

# Sustainable finance



## Sustainable finance in the insurance and pensions sector

Sustainability is at the heart of the EU project and is key in ensuring long-term competitiveness of the EU economy and with it, the insurance and pensions sector.

Insurers and pension funds, as managers of large parts of society's risks and important long-term investors have a particular interest in mitigating the impact of climate change and facilitating the transition to a more sustainable and resilient economy.

By integrating sustainability considerations from an environmental, social and governance (ESG) perspective into the regulatory and supervisory framework for insurers, reinsurers, insurance distributors and pension providers, EIOPA contributes to the [European Commission's Sustainable Finance Action Plan](#) and to the 'Green Deal'.

EIOPA has been implementing an ambitious [strategic plan on sustainability and climate change](#) with the following objectives:

- Insurers should manage and mitigate ESG risks through their underwriting activity;
- Insurers and pension funds should reflect policyholder and pension scheme member preferences for sustainable investments, where relevant;
- Insurers and pension funds should adopt a sustainable approach in their investments based on principles of stewardship



## EIOPA's projects in sustainable finance

EIOPA has been carrying out several projects to establish its policy on sustainable finance and to develop tools and methods for ESG risk analysis, with a view to embed ESG risk analysis in regulation as well as in supervision.

EIOPA publically consults and organizes regular Roundtables on Sustainable Finance, to discuss its proposals with participants from EIOPA's Stakeholder Groups, the European Commission, representatives of the insurance and pensions, asset management and rating industries, and representatives of consumers associations and civil society.

At its latest Roundtable on Sustainable finance, EIOPA stressed the importance for insurers and pension funds to manage sustainability risks as part of their risk management, as well as to contribute to reducing risks to sustainability for society.

### Learn more

EIOPA is a member of the Network for Greening the Financial System and of the Sustainable Insurance Forum, as well as the European Commission's Sustainable Finance Platform for the taxonomy on sustainable economic activities.

In addition, EIOPA is aiming to improve its own environmental performance as an institution and to lower its impact on the environment. EIOPA has registered to the EMAS (Eco Management and Audit Scheme).

EIOPA's mandate on sustainable finance, following the review of its founding regulation, is to:

- take into account sustainable business models and integration of ESG-related factors in the areas of its competence,
- develop criteria for identifying systemic risks and an adequate stress-testing regime, including potential environmental-related systemic risk,
- put in place a monitoring system, and
- develop common methodologies for union-wide assessment of resilience of financial undertakings taking into account risks stemming from adverse environmental developments and of the effect of environmental risks on the financial stability of financial institutions.

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**SUSTAINABILITY**

## Joint ESA Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation

This Supervisory Statement of the European Supervisory Authorities (ESAs) seeks to mitigate the risk of divergent application of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (hereinafter referred to as "SFDR") within the period from 10 March 2021...

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**SUSTAINABILITY | DISCLOSURE**

## ESAs issue recommendations on the application of the Regulation on sustainability-related disclosures

The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) have today published a joint supervisory statement on the effective and consistent application and national supervision of the Regulation on sustainability-related disclosures in the financial services sector (SFDR). The...

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**PROTECTION GAP | SUSTAINABILITY**

## The opportunity to design real catastrophe insurance is now

Set up in 2011, the European Insurance and Occupational Pensions Authority (EIOPA) is the European body responsible for insurance and occupational pensions. The EIOPA's first chairman, Gabriel Bernardino, is retiring next month, and BRINK spoke to him about the need for shared resilience and public...

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## IRSG Advice on EIOPA's on the Statement on supervisory practices and expectations in case of breach of the Solvency Capital Requirement

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## EIOPA staff paper on measures to improve the insurability of business interruption risk in light of pandemics

In this paper, EIOPA analyses options relating to prevention measures to reduce losses, capital markets risk transfer, and multi-peril solutions for systemic risk. It also addresses the general challenges related to modelling and triggers for claims in the context of pandemics. EIOPA invites all...

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## The three European Supervisory Authorities publish Final Report and draft RTS on disclosures under SFDR

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) delivered today to the European Commission (EC) the Final Report , including the draft Regulatory Technical Standards (RTS), on the content, methodologies and presentation of disclosures under the EU...

