



EIOPA consults on the application guidance on climate change risk scenarios in the ORSA

NEWS
DATE:
10 Dec 2021

Today, the European Insurance and Occupational Pension Authority (EIOPA) launched a consultation on the application guidance on running climate change materiality assessment and using climate change scenarios in the Own Risk and Solvency Assessment (ORSA).

The application guidance provides a detailed and practical basis on how to implement sustainable finance ambitions in practice. Concrete case studies for materiality assessment of climate change scenarios included in the consultation should also contribute to lowering implementation costs for insurance undertakings, in particular small and mid-sized ones, and improve the comparability of reported information.

The (re)insurance industry will be impacted by climate change-related physical

and transition risks. Therefore, EIOPA believes it is important to encourage a forward-looking management of these risks to ensure the solvency and viability of the industry.

EIOPA's [consultation](#) gives general insights in the ORSA where undertakings have the possibility to address climate change risks and provides examples using both dummy non-life and life companies, which will help to design the steps for the materiality assessment and to run climate change scenarios.

Following [EIOPA's Opinion](#) issued in April 2021, which provides practical guidance for (re)insurance undertakings on how to select and use climate change scenarios, this consultation gives guidance on the application in the ORSA taking into account the size, nature and complexity of their climate change risk exposures.

EIOPA's final application guidance is expected for June 2022, once the feedback is integrated following the consultation period and the [pilot exercise](#) starting in March 2022 has concluded.

Consultation process

Stakeholders are invited to contribute to this consultation by responding to the questions in the [survey](#) by Thursday, 10 February 2022.