DATA COLLECTION ON THE PRUDENTIAL TREATMENT OF CLIMATE-RELATED ADAPTATION MEASURES IN NON-LIFE INSURANCE

Workshop 20 April 2022



MITIGATION TACKLES THE CAUSES OF CLIMATE CHANGE, WHILE ADAPTATION ADDRESSES ITS CONSEQUENCES

 Adaptation measures are actions based on reducing effects of climate change on policyholders' losses.



 Mitigation measures are actions that are taken to limit and reduce greenhouse gas emissions.

Galician vineyard

Adaptation measures

- Advance the vintage date
- Introduce or increase irrigation
- Vegetal cover ground
- Introduce new grape varieties
- Transfer to higher altitude vineyard
- Change the altitude of vineyard

Mitigation measures

- Recycling
- Efficient Consumption management
- Improve thermal insulation
- Purchase low consumption equipment
- Reduce weight of packaging
- New types of containers

Introduction of Renewable Energy in the Spanish Wine Sector, Nieves Garcia-Casarejos



NON-LIFE INSURANCE ACTIVITIES ARE TARGETED (AND NOT LIFE INSURANCE ACTIVITIES)

Line of business	targeted	Examples – Comments
Fire and other damage to property insurance		Water-resistant walls and doors, flood pumps, sand bags, shutter, heat- and fire-resistive construction materials against exterior fire exposures, etc.
Miscellaneous financial loss	Yes	Drainage, irrigation of crop fields, etc.
Other motor insurance		Garages
Medical expense insurance		Warning system
Non-proportional property reinsurance		Reinsurance of the above
Marine, aviation and transport insurance	Possible, more side-effects	Shelter system for vessels, navigation route planning
Non-prop. marine, aviation and transport reinsurance		Reinsurance of the above
Income protection insurance		Prevention of health diseases linked to climate change
Non-prop. casualty reinsurance		Reinsurance of the above

Scope of the data collection by Line of Business

Not in Scope

- Weak effect are expected of climate-related adaptation measures on the risks covered in Motor vehicle liability insurance, General liability insurance, Assistance, Credit and suretyship insurance, Legal expenses insurance, Workers' compensation
- However, if an insurer has implemented adaptation measures in these insurance lines of business, they can be submitted
- Effect of adaptation measures on <u>assets</u> is outside scope ; therefore Life insurance savings or pension management are excluded from the data collection



EITHER THE POLICYHOLDERS, THE INSURERS OR THE TERRITORIAL COMMUNITIES CAN IMPLEMENT ADAPTATION MEASURES

In the scope of the Data Collection

Out of the scope of the Data Collection

Insurer implemented measures

• Forecasting and automatic warning systems (e.g. SMS) to support the protection of goods against severe weather events

Policyholder implemented measures

• Building improvements like water-resistant walls, etc.

Local collectivity implemented measures

 Massive flood defenses like dikes, implemented by local governments

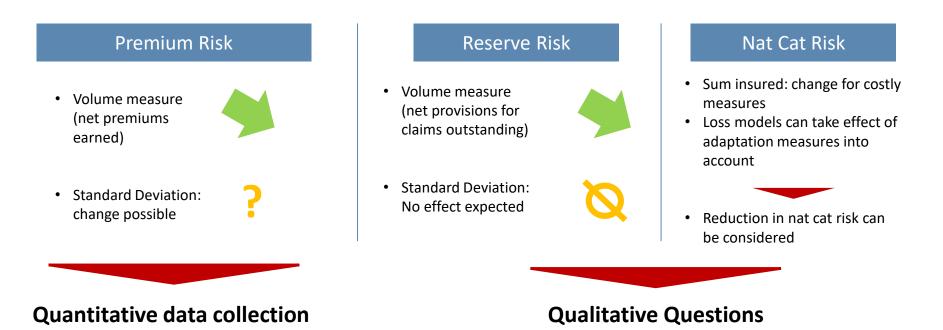
Non-adaptation measures

• Underwriting practices, such as risk selection



ADAPTATION MEASURES CAN HAVE AN IMPACT ON THE FREQUENCY AND INTENSITY OF WEATHER- AND CLIMATE-RELATED LOSSES

Non-life standard formula risk modules





DATA SUBMITTED SHOULD BE RELEVANT, LIMITED & RELIABLE

Data quality governing principles



Lean and simple

Targeted and precise

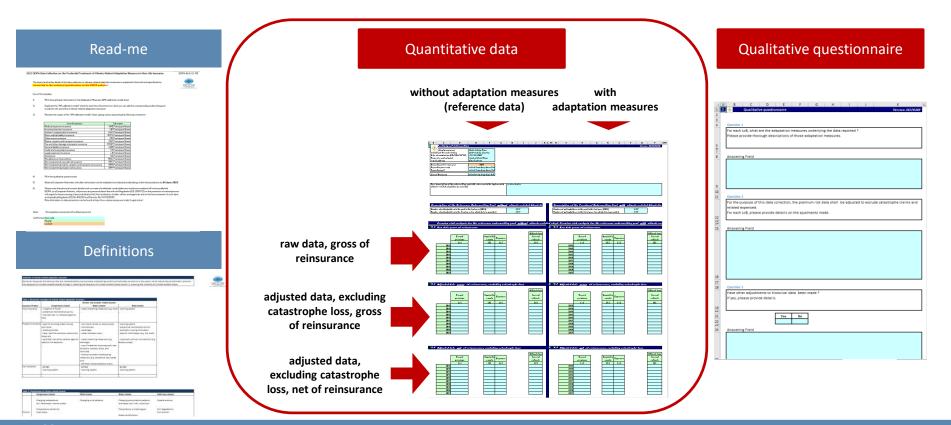
The data submitted should be split into 2 pools suitable for comparison

Any data not relevant for the comparison should be <u>removed</u>, provided that the 2 pools remain suitable for comparison

The data should be as <u>granular</u> as possible provided that each pair of pools remain suitable for comparison



THE TEMPLATE HAS 4 SHEETS - QUANTITATIVE DATA ARE ORGANIZED IN 2 COLUMNS – WITH / WITHOUT ADAPTATION





INSURERS CAN SUBMIT UNDERWRITING DATA DURING A 2 MONTHS PERIOD

Scope

• The data collected will be used by EIOPA to consider the potential for a dedicated prudential treatment of climaterelated adaptation measures in Solvency II's standard formula for non-life underwriting

Timeline

6 April 2022	Launch of the data collection	
20 April 2022	EIOPA Workshop on the data collection.	
1 June 2022	Deadline for participants to submit results to their national competent authorities	
2 to 10 June 2022	Validation of results by national competent authorities, with support by EIOPA	
10 June 2022	Deadline for reporting of information from national competent authorities to EIOPA	



Q&A PROCESS

Participants can contact EIOPA <u>directly</u> for questions concerning the technical specifications of the data collection and the completion of the template. Email : impactuw@eiopa.europa.eu

Do not forget to **copy your local supervisor**



The questions received will be posted on EIOPA's website regularly to inform the undertakings of the questions already raised and to **avoid duplication.**

All questions will be published anonymously.

EIOPA will only respond to technical questions on the data collection.

Questions on policy issues will not be addressed.