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## Final Report on draft Regulatory Technical Standards

The European Supervisory Authorities (ESAs) have developed through the Joint Committee (JC) draft Regulatory Technical Standards (RTS) with regard to the content, methodologies and presentation of sustainability-related disclosures under empowerments Articles 2a, 4(6) and (7), 8(3), 9(5), 10(2) and...

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[RISK ASSESSMENT](#) | [STRESS TEST](#)

## Methodological principles of insurance stress testing - liquidity component

The paper sets out methodological principles that can be used to design bottom-up stress test exercises to assess the vulnerability of insurers to liquidity shocks. The conclusions are based on the current understanding and knowledge of the liquidity risk in the insurance industry.

METHODOLOGY | OTHER DOCUMENTS| 26 JAN 2021|

[RISK ASSESSMENT](#) | [STRESS TEST](#)

## EIOPA publishes the second paper on the methodological principles of insurance stress testing with focus on liquidity

The European Insurance and Occupational Pensions Authority (EIOPA) published today the second paper in a series of papers on the methodological principles of insurance stress testing. The Methodological Paper is a follow-up to the consultation with stakeholders and focuses on the liquidity...

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[REGULATION](#) | [SUSTAINABILITY](#)

## Letter to the European Commission on priority issues relating to SFDR application

LETTER| 08 JAN 2021|

[ORSA](#)

## IRSG advice on supervision of the use of climate change risk scenarios

## in ORSA

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ORSA | COVID-19

### EIOPA consults on ORSA in the context of COVID-19

The European Insurance and Occupational Pensions Authority (EIOPA) published today a consultation on the Supervisory Statement on Own Risk Solvency Assessment (ORSA) in the context of COVID-19. The statement promotes convergence by guiding undertakings through common supervisory expectations on...

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ORSA | COVID-19

### Consultation on the Supervisory Statement on ORSA in the context of COVID-19

The statement promotes convergence by guiding undertakings through common supervisory expectations on the ORSA in the current situation triggered by the pandemic, taking into account that the impact on each individual undertaking can differ depending on its specific risk profile. A proper balance...

CONSULTATION | 15 MAR 2021 | OPEN |

SUSTAINABILITY

### Integrating sustainability into the supervisory framework: Fourth sustainable finance roundtable

Insurers and pensions funds can play a powerful role in mitigating the impact of climate change and facilitating the transition to a more sustainable and resilient economy. This was one of the key messages that Gabriel Bernardino, Chair of the European Insurance and Occupational Pensions Authority...

NEWS | 18 DEC 2020 |

RISK ASSESSMENT | FINANCIAL STABILITY

### Financial Stability Report December 2020

The December 2020 Financial Stability Report sheds light on the financial stability risks in the European insurance and pension sector.

FINANCIAL STABILITY REPORT | REPORT | 18 DEC 2020 |

RISK ASSESSMENT | FINANCIAL STABILITY

### EIOPA outlines key financial stability risks and vulnerabilities for insurance and pension sector and recommends that any dividend distributions should not exceed thresholds of prudence

The European Insurance and Occupational Pensions Authority (EIOPA) published today its December Financial Stability Report that sheds light on the financial stability risks in the European insurance and pension sector. Although financial markets have gradually stabilised after the initial sharp...

NEWS | 18 DEC 2020 |

## ESAs issue a comment letter to the IFRS Foundation's consultation

The Chairs of the three European Supervisory Authorities, EBA, EIOPA and ESMA, have issued a comment letter to the IFRS Foundation's consultation. The joint letter emphasises the following aspects: (i) the global challenges posed by sustainability for investors and other stakeholders and their...

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SUSTAINABILITY | GABRIEL BERNARDINO

## Sustainable finance: From policy to practice

Ladies and gentlemen Introduction First of all, let me wish you a warm welcome to today's roundtable. This is our fourth sustainable finance roundtable and I am pleased to see that we have had so much interest in this event. Pleased but not surprised. Not surprised because it's clear that...

SPEECH | 16 DEC 2020 |

SUSTAINABILITY

## ESAs letter to the IFRS Foundation regarding the consultation on Sustainability Reporting

LETTER | 16 DEC 2020 |

RISK ASSESSMENT | SUSTAINABILITY

## Sensitivity analysis of climate-change related transition risks

The report explores current holdings of corporate bonds and equity that can be related to key climate-policy relevant sectors such as fossil fuel extraction, carbon-intensive industries, vehicle production and the power sector. It also quantifies potential climate-change related transition risks...

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