

Summary of consultation comments on draft application paper on climate risk market conduct issues in the insurance sector and their resolution

April 2025

Ref	Summary of comments received	IAIS response
General comments on draft application paper on climate risk market conduct issues in the insurance sector		
General	Many raise that jurisdictions already have sufficient regulatory frameworks to ensure consumer protection, thereby it is found that a new supervisory and regulatory framework specific to climate risk market conduct is unnecessary. It is suggested that climate-related matters do not merit exceptional treatment or constitute a new risk category in relation to other conduct-related matters, where any idiosyncratic treatment should be justified in the paper. Many therefore find that this may introduce unneeded regulatory burden that would ultimately raise product prices, which should be avoided.	IAIS agrees that greenwashing is not a new risk category, and that jurisdictions should consider whether new tools, policies, or regulations are required to address greenwashing or whether existing requirements, such as providing fair and not misleading information or preventing mis-selling, are sufficient to tackle greenwashing in their market. These considerations are already included in paragraph 15.
General	It is considered by a few that this paper implies that greenwashing and misleading claims are a frequent practice in the sector without providing evidence for such suggestions or discussion on whether existing regulation mitigates this. It should not be presumed that most actors are acting in bad faith, especially considering the novelty of sustainable finance regulation.	IAIS does not find the paper implies that greenwashing is a frequent practice in the insurance sector. However, IAIS clarified in paragraph 11 that with this paper it is not implying that greenwashing and misleading claims are a frequent practice in the sector, but instead that there may be a <u>risk</u> of greenwashing. IAIS further changed “wide recognition” to “understanding” and included in paragraph 10 that greenwashing may be used as a strategy for companies to artificially improve their brand image among customers.
General	One respondent suggested that supervisors should require insurers to make and disclose climate-related commitments and transition plans, including the assessment of their portfolio’s alignment with these aims and engagement with investee companies. Transition plan disclosure should be mandated instead of encouraged and this paper should establish how supervisors are to assess sustainability commitments and transition plans, providing best practices.	With Application Papers, including this one, the IAIS does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented.

General	It is considered that IAIS should consider cross-sectoral past examples and best practices, e.g. from the asset management sector and should generally include concrete examples of what is to be considered greenwashing.	IAIS finds that concrete examples and best practices may be considered in future related work. However, in the context of this Paper, it is not feasible to define what constitutes greenwashing beyond general examples nor to interpret best practices across different jurisdictions.
General	Several responses mention that the paper's requirements to be overly prescriptive, implying that failure to implement these may lead to supervisors assessing industry actors unfavourably. For this reason, it is considered that the paper should favour language like "may" or "could" instead of "should". Being more principle-based would grant supervisors and industry more flexibility in making jurisdictions interoperable, alleviate some reputational and legal risks presented by regulatory incoherence, and promote the use of existing tools before establishing new requirements.	This paper does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. Having said this, the paper has been revised to differentiate where relevant between 'should' – a recommendation is clearly anchored in the ICPs – and 'may/could' to indicate good practices.
General	It is considered this paper's recommendations are too far-reaching and will create additional costs in achieving compliance, and do not consider the heterogeneity of jurisdictions, especially considering the lack of common sustainability-related definitions. It is suggested this burden could disincentivize insurers from contributing to the transition to a more sustainable economy.	This paper does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. Moreover, the paper clearly states recommendations related to instances when insurers make voluntary claims.
General	It is suggested IAIS clarify supervisory expectations and criteria on how greenwashing may arise beyond product disclosure and marketing, i.e. through the lack of appropriate governance, strategies, or actions, and how to assess these.	IAIS added further thinking in section 2.4 on entity-level greenwashing, including that when providers make sustainability claims about their decision-making, risk management, remuneration, culture, internal audit and/or internal processes, these should be precise and accurately reflect entities' sustainability practices.
General	It is considered that ESG data quality issues presents an obstacle to this paper's expectation to publish sustainability information, which is beyond the control of insurers.	IAIS included some language on insurers' need to carry out sufficient due diligence – taking into account proportionality – in relation to the sustainability data that they use. This includes, where allowed and relevant, insurers estimating sustainability data that is missing. Further, it is included that insurers should disclose the sources and usage of ESG data and where relevant, any

		potential data limitations, methodological difficulties and assumptions made due to lack of data. It has also been acknowledged that there are some data limitations.
General	This paper does not adequately consider proportionality by recommending extensive testing and hiring of behavioural experts which will be especially difficult for SMEs.	IAIS is committed to the principle of proportionality, which is mentioned in section 1.3 of the paper. IAIS further included in some of the recommendations language around the need to “take into account proportionality”.
General	Some raise that this paper imposes a one-size-fits-all supervisory approach, and the specificities of the life insurance versus non-life and reinsurance are not considered. It is found that non-life products do not face the same risk of greenwashing as investment-linked products, and this should be identified in the paper.	IAIS included more language on and a reference to non-life products with sustainability features.
General	A few raise that it should be indicated that some requirements indicated by IAIS, e.g. advertising rules, are not necessarily within the scope of insurance regulators in all jurisdictions.	Not reflected because ICP 19.6 states “The supervisor requires insurers and intermediaries to promote products and services in a manner that is clear, fair and not misleading”. ‘General advertisements’ (at a company level) is in effect promoting products and services, so it should be within the mandate of insurance supervisors.
General	It is recommended that the paper disclose that the consideration of sustainability preferences should not be at the expense of the customers’ other objectives, nor should it limit diversification. Further, it should not be implied that customers with sustainability preferences should be treated with greater care than other customers.	IAIS reflected this suggestion in the paper.
General	It is recommended to include infographics to simplify information, especially relating to the differential roles of insurers, intermediaries, and supervisors. It is also suggested to include a glossary for technical terms and standardize the use of these terms, and a conclusion section that summarizes key points and actions for supervisors.	IAIS will add a glossary of technical terms in the final Climate Risk Application Paper
General	It is considered that IAIS should refine the scope of the paper, by considering greenwashing and products providing coverage for natural catastrophes as separate topics.	IAIS believes that greenwashing could occur in relation to both life and non-life insurance products, hence the scope of the Application paper.



Paragraph 2	It is noted that intermediaries rely on the information provided to them about the sustainability profile of product by manufacturers, thereby should not be held accountable if products are misrepresented. The following change is proposed: “For example, risks may arise when claims made by insurers and intermediaries on their own sustainability and the sustainability of the insurers’ products are either misleading or unsubstantiated, potentially leading to accusations of greenwashing.”	IAIS reflected the proposed wording change. However, intermediaries may still be responsible for greenwashing where the ESG characteristics of products are misrepresented by the intermediary, e.g., by opting to present only positive ESG information to investors whilst failing to present more negative ESG information. In such case, the product may be misrepresented by the intermediary as pursuing ESG investment objectives, when in reality, it does not.
Paragraph 9	It is proposed to remove the reference to intermediaries in the second sentence and include the phrasing “may”. The following sentence is suggested: “To meet this increase in demand, insurers may have adapted their offers to propose products with sustainability features. Insurers and intermediaries may also portray themselves as having sustainability features.”	IAIS does not agree to remove intermediaries from the second sentence as intermediaries may also portray themselves as being more sustainable; however, IAIS has changed “have adapted” to “may adapt”.
Paragraph 12	It is suggested that there should be no reference to insurers and intermediaries being accountable for their social and environmental impacts.	IAIS has removed this sentence in paragraph 12.
Paragraph 2, 3	It is proposed to remove the word “financing”, and instead use “facilitating” or “supporting”.	IAIS has reflected these suggestions.
Paragraph 51	It is proposed to change this to the following: “Based on such methodologies, supervisors should require that insurers and intermediaries take reasonable steps to provide information to intermediaries and their customers in an accurate, clear and not misleading manner before promoting an insurance product.”.	IAIS does not agree with this suggestion as it is found to be too vague and intermediaries should also provide accurate, clear, and not misleading information.
Comments on Introduction		
General	A stakeholder agrees with the statement that greenwashing may contribute to a “lack of confidence in the role the sector could play in financing the transition”, given that many insurers are not meeting their own sustainability commitments. It should also be mentioned that a more significant risk than greenwashing itself	IAIS included in the introduction that “greenwashing may lead supervisors and policymakers to overestimate the industry’s progress in the climate transition”.

is that this leads supervisors and policymakers to overestimate the industry's progress in the climate transition.

General	It is noted that the introduction effectively establishes the context, objectives, and scope, and clarifies the risks associated with greenwashing which warrant the guidance of this paper.	IAIS takes note of this comment.
Comments on section 1.1: Context and objective		
General	It is raised that life and non-life insurance products should be distinguished, to differentiate the greenwashing-related risks relevant to different products, especially considering investment-linked life insurance products.	IAIS included more language on and a reference to non-life products with sustainability features.
Paragraph 2	The problems raised in relation to greenwashing should be more specific to IAIS's members' concerns and how this relates to different sectors of insurance, avoiding overgeneralisations that insurance products are inherently susceptible to greenwashing.	IAIS takes note of this comment.
Paragraph 2	The following amended sentence is suggested: "If not adequately identified, monitored and mitigated, such reputational and legal risks could have a substantial impact beyond individual insurers and intermediaries, affecting the insurance sector as a whole".	IAIS has reflected this suggestion in the paper.
Paragraph 4	It is noted that some issues identified by the paper expand beyond the scope of supervisors' mandates, e.g. regulation of advertising, or may conflict with existing laws and/or best practices.	Not reflected because ICP 19.6 states "The supervisor requires insurers and intermediaries to promote products and services in a manner that is clear, fair and not misleading". 'General advertisements' (at a company level) is in effect promoting products and services, so it should be within the mandate of insurance supervisors.
Paragraph 5	Such supervisory mandates may discourage the industry from making voluntary disclosures and disincentivize innovation and the offering of products with sustainability features.	IAIS sees this paper as a way to drive further supervisory convergence in relation to greenwashing, establishing good practices, and providing market participants with more certainty on what greenwashing is. Therefore, IAIS does not see this paper as discouraging insurers and intermediary from offering products with sustainability features.

Comments on section 1.3: Proportionality		
General	Several respondents find it important that supervisors consider that the level of sustainability-related knowledge varies between consumers, retail investors, and smaller and larger businesses, and that proportionality is maintained.	IAIS has agreed that various stakeholders may possess varying levels of knowledge related to sustainability.
General	It is found by some that the footnote defining proportionality fails to state that regulation should be reflective of the “nature, scale, and complexity of the insurance operation”.	IAIS included this reference in footnote 1.
General	It is considered that new conduct-related recommendations should not expand beyond supervisory and regulatory mandates, and a balanced and principles-based approach should be favoured.	IAIS takes note of this comment.
Comments on section 2: Greenwashing considerations		
General	Several find that whilst greenwashing is a relevant concern, laws, regulations, and market conditions of each jurisdiction should be considered to avoid overgeneralizing that “greenwashing is widely recognized by ... society in general”, where this may not be the case.	To clarify the understanding of greenwashing, IAIS amended paragraph 10 as follows: “The term “greenwashing” is understood by insurers, distributors, customers as well as society in general. This paper uses the term “greenwashing” to encompass all misleading sustainability representations (i.e., environmental, governance and social).”
General	The guidance to mitigate the risk of greenwashing is supported, however it is noted that stronger language could be used to also emphasize the consequences, sanctions, and accountability for entities that mislead consumers.	IAIS takes note of this comment.
General	Some recognize that greenwashing-related conduct risks can result in the unfair treatment of customers, and that aggregate effects of greenwashing may inhibit capital flows towards the transition to a more sustainable economy.	IAIS takes note of this comment.
General	It is again raised by several respondents that existing regulation already mitigates the risk of greenwashing through the requirement to make clear, fair, and not misleading claims.	IAIS agrees that greenwashing is not a new risk category, and that jurisdictions should consider whether new tools, policies, or regulations are required to address greenwashing or whether existing requirements, such as

		providing fair and not misleading information, or preventing mis-selling, are sufficient to tackle greenwashing in their market. These considerations are already included in paragraph 15.
General	The same principles-based approach as in “traditional reporting” should be adopted, to avoid overly prescriptive recommendations.	IAIS establishes in this paper that it does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. Recommendations have also been revised to differentiate between ‘should’, ‘may’ or ‘could’ and avoid being overly prescriptive.
General	A stakeholder finds that transition planning and requiring insurers to have credible plans when they make commitments about their sustainability profiles should be further discussed. The credibility of transition plans could be assessed using scenario analyses.	IAIS agreed to include more wording on transition plans.
General	It is raised that it would be useful to address the challenges of assessing greenwashing incidents, especially considering that the EU approach is complex and limited by data challenges.	IAIS takes note of this comment.
Comments on section 2.1: Introduction on greenwashing		
General	Some reiterate that jurisdictions already have appropriate consumer protection regulations, e.g. requirements to make clear, fair, and non-misleading claims, which should be considered before additional tools, policies, or regulation are established. Supervisors should have the flexibility to address greenwashing in their own markets.	IAIS agrees that greenwashing is not a new risk category, and that jurisdictions should consider whether new tools, policies, or regulations are required to address greenwashing or whether existing requirements, such as providing fair and not misleading information or preventing mis-selling, are sufficient to tackle greenwashing in their market. These considerations are already included in paragraph 15.
General	It should be emphasized that strong, tangible enforcement is equally important as following principle-based guidance in mitigating greenwashing.	IAIS takes note of this comment.

General	Sustainability KPIs should be defined by regulators, wherein it should be required for financial institutions to get information from each company on these KPIs, as well as on location information, including supply chains where relevant.	IAIS added further language around the possibility for supervisors to define certain greenwashing risk indicators for supervisory purposes.
Paragraph 9	Some suggest adding more supporting data to the claim: “An increase in consumer appetite for products with sustainability features” to make this more persuasive and recognize how this may differ by region.	IAIS has added “in some jurisdictions” in the first sentence of paragraph 9.
Paragraph 10	Reference to governance should be removed, as the rest of the paper refers solely to environmental or social sustainability representations. Relatedly, a few consider that the definition of greenwashing should not encompass governance, and social aspects since these are not all discussed in depth in the paper.	IAIS considers that governance aspects are included in social aspects, so it is agreed to remove references to governance. IAIS amended this paragraph to clarify that in this paper, the term ‘sustainability’ is used interchangeably with ‘ESG’, ‘ESG-related’, ‘green’ and other similar terms.
Paragraph 10	The definition of greenwashing is found too broad as it encompasses all misleading sustainability claims. It is proposed to align with the definition set forth by IOSCO, as it is noted to be more precise.	IAIS finds its understanding of greenwashing as “misleading sustainability-related representation” to be in line with IOSCO’s understanding, i.e., “the practice of misrepresenting sustainability-related practices or the sustainability-related features of investment products”.
Paragraph 10	It is suggested to replace “englobe” with “encompass”.	IAIS has reflected the suggested amendment.
Paragraph 11	Several raise that ICP 19 is more pertinent than ICP 21 to the topic of greenwashing, as it may be premature to discuss fraud when regulation is still emerging.	IAIS agrees with the comment as it finds that ICP 19 is more relevant for greenwashing. However, IAIS makes considerations also in relation to ICP 21, which may be relevant “in certain instances” as highlighted in paragraph 14.
Paragraph 12-14	Some find the problems identified are not supported by evidence of their severity or scope.	IAIS has added a reference relating to the impacts stemming from greenwashing.
Paragraph 12-14	It is raised that although important, preventing greenwashing should not be presented as the primary goal, where the transition to a more sustainable economy should maintain preliminary importance.	IAIS finds that these goals are interlinked, where to ensure an orderly transition as well as to protect consumers, tackling greenwashing risks is crucial.
Paragraph 13	It is suggested to replace “to positively impact sustainability factors” with “to ensure sustainability”.	IAIS has changed this section of the sentence to “benefit sustainability factors”.

Paragraph 14	It is raised that the phrase “where relevant and necessary” implies supervisors have autonomy to determine the scope of fraud enforcement; however, it is jurisdictions that determine what is relevant and necessary in accordance with the proportionality principle.	IAIS has amended the sentence to: “Where relevant, supervisors should appropriately apply fraud-related enforcement actions in line with their jurisdiction’s laws”.
Paragraph 15	Whilst this paragraph recognizes that greenwashing is not a new risk category and that jurisdictions should consider whether existing tools and frameworks are sufficient, it is found that this paper is too prescriptive to grant this flexibility.	IAIS establishes in this paper that it does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. Recommendations have also been revised to differentiate between ‘should’, ‘may’ or ‘could’ and avoid being overly prescriptive.
Paragraph 15	It is suggested to amend that the reference made here is to subsection 2.2 instead of 3.2, since the latter refers to NatCat and not to greenwashing.	IAIS reflected this comment in the paper.
Paragraph 16	It is suggested to amend the last sentence to the following: “It is also worth noting that the suggestions in this paper can apply to both supervisors that do and do not have specific sustainability-related mandates, as most jurisdictions have general requirements that insurers and intermediaries treat consumers in a fair, clear and not misleading manner, which would apply also to sustainability related representations aspects”.	IAIS reflected this comment in the paper.
Comments on section 2.2: Clear and robust sustainability-related definitions and criteria		
General	Several agree that supervisors should encourage the development of a greenwashing definition and criteria.	IAIS takes note of this comment.
General	Some note that supervisors should cooperate with the industry and align with definitions developed by industry experts. Some find there should be cooperation with other financial and non-financial sectors and global high-level principles should be established which jurisdictions may adapt to reflect their specificities.	IAIS takes note of this comment.
General	It is noted that supervisors should be explicitly expected to mandate transparency frameworks, instead of encouraging them.	With Application Papers, including this one, IAIS does not set out new requirements to supervisors or insurers, but provides further advice, illustrations,

		recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. In particular, the paper does not want to send the message that disclosures and transitions should be mandated but rather that if mandated and/or if sustainability claims are made, greenwashing risks are mitigated.
General	The need to differentiate intentional and unintentional greenwashing has been highlighted, where regulatory action, especially concerning sanctions, should be reserved for intentional misleading action. This would help avoid disincentivizing insurers from making sustainability commitments.	IAIS does not agree to differentiate intentional and unintentional greenwashing, as IAIS finds it to be the responsibility of the insurer to ensure proper due diligence – taking into account proportionality - is undertaken and that sustainability commitments are well-founded and substantiated. However, IAIS included some language on the different degree of severity.
General	It is suggested that passive versus positive greenwashing should be distinguished, wherein the former refers to investors failing to disclose information about the sustainability-related risks/impacts of their investments. Only including positive greenwashing may disadvantage insurers that make sustainability-related claims and misrepresents the fact that most assets are exposed to sustainability-related risks and make real world impacts even if sustainability is not an objective.	IAIS removed “sustainability impact” language in the paper and replaced it with “sustainability benefit”.
General	Regarding sustainability labels or product categories: i) it should be clarified who is the intended audience i.e. retail or institutional investors ii) these should not be hierarchical iii) these should match the sustainability preferences of the target market iv) effort should be made for categories to become globally interoperable.	IAIS takes note of this comment.
General	Supervisory action should expand beyond defining greenwashing and/or product criteria, where effort towards consistency should be made through developing a sustainable finance taxonomy and industry-wide shared sustainability-related terminology.	IAIS takes note of this comment.
General	Some raise that concrete examples should be included to clarify the criteria of a product with sustainability features.	IAIS finds it may be premature to include further thinking on product categories or types of sustainability features at this stage, where it is for each jurisdiction to decide

		upon their own definition and scope of sustainability features. However, IAIS may take this into consideration in future related work.
General	It is raised that a source of insurers' legal risk is the fragmentation of definitions and legal framework, and convergence between jurisdictions (through precise definitions and benchmarking) should be prioritized over a prescriptive approach.	IAIS takes note of this comment, and notes that one of the objectives of this paper is to enhance consistency across jurisdictions.
General	It is noted that developing science-based sustainability definitions and criteria may require collaboration with other stakeholders in the economy, since this may expand beyond the scope of traditional financial regulatory concepts.	IAIS takes note of this comment.
Paragraph 22	A few raise that the use of "misleading" is, open to interpretation and misaligned with legal frameworks, and should be replaced by "a demonstrably false statement communicated with the intent to deceive" to capture the intentionality criteria.	IAIS does not agree with the proposed change that the use of "misleading" necessarily refers to intentionality, where even if greenwashing is unintentional, IAIS finds it to be the responsibility of the insurer to ensure proper due diligence – taking into account proportionality – is undertaken and that sustainability commitments are well-founded and substantiated. Moreover, misleading is a broadly used conduct term and reference should be made to other IAIS work.
Paragraph 22	In the last sentence of the paragraph, it should be recognized that consumer preferences, even within the same target market, are diverse, and there should not be uniform requirements to e.g. undertake sustainability-related market research for all.	IAIS amended the last sentence in paragraph 22.
Paragraph 24	A few raise that the second and third points should align with the first one by including phrases like "deceiving advertising", "incorrectly highlighting" or "with no supporting information" to emphasize that these are misleading. It is noted that mention of "carbon neutral" should be removed so that it is not interpreted as necessarily being a misleading practice.	IAIS reflected this comment in the paper.
Paragraph 24	It is found that the examples may unreasonably suggest that misleading behaviour is frequent among insurers and should be removed.	IAIS does not find these theoretical examples to suggest actual malpractice by insurers but rather examples are deemed helpful to provide guidance.

Paragraph 24	It should be recognized that there may be trade-offs between ESG ambitions, e.g., a product that promotes the environmental component may compromise social and governance aspects. It is noted that this complexity should be further incorporated in sustainability-related definitions.	IAIS included an example of a product that could potentially prioritize environmental benefits at the expense of social and governance aspects.
Paragraph 26	It is found unnecessary to consider other jurisdictions, given the definition established in this paper, and that the criteria should be evaluated first.	IAIS indicates with this sentence that, where relevant and where supervisors find it appropriate, they could consider definitions used in other jurisdictions, that may be more detailed than the definition included in this AP.
Paragraph 26-28	It is raised that definitions, terminology, or benchmarking should not be implemented, as this may inhibit the ability of firms to update their practices as knowledge and regulatory initiatives evolve.	IAIS finds that the promotion of sustainability-related definitions and terminology adds certainty to the market on what are good and bad sustainability practices. The use of benchmark to measure the level of environmental or social benefit is used in this paper as an example. Where supervisors find it not relevant or beyond their mandate, they would not define such a benchmark. Therefore, IAIS replaced “should” with “may” in paragraphs 26 and 27.
Paragraph 27	Some consider it beyond supervisory mandates to define a “benchmark for measuring the level of environmental or social benefit”, and that this should be removed. Supervisory benchmarking may lead to increased product development effort, which may make products less affordable, which a few therefore find should be avoided	The use of benchmark to measure the level of environmental or social benefit is used in this paper as an example. Where supervisors find it not relevant or beyond their mandate, they would not define such a benchmark. It has been further clarified this is an example.
Paragraph 28	It is noted that an example could be provided to clarify what is meant by: “Particular attention should be paid to sustainability labels as customers often associate labels with specific features”.	IAIS added further language in paragraph 28 to clarify what is meant in relation to sustainability labels.
Comments on section 2.3: Offering products with sustainable features that meet certain policyholder requirements		
General	It is raised that these recommendations may only apply to products in certain jurisdictions and that some jurisdictions are already effectively taking measures.	IAIS is committed to the principle of proportionality, which is mentioned in section 1.3 of the paper. IAIS further

	Therefore, paragraphs 35-41 should emphasize that this does not apply to all jurisdictions and should be clearly positioned separately from the recommendations section.	included in some recommendations language around the need to “take into account proportionality”.
General	It is again suggested the scope of greenwashing be limited to products with retail investment components, as established in the IOSCO definition of greenwashing.	IAIS finds that greenwashing could occur in relation to both investment (life) and non-life insurance products.
General	Some support the recommendation that supervisors assess greenwashing risk at all stages of the product design process.	IAIS takes note of this comment.
General	It is noted that it may be possible that clients are not encouraged to consider sustainability factors in discussions with providers and/or are not given enough information to prompt this consideration. Therefore, supervisors should clarify i) processes and guidance to determine sustainability preferences ii) the scope of information to be gathered iii) that insurers may consider sustainability preferences when setting sustainability objectives and iv) consider how industry challenges in this area may be alleviated.	IAIS reflected that consumers may or may not express sustainability preferences.
General	It is noted that reference to how sustainability benchmarks might be implemented throughout the entire product lifecycle could be included.	IAIS finds that the implementation of sustainability benchmarks throughout the product lifecycle is best determined by insurers rather than being prescribed by supervisors.
General	More detail and examples could be included on what constitutes “appropriate knowledge” in terms of explaining sustainability-related features to consumers. Advice could be provided on how manufacturers could incorporate customer viewpoints during the design process beyond the consideration of sustainability preferences.	IAIS finds that what constitutes “appropriate knowledge” is largely dependent on each jurisdiction’s own definition of sustainability features, and therefore it may be unnecessary or impossible to define a minimum common understanding.
General	A few find that it should be recognized that insurer’s ability to closely monitor products in an on-going manner may be curbed by existing performance measurement processes, controls, and the reliability of data and metrics.	IAIS find that product monitoring should be conducted in line with relevant laws in the jurisdiction of the insurer.
General	It is noted that stronger language could be used to reinforce that supervisors are mandated to ensure products align with sustainability claims throughout the product lifecycle.	In application guidance papers, IAIS does not take an overly prescriptive approach.

Paragraph 29-32	Several raise that these potential issues are not substantiated with evidence of their frequency, which would justify supervisory recommendations. Quantitative and qualitative evidence and examples should be included.	IAIS has added a reference relating to how greenwashing can occur in the different phases of the insurance lifecycle.
Paragraph 31	This paragraph's example should reflect that greenwashing only applies where there is misleading advertising, and that further, customers with sustainability preferences will also consider other, often more important, financial objectives.	IAIS finds that greenwashing could also occur in sustainability-related regulatory disclosure – in jurisdictions that mandate it – where such disclosure is not adequately provided.
Paragraph 33	A few find that excessive time and effort should not be made to verify sustainability claims if appropriate regulation and supervision is already in place in the product design process.	IAIS reviewed the wording of paragraph 33 and removed the example.
Paragraph 33-36	It is disagreed that regulators should be involved in the process of approving products on a day-to-day basis, and that any implication of over-regulation may restrict innovation and insurers' ability to meet consumer demand.	
Paragraph 34-35	A few find these paragraphs imply over-supervision, where it should be the market that determines needs, objectives and characteristics are being met instead of supervisors.	
Paragraph 35	Some raise it is difficult to measure sustainability preferences, therefore there should be no additional restrictions made on product development/design or it should be clarified how such an assessment should be undertaken.	IAIS added wording on supervisors aiding insurers and intermediaries in their consideration of sustainability preferences.
Paragraph 35	It is noted that the EU example should be supplemented by examples from other regions throughout the text, instead of in the Annex, e.g. using boxes like other IAIS supporting material papers do.	IAIS included reference to examples from other regions throughout the text.
Paragraph 35	It should be clarified that sustainability preferences are to be considered in conjunction with other preferences, and this is not the sole consideration. It should not be implied that all consumers have homogeneous preferences, and many target markets may have no sustainability preferences at all.	IAIS reflected this comment in paragraph 35.
Paragraph 36	It is found that this paragraph is vague and subjective, implying an almost unlimited supervisory scope.	IAIS removed the last sentence of paragraph 36.
Paragraph 36	Some find the meaning of "governance" should be clarified.	

Paragraph 37	A few find it unclear which products are in the scope of this paragraph and whether this paragraph refers to products' investments in separate accounts of life insurance companies and in savings accounts of non-life insurance companies, or if it also includes general accounts. More concrete examples could also be included.	The scope of paragraph 37 is any insurance products that are sold to consumers with sustainability preferences.
Paragraph 37	Given the ongoing development of the sustainable finance sector, definitive wording like "will" should be replaced by "... may meet ...".	IAIS reflected this comment in paragraph 37.
Paragraph 37	It is raised that this paragraph assumes that all customers have sustainability preferences, which may not be case.	IAIS reviewed paragraph 37 to be less prescriptive, and to clarify that not all consumers have sustainability preferences.
Paragraph 37	A few find this may introduce unnecessary additional monitoring burden without justification of why such measures are needed, especially where conduct standards are open to interpretation and target markets can have diverse needs, objectives, and characteristics. This may further be complicated by the conflict between the objectives of achieving good financial performance and sustainability.	
Paragraph 37	It is suggested to amend wording to the following: "Insurers should determine whether the investment component of a given retail product with an investment component is likely to meet its identified sustainability-related objectives over time, in order to identify opportunities for product revision."	
Paragraph 38	A consumer may select, or an insurer may recommend a product due to other factors like costs, financial strength, claim settlement etc., even when sustainability preferences are considered. It is suggested this sentence be removed.	IAIS clarified in paragraph 38, that sustainability preferences should be considered where consumers have such preferences.
Paragraph 40	It is noted this may introduce unnecessary additional monitoring burden without justification of why such measures are needed, especially where conduct standards are vague and open to interpretation.	IAIS changed the wording of paragraph 40 from "should" to "could".
Comments on section 2.4: Insurers promoting their own sustainability profile to attract clients		
General	It is agreed by some that supervisors and insurers need to consider the target market in the product design, and that insurers must have the necessary	IAIS takes note of the comment.

