



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

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IAIS calls for action on strengthening climate related financial disclosures

The International Association of Insurance Supervisors (IAIS) and Sustainable Insurance Forum (SIF) published an *Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*.

Key Messages:

A vast majority of insurers expect climate change to affect their business; however, while the largest globally active insurers have made progress on implementation of TCFD-aligned disclosures, implementation is low across the sector as a whole.

Recognising the diversity of supervisory frameworks across jurisdictions, the Paper identifies a number of areas where supervisors can encourage strengthened disclosures through the application of existing supervisory tools.

To support supervisors' efforts to assess the impact of climate-related risks to the insurance sector and help resolve challenges, including around public disclosure, the IAIS and SIF will do further work on climate-related risk in the insurance sector over the course of 2020, focussing specifically on topics such as enterprise risk management, corporate governance, investment and disclosure.

The Issues Paper can be found [here](#).

Quotes:

Vicky Saporta, IAIS Executive Committee Chair: *In tackling climate change, there is a need for decisive action in the face of uncertainty. For this, it is important to have reliable, consistent and comparable information. This Paper will provide a valuable resource for supervisors taking action to enhance disclosures on climate-related financial risks.*

Geoff Summerhayes, IAIS Sustainability Champion, Chair of the Sustainable Insurance Forum: *Given the variability of practice, disclosure may need to transition to mandatory regimes over time in order for climate-related risks to be effectively priced within the financial system and real economy.*

Mary Schapiro, Special Advisor to the Chair, Task Force on Climate-related Financial Disclosures: *We welcome the IAIS' support for wider adoption of the TCFD framework. Disclosure of climate-related financial information is important for insurers not only to manage and price climate risks appropriately, but to take appropriate investment and underwriting decisions. The TCFD recommendations provide a consistent framework for firms, including insurers, to set out their climate-related financial risks and opportunities. Insurers should also encourage the firms they invest in or for which they provide underwriting cover to make TCFD disclosures.*

Background:**About the IAIS**

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. 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. Established in 1994, the IAIS is the international standard setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation.

The IAIS also provides a forum for Members to share their experiences and understanding of insurance supervision and insurance markets. The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

About the Sustainable Insurance Forum

The Sustainable Insurance Forum (SIF) is a leadership group of insurance supervisors and regulators working together to strengthen their understanding of and responses to sustainability issues facing the insurance sector. The long-term vision of the SIF is a global insurance system where sustainability factors are effectively integrated into the regulation and supervision of insurance companies. This SIF is convened by the 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 November 2019, the SIF has 26 jurisdictions as members.

Task Force on Climate-related Financial Disclosures

The recommendations and supplemental guidance of the Task Force on Climate-related Financial Disclosures (together the TCFD Framework) provides a global voluntary framework for public disclosure of climate-related risks which was developed by the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD).