

IAIS Statement – IFRS Foundation Trustees’ Consultation on Sustainability Reporting

The International Association of Insurance Supervisors (IAIS) welcomes the proposal to establish a new Sustainability Standards Board to contribute to the development of global sustainability standards, as set out in the consultation paper published by the Trustees of the IFRS Foundation on 30 September 2020.

Climate-related risks are material for the insurance sector as they impact the insurability of policyholder property and assets as well as insurers’ operations and investments. Climate risk and broader sustainability issues are therefore a key theme of the IAIS’ 2020-2024 Strategic Plan.

The IAIS has taken a leadership role on climate risk, in partnership with the United Nations Environment Programme’s (UNEP) Sustainable Insurance Forum (SIF). The most recent product of this partnership is a comprehensive guide for insurance supervisors on how to apply the IAIS’ standards to the risks posed by climate change – including in the areas of risk management, investments and disclosure.¹ Earlier in 2020, the IAIS and SIF published an Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),² aimed at raising awareness of the need for climate-related disclosures and identifying ways for supervisors to encourage strengthened disclosures. Currently, the IAIS is analysing the insurance sector’s investment exposures to climate-relevant economic sectors, with the aim of assessing potential financial stability risks.

The lack of a globally accepted framework for sustainability standards is one of the obstacles to disclosures that are comparable, reliable and of sufficiently high quality. The creation of a Sustainability Standards Board under the IFRS Foundation would be an important step towards such a globally accepted framework. As there are already a number of global and regional (voluntary) initiatives with comparable objectives, including the FSB TCFD, it is appropriate that the IFRS Foundation’s proposal acknowledges the importance of building upon these existing initiatives and leveraging accumulated knowledge in this area, in order to make timely progress on this urgent goal.

The IAIS stands ready to support this initiative by providing insurance supervisory expertise, as needed.

About the IAIS

The IAIS is a global standard-setting body whose objectives are 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 the maintenance of global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org.

¹ The draft Application Paper was issued in October 2020 for feedback by 12 January 2021. The Paper is available [here](#).

² Available [here](#).