	knowledge to understand target market objectives and provide them the relevant pre- and post-contractual information.	
General	It is reiterated that the prohibition on misleading and deceptive practices in the developing, marketing and selling of products is already addressed in existing regulation and ICP 19.0.2.	IAIS takes note of the comment.
General	It is suggested to clearly set out expectations for insurers' climate-related commitments in terms of the development and implementation of practices, policies, strategies, and procedures, the related disclosures to be made, and provide guidance or criteria to assess the credibility of investment and other strategies in meeting such objectives.	IAIS included more wording relating to long term entity-level commitments and transition plans.
General	Further guidance could be given on how standardized KPIs, and methodologies could be implemented to have comparable metrics in the assessment of a sustainability commitment. Especially guidance on how to effectively set sustainability milestones, suitable progress metrics and bolster deterrence to misleading claims would assist the industry in adopting this guidance.	
General	Reference to "may" should be replaced by "should" to set out supervisory expectations more clearly for transition plans and the evaluation of their progress.	Recommendations have also been revised to differentiate between 'should', 'may' or 'could' and avoid being overly prescriptive, whilst ensuring supervisory expectations are clear.
Paragraph 42	It is considered that this statement is not evidenced by data, and constitutes a supervisory over-reach, where the supervisor would be in the position of controlling the company's free speech by determining whether information has been omitted or is incomplete.	IAIS revised paragraph 42, notably by removing the second sentence.
Paragraph 42	A few consider that this paragraph requires clarification to avoid misinterpretation.	
Paragraph 43	It is recommended to remove the second sentence because any supervisory targets may increase the resources required to develop products, potentially increasing product costs.	IAIS removed the second sentence in paragraph 43.
Paragraph 44	This paragraph may induce insurers to exaggerate their sustainability-related initiatives, to make them look better than they truly are. It is therefore suggested to change wording to: "...may encourage insurers to report on progress, backed	IAIS added in the paper similar wording to that suggested by the comment.

by fact-based supporting information, in meeting their sustainability-related commitments".

Paragraph 44	It should be emphasized that the sustainability profile of an insurer depends more on commitments made instead of progress made, so the roadmap should validate such sustainability profiles as opposed to being a way of reporting on progress made.	IAIS finds that reporting on progress made is a way to ensure that commitments are being followed through, ultimately impacting insurers' sustainability profiles.
Paragraph 44	It is noted that without frequent reporting on progress made to meet a sustainability commitment, the risk of customers being misled is high, therefore supervisors should ensure that insurers both adopt and disclose transition plans and report on the progress made toward sustainability commitments.	IAIS added "to the relevant stakeholders (e.g., supervisors, general public)" after "may encourage insurers to report".
Paragraph 44	Credible emissions reductions commitments should be science-based and include i) short-term milestones and metrics including absolute reduction goals ii) commitments to not invest in new fossil fuel projects iii) limits on carbon offsetting or other negative emissions technology and iv) reducing indirect emissions through financed and insured emissions, as these generally comprise most of an entity's emissions.	IAIS reflected some of the aspects included in this comment in the example mentioned in paragraph 44.
Comments on section 2.5: Substantiation of sustainability representations presented to policyholders		
General	It is found important for there to be common standards on the provision of sustainability-related information to the consumer in a timely manner and the justification of sustainability representations, which considers the specificities of each jurisdiction.	IAIS takes note of this comment.
General	A few agree that supervisors should encourage fact-based methodologies and adopt a common sustainability framework in their respective jurisdictions.	IAIS takes note of this comment.
General	Because supervisors and insurers need to expand beyond disclosure and terminology frameworks to identify greenwashing or make credible sustainability claims, it is recommended the paper include i) minimum expectations on sustainable investment to meet different sustainability objectives and ii) criteria to what elements are to be considered in the assessment of the credibility of sustainable investment practices.	With Application Papers, including this one, the IAIS does not set out new requirements, but provides further advice, illustrations, recommendations, or examples of good practice to supervisors on how supervisory material may be implemented. Therefore, the IAIS does not include in this AP minimum expectations for sustainable

General	It is raised that insurers should be required to prove the credibility of stewardship policies regarding both short- and long-term objectives, for which clear standards and criteria should be established.	investments, nor criteria to assess the credibility of sustainable investment practices or stewardship policies.
General	Establishing common standards should consider the availability and quality of underlying data, existing methodologies, and the time needed to embed these into product design and/or review, considering the timespan of the product's lifecycle.	IAIS reflected in the paper the consideration of data quality and availability when setting out disclosure as set out in para 51.
General	Supervisors should set out minimum data sources and due diligence to be undertaken, considering the official data sources for compliance information, and identifying industries that require specific KPIs. A list of sector specific KPIs could be included in regulatory guidance.	IAIS added in paragraph 50 "sector specific KPIs" in the "combination of key elements".
General	It is considered by several that terms like "accurately and sufficiently" or "sufficiently and adequately" are too subjective and open to the interpretation.	IAIS' use of these words derives from ICP 19.6 which states that: "The supervisor requires insurers and intermediaries to promote products and services in a manner that is clear, fair and not misleading."
General	A few find that since the various disclosure recommendations apply only to sustainability-related information, this increased disclosure material may overwhelm customers with sustainability preferences, and this burden may also disincentivize providers from developing and marketing such products.	IAIS agrees with the fact that consumer-oriented disclosure should be understandable, of adequate length, and to the extent possible, avoid overwhelming the customer with information.
Paragraph 47	The last sentence is a recommendation, and therefore should be moved to the recommendation section.	IAIS agrees with this comment and moved the last sentence of paragraph 47 to the recommendations section.
Paragraph 50	It is found unclear who should be developing these methodologies and who would be using them.	It is agreed to remove reference to "fact-based methodologies" and exclusively reference the "framework".
Paragraph 50	Several find that reference to "all investment products" should be replaced by products claiming sustainability, otherwise the scope is too broad. It is also considered that requirements for all securities issuers is too broad.	IAIS amended paragraph 50 in line with the comment, and removed reference to "all" before "investment products" and before "securities issuers".
Paragraph 51	It is considered by a few that because the standards of this paper are subjective, applying these to "marketing and promotional material" may overstep the legal frameworks and free speech protections of several jurisdictions.	IAIS added "where relevant for the jurisdiction" at the end of sentence 2 in paragraph 51.

Paragraph 52	Some find the scope of the statement: “Supervisors should also require that any sustainability-related information is provided” to be too broad, where “any” should be replaced by “material”.	IAIS replaced “any” with “relevant”.
Paragraph 53	Language should be strengthened by removing phrases like “also consider”, where supervisors should be required to develop standardized disclosures to facilitate comparability.	IAIS finds the wording of paragraphs 53-55 should be kept as-is, since supervisors may not always have the adequate powers, legislative initiative, and/or empowerment to impose minimum standards for ESG labels, which may be either public or private initiatives. More broadly, recommendations have also been revised to differentiate between ‘should’, ‘may’ or ‘could’ and avoid being overly prescriptive.
Paragraph 54	This paragraph should state that “supervisors should develop minimum standards for labels” instead of just considering doing so, where a lack of minimum requirements would make labels less effective.	
Paragraph 55	It should be revised that “supervisors should establish disclosure requirements for the underlying investment funds”, because disclosure requirements are necessary for the communication of adequate knowledge to consumers.	
Paragraph 55	This is considered an overly detailed description of the information to be included in investment fund brochures, given the scope of an application paper, especially where this does not apply to all jurisdictions equally. It is suggested to amend the second sentence to the following: “Taking each market feature into account, supervisors could require that investment fund brochures include information, which is considered critical for sustainable investment, for example:”.	IAIS has revised paragraph 55 in line with the comment.
General	Some NatCat should be considered “fundamental risk” which is uninsurable on any terms; or cannot be accepted by firms on economic terms practical to the customer. This means effective risk pooling would not be available, and this should not automatically be considered market failure. This challenge is only likely to increase as climate change leads to more intense weather events. It is not clear or appropriate that this is considered a conduct risk for individual firms to manage.	IAIS takes note of this remark. However, developing a taxonomy or classification of natural disaster types could be complex, given the differences between regions and jurisdictions.
General	No consideration seems to have been given to the role of broker/insurance intermediary in assisting clients with information and understanding products.	IAIS added a sentence in the recommendations at the end of section 3.3 to reflect this suggestion.

