with the general approach of following a USP methodology.

However, it should be clarified whether EIOPA's suggestion is to have different premium risk factors for underwriting risk pools with adaptation measures, or a single set of revised parameters. We support the first option and believe it should be applied at a granular level to distinguish between products within lines of business.

Calibration:

- Splitting underwriting pools between those with and without adaptation measures may also indicate a different volatility parameter, but care needs to be taken to ensure that there is a causal link for this difference, and that the differences are not driven by factors other than the existence of adaptation measures.
- Climate adaptation is relatively new, therefore forward-looking risk modelling (such as presented in EIOPA's selected case studies) would best support the analysis, rather than historical data (which can be used to confirm the findings). For instance, forward-looking approaches using IPCC RCP pathways could be used (as in EIOPA's own guidance for climate scenarios in ORSA)

III. Social Objectives and Social Risks from a Prudential Perspective

Q71: What do you consider to be areas where the prudential treatment of social risk and objectives should differ most from the treatment of climate risk and objectives?

While climate risks and objectives are well-defined and broadly accepted, social risks and objectives are generally significantly less well defined and might differ based on cultural and personal values.

However, we believe that helping to reduce social inequalities between the various groups in society is an important objective broadly shared by the financial industry. Another relevant area is the conditions of work and employment, that can affect people's health and their savings capacity.

We also stress that there is a link between climate and social risks (e.g. through affordability of insurance for physical risks, or because of climate-related migration)

Q72: Do you have comments on the working definition of social objectives, which are generally referred to as 'social and employee matters, respect for human rights, and anti-corruption and bribery matters' and can be articulated further by referring to decent work, adequate living standards and inclusive communities? Do you consider that social objectives should include anti-corruption and bribery matters, or are these governance aspects?

We agree with the proposed definition, but we suggest adding a reference to Provide equal chances.

Anti-corruption and bribery matters are mostly key governance issues

Q73: Do you have comments on the mapping of social risks into prudential risks?

The mapping should also consider risk prevention aspects i.e., what the financial industry can do to decrease social risks before they materialise.

Q74: Do you have additional examples of how social risks can translate into the Solvency II risk categories?

Additional consideration should be given to policy and legal risks (including litigation risk), changes in societal norms and behaviors, and risks of social unrest linked to inequalities. This includes potential social tipping points, which can trigger sudden and massive transition risk. This can be included in the ORSA for now, but in general there might be insufficient attention to this point by many insurers and regulators.

For underwriting risk, consider higher lapse rates due to job instability or poor working conditions derived from environmental factors that do not allow for income stability.

Q75: Do you have comments on the proposal to start by integrating the treatment of social risks as part of Pillar II and III of Solvency II, covering governance, risk management and reporting/disclosure requirements?

No further comment, we think this is a good development and agree with the proposed approach

Q76: What do you consider good practices for addressing social risks as part of the ORSA?

Please see our response to Q74 above

Q77: Do you think that particular guidance would be helpful for addressing social risks as part of the ORSA?

Optional guidance might help support insurance companies who want to tackle social risks but do not know where to start. However, we do not recommend mandatory guidance.

Q78: What type of risk management actions are most relevant to address social risks?

Actions, products, and services targeted at promoting social welfare and reducing inequalities between social groups could be helpful.

Q79: How do social risks typically impact on business planning (3-5 years) or long-term strategy?

We believe that the human resources strategy (including gender, diversity, inclusion, and ethics) is an important point to be considered here.

Q80: The taxonomy regulation includes key international standards on social issues as minimum safeguards (Article 18) in order to prevent environmentally sustainable activities from harming fundamental human rights, workers' rights or principles of good governance (such as anti-bribery measures, for example). Would you agree that such minimum social safeguards could be used as guiding principles for implementing the prudent person principle requirement for investments with regards to social factors?

Yes.

Q81: Similarly to EIOPA's ongoing analysis on the integration of climate change adaptation into underwriting practices, do you see value in conducting further analysis on how insurers, through their underwriting activity, can include mitigation and adaptation measures for social risks in their underwriting strategy in an actuarial risk-based manner?

We expect the analysis to be more complex for social topics (including for life & health insurance, not just non-life), where the framework is less mature than for climate.

We also see value in considering non-climate Environmental topics (such as biodiversity and nature loss), not just Climate and Social. This is an important trend not yet addressed by EIOPA.

Q82: What are your views on the potential role of - and potential prudential relevance of - corporate governance aspects, such as remuneration, board composition or ant-corruption & anti-bribery tools to reduce potential social risks?

Good governance makes it possible for companies to reduce potential social risk (for instance through mechanisms that prevent corruption and bribery, and through fairer and more diverse access to leadership positions).

These are important Governance topics, but we see their main relevance in a more general risk management context (including in Pillar II and III), rather than in the specific prudential aspect of Pillar I.

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2. The controller responsible for processing your data is EIOPA's Executive Director.
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- Personal details (e.g. name, email address, phone number);
- Employment details.

Recipients of your personal data

10. The personal data collected are disclosed to designated EIOPA staff members.

Transfer of personal data to a third country or international organisation

11. No personal data will be transferred to a third country or international organization.

Retention period

12. Personal data collected are kept until the finalisation of the project the public consultation relates to.

Profiling

13. No decision is taken in the context of this processing operation solely on the basis of automated means.

Your rights

14. You have the right to access your personal data, receive a copy of them in a structured and machine-readable format or have them directly transmitted to another controller, as well as request their rectification or update in case they are not accurate.

15. You have the right to request the erasure of your personal data, as well as object to or obtain the restriction of their processing.
16. For the protection of your privacy and security, every reasonable step shall be taken to ensure that your identity is verified before granting access, or rectification, or deletion.
17. Should you wish to access/rectify/delete your personal data, or receive a copy of them/have it transmitted to another controller, or object to/restrict their processing, please contact legal@eiopa.europa.eu
18. Any complaint concerning the processing of your personal data can be addressed to EIOPA's Data Protection Officer (DPO@eiopa.europa.eu). Alternatively you can also have at any time recourse to the European Data Protection Supervisor (www.edps.europa.eu).

Contact

Contact Form