



EIOPA Sustainable
Finance Conference
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ASSESSMENT OF THE PRUDENTIAL
TREATMENT UNDER SOLVENCY II OF
ADAPTATION MEASURES IN NAT CAT
INSURANCE

Marie Scholer

BACKGROUND

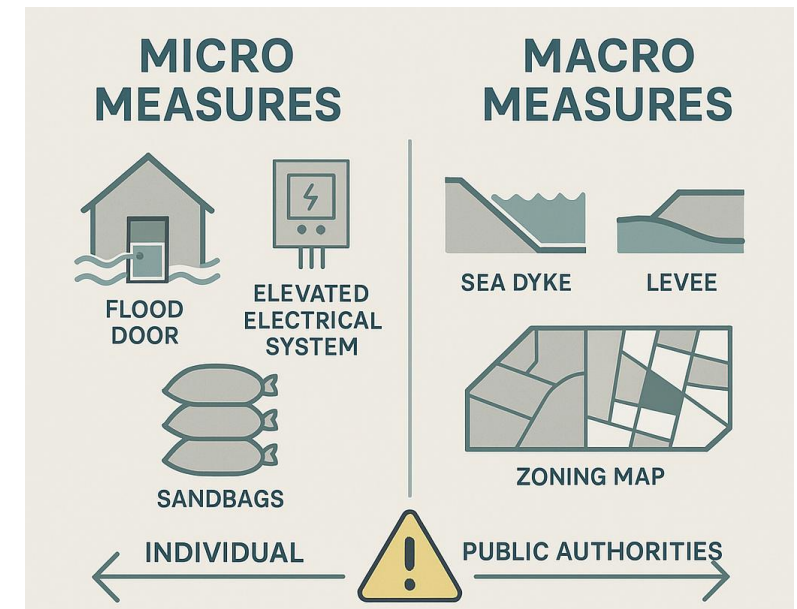
- EIOPA has highlighted the **concept of “impact underwriting”**.
- EIOPA’s previous work on the **prudential treatment of sustainability risks** suggested to extend the analysis to the capital requirements for natural catastrophe.
- The **Commission President’s Political Guidelines highlight Climate Adaptation** as a key priority for the new political mandate.
- **EIOPA initiated a new project** to assess the prudential treatment of adaptation measures under Solvency II in the natural catastrophe module.



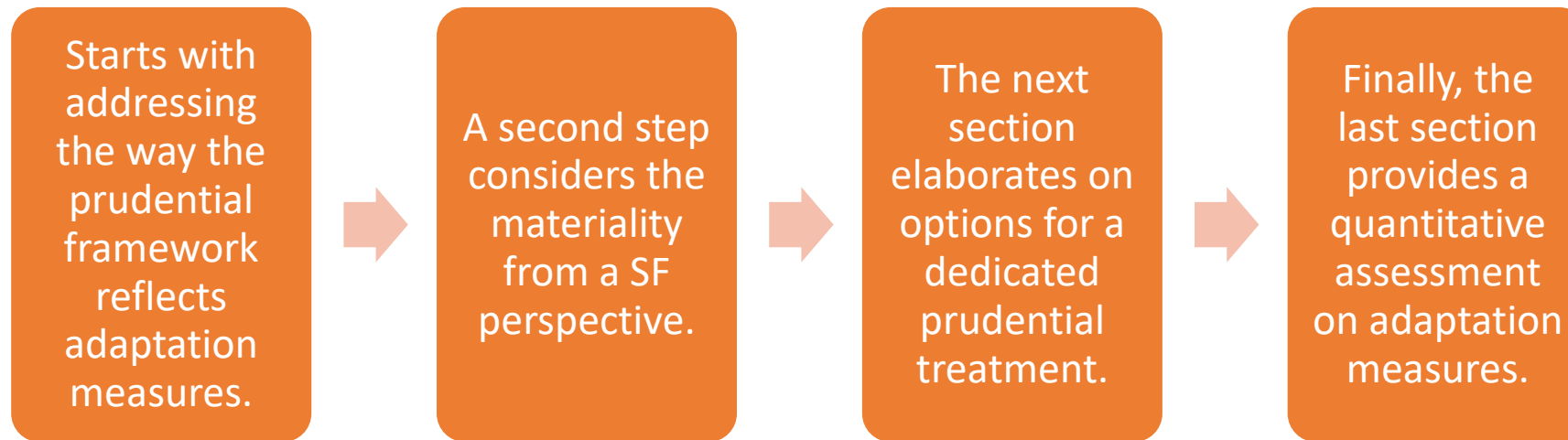
OBJECTIVE

The work covers:

- whether/how the **prudential framework [appropriately] reflects the risk reduction impact** of adaptation measures, and
- whether a **dedicated prudential treatment is warranted** and which options could potentially be explored for that purpose.



THE CONSULTATION PAPER



WHERE COULD THE PRUDENTIAL FRAMEWORK BE MODIFIED TO BETTER REFLECT ADAPTATION

The paper discusses different options:

A: Explicitly consider adaptation in the Regular (re)assessment of the SF

B: Use SF Undertaking Specific Parameters (USP) to reflect adaptation measures

C: Use the Risk Mitigation in solvency ii to reflect adaptation measures

D: Add new parameters in the SF

E: Consider how adaptation measures are reflected in Internal Models

NEXT STEPS

- Public consultation ended on the 17th of April.
- EIOPA will consider the feedbacks received for this paper to finalise the paper.
- The aim is to publish the final paper by end of the year.