		IAIS also added a sentence in the recommendations at the end of section 3.6 (Timely and fair claims handling) to reflect this suggestion.
General	The IAIS should clearly define what type of insurers the recommendations in this section apply to. This section has a clear retail focus, and we thus assume it does not apply to reinsurance and commercial lines.	IAIS takes note of this suggestion. However, it considers more appropriate to make recommendations to all categories of insurers.
General	The paper would benefit from specifying which recommendations are necessary to address identified market issues and which ones are “nice to have”.	IAIS takes note of this suggestion. Given the many differences between supervisors and market situations, it was decided not to categorize the recommendations.
Comments on section 3.1: Introduction on NatCat considerations		
Paragraphs 57-58	Insurers, supervisors, policy makers and insureds share the same objective, to narrow protection gaps and ensure the affordability of NatCat insurance offerings. Some concerns are mentioned regarding the potential impact of increased supervisory burden placed on insurers in this area. Overburdening insurers with regulatory requirements will add to the cost of insurance and eventually lead to higher prices, which goes against the goal of maintaining affordability.	IAIS takes note of this suggestion.
Paragraphs 57-58	The currently assumed link between conduct issues and affordability and protection gaps seems to go in the opposite direction. Some insurers are withdrawing from certain markets not because of climate change for example, but due to flawed regulation that prevents them from charging premiums that are adequate in relation to the underlying risk.	IAIS reflected this suggestion in the paper.
Paragraph 57	This section (overall and paragraph 57) fails to recognise that NatCat protection gaps are the result of society-wide failures to pursue resilience and other economic conditions that are not created by insurers. Only society-wide actions, with help from insurers in cooperation with supervisors, can close those gaps.	This application paper is aimed at insurers, not at the general public. However, reference to society-wide has been added in the introduction of the paragraph.

Paragraph 60	Improving consumer awareness is extremely important, and the private insurance sector has a great role to play in this, but it is an issue that should be addressed by multiple stakeholders, including the public sector. Low consumer awareness itself does not necessarily constitute a conduct risk. It is not clear why educational awareness on products or an understanding of risks posed to the individual, in general, is a conduct risk for individual firms.	IAIS has made the following changes: • Low awareness of the risks posed by NatCat-related events to home/property may result in consumers not having sufficient NatCat insurance protection; • Low awareness of available (...)awareness of price may result in consumers not buying coverage...;
Paragraph 60	Sudden price increase due to the increased frequency and scale of NatCat events is cited as a conduct risk. However, external factors such as the reinsurance market also play a major role, and if the risk is properly reflected, it does not necessarily fall under the category of conduct risk.	IAIS softened the causal link between sudden price increase and increased frequency of NatCat events.
Paragraph 60	It will be important for supervisors to work with insurers to educate the target markets on NatCat related insurance matters. Many of the examples in paragraph 60 would be addressed through consumer education.	IAIS takes note of this suggestion.
Paragraph 60	This paragraph describes the lack of affordability or sudden price increases as an “emerging conduct risk” This perspective seems to oversimplify the issue. These challenges are more aligned with actuarial and pricing consideration than market conduct. The determination of premiums is inherently tied to the assessment of risk, which if linked to the potential impact of NatCat events. Mischaracterising classic astuarial and pricing challenges as conduct issues might lead to misguided regulatory responses that fail to address the underlying complexities of NatCat insurance markets.	IAIS takes note of this suggestion.
Comments on section 3.2: Provide easy to understand products, using plain language		
Paragraph 64	The introduction of new exclusions to limit risk exposure is described as “risk”, but controlling exposure is an extremely important function of insurer risk	IAIS reflected this suggestion in the paragraph.

management, and from the standing point of insurers, the act itself does not constitute risk. Suggestion for the first sentence of paragraph 64 : “At the same time, there are some cases that insurers may...”. Potential customers should be more clearly defined.

Paragraph 64	Clarity and understanding are required around paragraph 64. Insurers cannot be expected to accept new business in an area that is suffering periodic and significant aftershocks or where a wildfire is burning out of control.	IAIS does not agree with the proposed change. IAIS believes this paragraph is sufficiently clear – it says a balancing with consumer interests and disclosure. A balanced approach should ensure the product remains meaningful to the consumer.
Paragraph 65	Basic terms may be easy to understand, but insurance products often are not simple. Supervisors should not rely solely on financial literacy to address market conduct concerns related to NatCat issues. Financial literacy efforts are just one piece of the puzzle and are secondary to effective regulation.	IAIS takes note of this suggestion.
Paragraph 66	Paragraph 66 is overly prescriptive, the second and subsequent sentences of the paragraph should be deleted.	IAIS does not agree with the proposed change. However, an example has been added.
Paragraph 67	Paragraph 67 states that supervisors should monitor to ensure that vague terms are not used in practice. It is not realistic to mechanically eliminate all of these. It is the responsibility of insurance companies to use terms that are not misleading to consumers. Actually, many clauses use wording such as “...and similar thereto” after listing various elements. To completely delete words like “similar event” would be practically impossible. IAIS should clarify that supervisors should ensure that materials actually are free of vague terms. Any vague terms that are included should be interpreted to the benefit of the policyholder.	IAIS takes note of this suggestion. IAIS kept “vague terms” but added further language in the paragraph for further clarification.

Comments on 3.3: Test the understanding of exclusions and promote transparent advice

Paragraph 71	Concerning discrepancies, none of the recommendations in section 3.3 directly address this issue. The final application paper should confirm that supervisors should ensure the insurers eliminate discrepancies between (1) advertising and marketing material and (2) contractual documents. Any discrepancies should be read to the benefit of the policyholder.	IAIS added a new paragraph in the “recommendations” section to reflect this suggestion.
Paragraph 74	The recommendation concerning behavioural testing seems somewhat overstated or without evidence that is needed or would be cost effective. Suggestion: “Supervisors should consider (instead of “promote”) the use of behavioural testing, that can help provide understanding of the profile of customers within a target market.	IAIS reflected this comment in the paragraph.
Paragraphs 74-78	Recommendations 74-78 : The final application paper should recommend additional data collection and analysis by supervisors to better understand how natural catastrophes contribute to protection gaps. This work cannot only rely on historical data, which will not provide accurate predictions going forward due to climate change. Instead, this work must be forward-looking and include input from climate scientists.	IAIS added a paragraph in the “recommendations” section to reflect this suggestion. Protection gap considerations are beyond the scope of the paper
Paragraph 75	The final application paper should clarify that insurers must test product disclosures. Insurers know they could test product disclosures. IAIS should make clear that insurers must actually test product disclosures. Without testing, there is no way for insurers to know whether their customers actually understand the relevant terms and are making informed decisions. IAIS should help to develop best practices in EMEs.	IAIS reflected this comment in the paragraph and used “should” instead of “could”.

Comments on section 3.4: Affordability

General	When the frequency and severity of NatCat events are at high levels, premiums are to be set to appropriately reflect such conditions. It is also necessary to consider the facts that there are limits to risk measurements using actuarial models due to uncertainties associated with climate change, and that there is significant impact of the external environment, such as the reinsurance market. The AP should also refer to the limitations on what insurers can do alone if disaster prevention and mitigation efforts by national and local governments, as well as insurance companies can reduce damages, this could result in lower insurance premiums.	IAIS takes note of this suggestion. IAIS added a general paragraph on risk-based pricing at the beginning of section 3.4 (Affordability).
General	Risk-based pricing provides important signals to markets, societies and policymakers. It is important that these signals are not distorted, e.g. by policymakers in order to provide adequate information to steer mitigation decisions, they would contribute to reducing protection gaps in the long-term.	IAIS takes note of this suggestion. IAIS added a general paragraph on risk-based pricing at the beginning of section 3.4 (Affordability).
General	Paper should refer to the limitations on what insurers can do alone, and the necessity of multi-stakeholder efforts. Insurers must price to reflect the risk they see and to manage their risk appetite consistent with solvency requirements. Supervisors must prioritise solvency over the affordability of products.	IAIS takes note of this suggestion. IAIS added a general paragraph on risk-based pricing at the beginning of section 3.4 (Affordability).
General	Fundamentally the recommendations of the Paper will result in less, not more, affordability as the additional supervisory costs imposed on insurers would significantly increase and would necessarily be passed on to consumers.	IAIS takes note of this suggestion.
General	Most crucially, the guidance could better spotlight that truly “fair” treatment requires acknowledging no one safety net catches all in the frame. Where marginalized communities remain endangered, truly equitable protection likely necessitates bolder collective intervention.	IAIS takes note of this suggestion.

