



EIOPA consults on the supervision of the use of climate change scenarios in ORSA

NEWS
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Today, the European Insurance and Occupational Pensions Authority (EIOPA) published a consultation on the use of climate change risk scenarios in the Own Risk and Solvency Assessment (ORSA) in the form of a draft supervisory Opinion.

In EIOPA's view, it is essential to foster a forward-looking management of climate change-related risks by insurers, also in the long term, and to enhance supervisory convergence across Europe. The draft Opinion sets out EIOPA's expectations to national competent authorities on how to supervise the integration of climate change scenarios by insurers in their ORSA, applying a risk-based and proportionate approach.

In particular, supervisors should expect insurers to subject material climate change risks to at least two long-term climate scenarios, where appropriate:

A climate change risk scenario where the global temperature increase remains below 2°C, preferably no more than 1.5°C, in line with the EU commitments; and

A climate change risk scenario where the global temperature increase exceeds 2°C.

The Opinion also provides practical guidance on the selection and implementation of scenarios.

The consultation is a follow-up to last year's [Opinion on Sustainability within Solvency II](#), which recommended that (re)insurers consider climate risks beyond the one-year time horizon through the system of governance, risk-management system and their ORSA.

EIOPA invites stakeholders to provide their views on the consultation paper by filling in the survey by 5 January 2021.

Next steps

EIOPA will consider the feedback received and expects to publish the final Opinion in the spring of 2021 together with a feedback statement on the consultation responses.

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