

Insurance supervisors to develop practical tools to address climate challenges



Rio de Janeiro, 16 May 2018 – As the global agenda on sustainability challenges for the economy and the financial sector advances, the world’s leadership platform for insurance supervisors met in Rio de Janeiro, Brazil to develop new tools to help financial supervisors tackle climate change risks.

Representatives from supervisory authorities in 16 jurisdictions gathered in Rio for the Fourth meeting of the Sustainable Insurance Forum (SIF), with participating Members including Argentina, Australia, Belgium, Brazil, France, Germany, Guernsey, Japan, the Netherlands, South Africa and the UK as well as the State of California in the USA. Costa Rica, El Salvador, Guatemala, and Paraguay participated as observers, with the Access to Insurance Initiative (A2II) and International Association of Insurance Supervisors (IAIS) also providing input.

Geoff Summerhayes, Chair of the SIF, said: "The Rio meeting enabled the SIF to make important progress across its work programme - including our joint activities with the IAIS on climate change risks, the development of new tools for supervisors, scenario analysis methods, and capacity building. We are delighted to welcome Argentina, Belgium, Germany, Guernsey and Japan as members. Bringing in new participants from the region - including Costa Rica, El Salvador, Guatemala, and Paraguay - attests to the growing importance of sustainability issues as a priority for supervisors globally."

The first regional meeting of the SIF in Latin America, this convening was part of a three-day series of events on sustainability issues in the insurance sector co-hosted by SUSEP, the Brazilian insurance supervisory authority. On May 15th, a regional event hosted by the Brazilian insurance association and the UN Principles for Sustainable Insurance (PSI) brought together 80+ private sector leaders to discuss global best practices, and the challenges facing the Brazilian market. Following the meeting of the SIF, the Access to Insurance Initiative and the IAIS co-hosted a Supervisory Dialogue on issues of informality in insurance markets, and challenges for financial inclusion.

Natalie Haanwinckel Hurtado, Technical Analyst at SUSEP’s Directorate of supervision and conduct, said: “We are honored to have hosted the 4th SIF meeting last week in Rio de Janeiro,

and for having been able to contribute to push forward the sustainability agenda. We firmly believe in the SIF's mandate and we are very engaged as founding member of the group. Surely, there is a long way ahead to effectively transform the role of insurance and achieve all its potential in ESG issues. Brazil is working closely with the supervised insurance market and looking forward to sharing our developments that will come with the signature of the TCFD Recommendation letter.”

Launched in December 2016, the Sustainable Insurance Forum brings together insurance supervisors from all continents to tackle issues of common concern with respect to sustainable development. Now in its second year of operation, the SIF has been ambitious in driving sustainability issues – focusing on climate change – into the heart of the international financial standards and policymaking, including developing a joint Issues Paper on Climate Change Risks to the Insurance Sector with the IAIS. Following review in Rio, the final Issues Paper will be released in July 2018 at the IAIS meeting in Moscow.

In Rio, SIF member supervisors worked together on several new tracks of work, including the development of tools and training materials on sustainability issues to help supervisors raise these issues in their ongoing engagements with firms. A guest speaker from the 2 Degrees Investing Initiative presented its work with the California Department of Insurance, which conducted a first-in-the-nation stress test to determine climate-related risk to insurance industry investments. In addition, the SIF agreed to develop a guidance document on how insurance supervisors can leverage their strengths to encourage the development of sustainable insurance markets – and support broader strategic efforts to promote sustainable finance across banking, investment, and capital markets.

Jeremy McDaniels, Secretary of the SIF, said: “The SIF has made great strides in its first 18 months of operation – and momentum continues to build, as we gather new members from around the world, and tackle new practical challenges supervisors are facing. UN Environment is honoured to continue supporting the SIF as its Secretariat, and to engage with the IAIS on critical strategic issues like climate change.”