General	The discussion of discrimination highlights price elasticity and lack of propensity to shop around as inappropriate grounds for charging different premiums. To ensure sufficient understanding, the final application paper should also mention other forms of discrimination based on identity and socioeconomic status (race, national origin, ethnicity, gender, income level, etc.).	IAIS takes note of this suggestion.
General	The attention to pricing practices and possible discrimination, including the example on price elasticity, is important and the section would benefit from an additional example on discrimination against vulnerable policyholders, including discrimination based on income and race or ethnicity.	IAIS takes note of this suggestion.
General	This section seems to be at odds in some paragraphs with Section 3.5 Access. The interplay of affordability, access and risk is an aspect that moves into public policy more than conduct risk. Individual insurers will have their own approach to risk appetite, this will also be down to their own risk and solvency modelling.	IAIS does not agree with this comment.
General	By their nature NatCat's are modelled to be significant and infrequent events. However, where likely frequency or severity is too high, there would be limited availability of open market insurance. Where customers are pooling risk, it is difficult for individual customers to understand the level of risk they have as chance plays a significant role.	IAIS takes note of this suggestion. IAIS added a general paragraph on risk-based pricing and scope of the document at the beginning of section 3.4 (Affordability).
General	In order to monitor potential differential pricing practices, supervisors should regularly collect data at a sufficiently granular level to compare with both demographic data and data on climate-related physical risks. For supervisors with limited resources to evaluate discrimination, providing data publicly while protecting the confidentiality of individual policyholders would allow independent researchers and advocates to investigate trends to assist insurance supervisors.	IAIS takes note of this suggestion.
Paragraphs 78-81	These paragraphs fail to support risk-based pricing, which is essential to solvency and a competitive market. Not even a mention is made that risk-based pricing actually supports availability and affordability of coverage for well managed risks	IAIS reflected this comment at the end of the paragraph 78. The examples in paragraphs 80, 81 and 82 are more

as well as providing critical price signals for worse risks to improve, and thereby reduce the pool of losses for everyone.

about conducts risks than affordability due risk-based pricing.

Paragraph 78	This paragraph indicates that the expected increase in frequency and intensity of some weather events may lead to products becoming less affordable, disincentivising customers from purchasing insurance for NatCat events. While cost is always a disincentive, the reality of “disaster” provides an incentive to procure insurance, despite the cost (see COVID and life insurance). The paragraph lacks balance.	IAIS takes note of this suggestion and mentioned the risk-based pricing in the paragraph.
Paragraph 79	Care needs to be taken around insurers increasing price because of identified increased risk or reduced reinsurance capacity and the behaviours referred to. Granular risk-based pricing reflecting risk should not be stopped.	IAIS takes note of this suggestion, but has not made any changes to the paragraph.
Paragraph 79	Paragraph 80 says “...Such pricing techniques may lead to an unjustified increase in the price for NatCat and household insurance, resulting in consumers cancelling or not buying the policy. “ It seems that, unless this happens across a market, one company losing business is not a problem, rather the concern is for the consumers who renew on the unjustifiably increased premiums.	IAIS takes note of this suggestion, but has not made any changes to the paragraph. The paragraph state that it is focused on pricing practices other than the cost of service.
Paragraph 80	last sentence, it is not clear what “public interventions” refers to. Suggestion: It is important that consumers are fairly treated in light of their vulnerable condition, which, in some cases, may require broader public policy solutions in order to ensure sufficient coverage is available.	IAIS reflected this suggestion in the paragraph.

The paragraph also suggests public intervention may be required. Any public intervention should be transparent, and principle/rules-bases (and not ad hoc).

Paragraphs 82-86	The paper never defines this term, and it is unclear how it relates to the remainder of paragraph 82.	IAIS takes note of this suggestion.
	It's important to note that regulatory standards for risk classification and insurance product pricing vary across jurisdictions. Consequently, this application paper should not serve as a means to homogenize practices specific to any single jurisdiction.	
Paragraph 82	The paragraph should make clear that jurisdictions should only use standards that have been established by law. For example, in the U.S. the standard is “unfair discrimination”, not “non-discriminatory”. This is an important issue as pricing based on risk, which is essential for insurance, might be considered “discriminatory” by some.	IAIS considers that it is not necessary as if the supervisor is requiring any of them, it has to be within their authority (and law) to do so.
	Further more, the term “non-discriminatory” needs to be explained further as the nature of underwriting means that some policyholders will inevitably pay higher premiums than others or may be declined cover	
Paragraph 82	It also often the case that NatCat models are not developed solely by actuaries, so the need to reflect “actuarial models” might be better replaced with, say, “adequate technical models”	IAIS reflected this suggestion in the paragraph.

Paragraphs 82-86	The recommendations are sound, but there is growing evidence of insufficient supervisory oversight as climate change has a disproportionate impact on low income and minority communities. These recommendations require a more robust response from supervisors.	IAIS takes note of this suggestion.
Paragraphs 85-86	The paragraph states that: “Supervisors should monitor and require that there are no differential pricing practices, which are misleading and deceptive or unfair to consumers.” Considering the vagueness and breadth of this language, this paragraph is an invitation for subjective and unlimited intervention into risk-based pricing which would undermine the cornerstone of a solvent and competitive insurance market.	IAIS reflected this suggestion in the paragraph and defined “differential pricing”.
Paragraph 86	Paragraph 86 states that “When it is within their remit, supervisors could assess whether all costs due are proportional to the service offered and the cost borne by the provider.” Suggestion: “When it is within their remit, supervisors should ensure that all costs due are proportional to the service offered and the cost borne by the provider. Supervisors should not ignore any issues within their remit, and it is critical that costs are proportional so as to minimize risks of discrimination”.	IAIS reflected this suggestion in the paragraph and used “should” instead of “could”.
Comments on section 3.5: Access		
General	It is important from a consumer protection perspective for insurers to provide NatCat cover in response to consumer needs. On the other hand, consideration should be given to the fact that there are limits to the exposure that insurers can retain depending on their capital, solvency, and risk profile. Furthermore, conditions in the reinsurance market can also affect the coverage they can provide.	IAIS takes note of the suggestion. However the paper is based on ICP 19 and does not look into prudential aspects, in most instance the underlying assumption is that coverage is available.

