Climate Risks Survey

1. Does the institution have a climate change policy with respect to risk management and investment management?

Please include:

1. How is the mandate and mission of your institution related to the topic of climate and broader environmental risks?
2. Where in the structure of the institution is climate risk addressed?
3. What is your institution’s overall strategy /approach/framework to the topic of climate and environmental risk and natural catastrophes?
4. Does the institution approach climate change as an Enterprise Risk Management (ERM) issue?
5. Does the institution have a dedicated point-person or team within the institution that is responsible for managing its climate change strategy?
6. What is the role of the board of directors in governing climate risk management?
7. Does the institution consider potentially correlated risks affecting asset management and underwriting?
8. Has the institution issued a public statement on its climate policy?
9. Are there any challenges or barriers identified for the further uptake of climate and environmental risk management?
10. Describe your institution’s process for identifying climate change-related risks and assessing the degree that they could affect your business, including financial implications.

Please include:

1. How may climate change shift customer demand for products?
2. What implications may climate change have on liquidity and capital needs?
3. Is there modelling to take into consideration the impacts of climate hazards and climate change?
4. How might climate change affect limits, cost and terms of catastrophe reinsurance, including reinstatement provisions?
5. What type mitigation actions related to climate and environmental risks have been undertaken?
6. Has the insurer considered creative methods of risk distribution such as contingency plans to reduce financial leverage and resolve any liquidity issues in the event of a sudden loss in surplus and cash outflows as a result of a catastrophic event?
7. How are these impacts likely to evolve over time?
8. Does the institution have plans to regularly reassess climate change related risks and its responses to those risks?
9. Summarize the current or anticipated risks that climate change poses to your institution. Explain the ways that these risks could affect your business. Include identification of the geographical areas affected by these risks.

Please include:

1. Which business segments or products are most exposed to climate-related risks?
2. Has the institution considered its potential exposure to climate liability?
3. Are there geographic locations, perils or coverages for which the institution has increased rates, limited sales, or limited or eliminated coverages because of catastrophic events? How do those actions relate to assessments of climate change impacts made by the institution?
4. Has the institution examined the geographic spread of property exposures relative to the expected impacts of climate change, including a review of the controls in place to assure that the insurer is adequately addressing its net exposure to catastrophic risk?
5. Has the institution considered the impact of climate change on its investment portfolio? Has it altered its investment strategy in response to these considerations? If so, please summarize steps you have taken.

Please include:

1. Does the institution consider regulatory, physical, litigation, and competitiveness-related climate risks, among others, when assessing investments?
2. Has the institution considered the implications of climate change for all of its investment classes, e.g. equities, fixed income, infrastructure, real estate?
3. Does the insurer use a shadow price for carbon when considering investments in heavy emitting industries in markets where carbon is either currently regulated or is likely to be regulated in the future?
4. Does the insurer factor the physical risks of climate change (water scarcity, extreme events, weather variability) into security analysis or portfolio construction? If so, for what asset classes and issuers (corporate, sovereign, municipal)?
5. How does climate change rank compared to other risk drivers, given the insurer’s asset liability matching strategy and investment duration?
6. Does the insurer have a system in place to manage correlated climate risks between its underwriting and investments?
7. Summarize steps the institution has taken to encourage policyholders to reduce the losses caused by climate change-influenced events.

Please include:

1. How has the institution employed price incentives, new products or financial assistance to promote policyholder loss mitigation? In what lines have these efforts been attempted, and can the outcome of such efforts be quantified in terms of properties retrofitted, losses avoided, etc.?
2. For insurers underwriting professional liability policies, what steps has the institution taken to educate clients on climate liability risks or to screen potential policyholders based on climate liability risk? How does the institution define climate risk for these lines?
3. Discuss steps, if any, the institution has taken to engage key constituencies on the topic of climate change.

Please include:

1. How has the institution supported improved research and/or risk analysis on the impacts of climate change?
2. What resources has it invested to improve climate awareness among its customers in regulated and unregulated lines?
3. What steps has it taken to educate shareholders on potential climate change risks the institution faces?
4. Describe actions your institution is taking to manage the risks climate change poses to your business including, in general terms, the use of computer modelling.

Please include:

1. For what perils does the institution believe that future trends may deviate substantially from historical trends due to changes in the hazard? Similarly, for what perils, if any, does the institution believe that a catastrophe model extrapolating observed trends would be insufficient to plan for maximum possible loss or yearly average loss? What steps has the institution taken to model or analyze perils associated with non-stationary hazards?
2. Has the institution used catastrophe models to conduct hypothetical “stress tests” to determine the implications of a wide range of plausible climate change scenarios? If so, over what timescale, in what geographies and for what perils?
3. Has the institution conducted, commissioned or participated in scenario modelling for climate trends beyond the 1-5 year timescale? If so, what conclusions did the institution reach on the potential implications for insurability under these scenarios?