

Joint SIF - IAIS Draft Application Paper on the Supervision of Climate-related Risks in the Insurance Sector – NAIC Draft Comments

Section/Paragraph	Comment
3	Suggest taking the opportunity to elaborate here: Climate change presents not only risks but also opportunities for the insurance sector, <u>such as being a driver for innovation.</u>
11	Bottom of paragraph 11, suggest providing a footnote to A2ii and IDF work/initiatives in this area to provide additional reference and context for the reader.
Table 2	There is a missing period at the end of the table.
33	Last sentence; editorial, suggest: Also, the evolution of the non-financial performance of investee companies can be a relevant indicator for the variable remuneration.
77	Suggest avoiding paraphrasing of ICP 20 (this is the principle statement, not an objective) and for additional clarity: The objective of According to ICP 20 (Public Disclosure) is to <u>the supervisor requires</u> insurers to disclose relevant and comprehensive information on a timely basis in order to give policyholders and market participants a clear view of their business activities, risks, performance and financial position which enhances market discipline. Public disclosures on emerging(ed) risks, including climate change, are of primary relevance to this objective. In establishing disclosure requirements for climate risks, the supervisor should take into account <u>existing relevant requirements as well as</u> proprietary and confidential information that could negatively influence the competitive position of an insurer if made available to competitors.
88	Fourth sentence; editorial, suggest: They should also describe the actions taken as reaction <u>in response</u> to climate change risks
After page 90 in Box 5 Examples of supervisory practice on disclosure requirements - United States	Suggest as an update: Insurers were encouraged to incorporate FSB TCFD guidelines when answering the survey in the Reporting Year 2018 <u>NAIC Climate Risk Disclosure Survey 2019</u> which could effectively align the survey with the TCFD guidelines. For the <u>Reporting Year 2019 NAIC Climate Risk Disclosure Survey, due from insurers in August 2020, participating insurers were allowed to submit a TCFD report. Eight groups and eight individual insurers submitted a TCFD report in the Reporting Year 2019 NAIC Climate Risk Disclosure Survey.</u>