General	As it is important to improve consumer awareness and knowledge so that consumers can access appropriate insurance products, multi-stakeholder efforts, involving supervisors and insurers, are required. From a consumer protection perspective, it is important for insurers to provide NatCat cover in response to consumer needs. On the other hand, consideration should be given to the fact that there are limits to the exposure that insurers can retain depending on their capital, solvency, and risk profile.	IAIS takes note of this suggestion.
General	Overall, simplifying policies and streamlining purchases to ease access exhibits practical people-first protection. Uniform communication guidelines coupled with continuous empirical targeting of deterrents improves availability, and flexible implementation preserves scarce regulatory resources; the approach adopts an appropriately wide lens in diagnosing the accessibility gap.	IAIS takes note of this suggestion.
General	Any initiatives to aid consumers in purchasing insurance should also consider relevant government initiatives and/or government-industry relationships in this area. For example government subsidies/initiatives which could make insurance cover more affordable.	IAIS takes note of this suggestion.
Paragraph 87	The paragraph ignores the reality in some circumstance where coverage limitations are essential to providing at least some affordable and/or available coverage. The final two sentences of paragraph 87 should be removed.	IAIS does not agree with this comment. Paragraph 87 merely summarizes the ICPs used in this section.
Paragraphs 88-89	Paragraphs 88 and 89 as they address adoption issues and not potential consumer access to NatCat coverage.	IAIS reflected this suggestion in the subheading. The subheading has been changed for “3.5 Access, awareness, and understanding”.

Paragraphs 89-90 These paragraphs again seem to be forwarding critiques without evidence to support that they are so widespread that additional supervisory actions of the kind recommended are needed. IAIS softened the tone in these two paragraphs.

Paragraph 90	The first sentence states "insurers are often required to review their terms and conditions to avoid losses due to ambiguous contractual terms". This is not a general practice in jurisdictions across the world. The sentence should be deleted, as it is misleading. The second sentence of paragraph 91 states "Such reviews are regularly carried out without taking into account the different types of consumer needs and objectives". It is unlikely that such regular reviews are conducted generally in jurisdictions across the world. Suggest changing the phrases to "to avoid further losses due to unintended interpretation of contractual terms" and "insurers may review", etc.	IAIS has amended the paragraph to read as follows : When systemic events – such as NatCat – materialise, insurers may be often required to review their terms and conditions to avoid losses due to ambiguous contractual terms. Such reviews in some instances are carried out without taking into account the different types of consumer needs and objectives (ICP 19.5). A thorough product review process would ensure that the relevant interests and needs of all parties involved are balanced vis-à-vis other business needs and considerations.
--------------	---	--

Paragraph 91 “...develop or promote the development of independent comparison tools to help consumers compare all available insurance products offering NatCat protection”. IAIS has deleted “develop”.

This invites unprecedented supervisory intervention into the sales of insurance.

Paragraph 91 When within their remit, supervisors should develop or promote the development of such tools. Properly designed comparison tools can help consumers identify the best option for their coverage needs. Supervisors whose remit covers such issues need to take a proactive role in ensuring that consumers have the information they need. IAIS has deleted “develop”.

Paragraph 91 when supervisors develop and use tools to make it easy to compare insurance products offering NatCat protection, it is necessary to be cautious not to recommend products of specific companies. If an appropriate comparison is not ensured, such tools should not be developed. IAIS has deleted “develop”.

Paragraph 92 the simplification of products may not convey to the consumers their limitations, e.g. excesses, sub-limits, exclusions, etc. IAIS takes note of this suggestion.

Paragraphs 92-93	These paragraphs recommend that supervisors intrude into private markets to an unprecedented degree, based on vague and subjective supervisory standards. Supervisors would oversee whether insurers have assessed “which distribution channel may be most aligned to the target market’s needs, objectives and characteristics.”	IAIS takes note of this suggestion. However, ICP 19.5.5 clearly states that supervisors should look at distribution strategies.
Paragraph 94	While insurers need to take market needs and other factors into account when developing and reviewing their products, they also need to consider the possibility that certain risks may no longer be insurable under particular circumstances.	IAIS added a sentence at the end of the paragraph which states that insurers should also consider the possibility that certain risks may no longer be insurable under particular circumstances.
Paragraph 95	Paragraph 95 should be revised to read that supervisors “ should liaise with insurers and other relevant authorities to develop accessible tools” for consumers. However, it is critical that supervisors fully evaluate all information provided by insurers and make certain that the tools are accurate and decision-useful. Liaising with insurers must not be confused with deferring to consumers.	IAIS has reflected the suggested amendment.
Comments on 3.6: Timely and fair claims handling		
Paragraph 102	Given that claim payments after a widespread natural disaster are extremely important for insurers, utilization of the latest technologies, such as digitization to improve policyholder convenience in making claims, and the use of AI to speed up damage assessment, would be beneficial.	IAIS added a sentence at the end of the paragraph to echo this comment.
Paragraph 102-104	These events occur reasonably rarely. It would be a waste of resources to scale up permanently waiting for the next one to occur. Having surge plans would be more relevant and cost effective. Also, other factors can be the cause of delays beyond insurers control regardless of how much capacity is at hand. For instance, remote regions, infrastructure failure (road, bridges), safety hazards, etc,	IAIS takes note of this suggestion.

preventing entry to areas can all impact the pace of recovery. Reference to a “timely” manner suggests there is a timeframe that should be met, but each NatCat is so different in terms of the issues it gives rise to.

Paragraph 102	Whilst a surge plan is appropriate, some delays due to extreme weather are likely to be unavoidable in the event of wide area damage. For example: (1) it may not be possible to access properties for some time after an extreme event, (2) materials may be unavailable, (3) properties may take time to dry before remedial works can be started, (4) insufficient number of trained loss adjusters.	IAIS added a sentence at the beginning of the paragraph to mention the potential for claims handling delay due to extreme weather.
Paragraph 103	It's an important initiative to develop a resilient society, and the use of insurance is an option to promote this initiative. This issue is not a matter for the private sector alone, and the involvement of the public sector, including funding arrangements, etc., should also be discussed.	IAIS has reflected this suggestion in the paragraph.
Paragraph 104	Suggestion for the paragraph : It is important that insurers manage consumer expectations during the claims handling periods following Natcat events (instead of “severe weather events”).	IAIS has reflected this suggestion in the paragraph and used “NatCats events” instead of “severe weather.”
Paragraph 107	Suggestion for the paragraph: Supervisors should also consider comparing claims handling experiences of extreme Natcat events to a business-as-usual period (instead of “...extreme NatCat events to that during a business-as-usual period”).	IAIS has reflected this suggestion in the paragraph.
Paragraph 107	The final application paper should mention clear expectation for supervisors, not just something they should “consider” doing. Failure to actually compare claims handling will prevent supervisors from identifying any changes that insurers would be required to make to the claims handling operations	IAIS takes note of this suggestion. However, the application paper is principle-based.

Paragraph 108	Any reductions in regulatory requirements must not leave consumers worse off. In addition, supervisors must also consider macroprudential risks of reducing regulatory requirements. Both of these factors should be included in the final application paper.	IAIS has reflected this suggestion in the paragraph.
Paragraph 108	Suggestion for the paragraph: Supervisor should consider whether insurers need flexibility following a NatCat event to temporarily reduce meeting certain regulatory requirements, if appropriate (instead of "...consider whether they need to engage flexibility with insurers following").	IAIS has reflected this suggestion in the paragraph.
Paragraph 109	Paragraph 109 should be modified to reflect better what a "timely manner" is and encourage supervisors to encourage insurers to communicate a specific deadline. Supervisors must monitor reductions in coverage, which raises significant risks for policyholders and financial stability.	IAIS takes note of this suggestion.
Paragraph 109	The final application paper should mention that supervisors must monitor reductions in coverage, which raises significant risks for policyholder and financial stability. Supervisors should use all tools at their disposal and work with other authorities to ensure other options are available when an insurer drops certain types of coverage or significantly raises costs.	IAIS added a sentence at the end of paragraph 109 to reflect this suggestion.
Paragraph 110	Suggestion for the paragraph: Through monitoring, Supervisors must ensure that insurers are treating customers fairly (instead of "...supervisors may consider monitoring").	IAIS takes note of this suggestion.