



Guidance on completing consultancy and insurer questionnaires

Thank you for taking part in this information gathering exercise. The questionnaires for consultancies and insurers contain some questions about key activities undertaken in different practice areas. These are intended to assess the extent that climate-related risk is considered and the involvement of actuaries. This guidance is intended to assist organisations by giving case studies to show how the questionnaire might be completed.

Questionnaires

The consultancy and insurer questionnaire are set out in the following sections:

- **Introduction and instructions (p1 of the questionnaire)**
Instructions and note on confidentiality and privacy
- **Submission overview (p2)**
High-level information about organisation, including contact details, staffing levels and geographical coverage
- **Notes on completing tables (p3)**
Notes providing high level quantitative definitions for questionnaire responses
- **Practice-specific questions (p4 onwards)**
Questions specific to different business or practice areas, including opportunity to provide free text case studies outlining key activities (illustrative examples provided below)

How to complete practice specific questions

The following examples are intended to help participants in completing any given row of the relevant questionnaire.

1. Consultancy questionnaire examples

Practice area:		Pensions			
Project type:		Actuarial valuation advice			
<i>Situation</i> All actuarial staff at a small consultancy carry out actuarial valuations for their clients. The scheme actuaries meet periodically to discuss their general approach to assumptions, but each one advises their clients independently. Over the last year, a small proportion of clients have adopted economic assumptions and longevity assumptions that allow for climate-related risk, and this has a modest yet material impact on the results. It's expected other clients will follow this approach in the coming years.					
Resource	Actuarial involvement	Current climate status	Future climate status	Climate impact	Climate influence
11 - 50	High	Medium	High	Medium	High

Practice area:		Pensions			
Project type:		Risk transfer advice			
<i>Situation</i> Dedicated team at medium-sized consultancy specialises in risk transfer advice. Some of the team are actuaries or students. Research includes assessment of providers' attitudes to climate-related risk, which forms an optional part of the client process. A few clients take this up, although this is expected to increase. The resulting analysis has a second-order impact on the overall decision-making. Research team deriving the climate-ratings are led by a climate specialist, with some actuarial influence.					
Resource	Actuarial involvement	Current climate status	Future climate status	Climate impact	Climate influence
11 - 50	Medium	Low	Medium	Low	Medium

1. Consultancy questionnaire examples (continued)

Practice area:		Pensions/investment			
Project type:		ESG disclosure assistance			
Situation					
Investment team at large consultancy provides assistance to many clients on their ESG implementation statements. Many of the team are actuaries or students. Central committee with only a few actuaries suggests template wording to client teams.					
Consultancy completes Investment Row 5 as shown:					
Resource	Actuarial involvement	Current climate status	Future climate status	Climate impact	Climate influence
51-99	High				Low
Equivalent row on pensions page is left blank.					

Practice area:		Investment			
Project type:		DC investment selection, including default strategy			
Situation					
DC investment team at medium sized consultancy provides assistance to many clients on their investment funds, including the default investment strategy. Some recent projects to select a default strategy have considered climate-related risk as part of the process. The impact is often significant as all funds chosen for such projects are screened to ensure the climate-related risk is minimised. Although the team carrying out this work has only a few actuaries and students (most have other qualifications), the screening process has been developed and is now governed by two senior actuaries.					
Resource	Actuarial involvement	Current climate status	Future climate status	Climate impact	Climate influence
11 - 50	Low	Medium	High	High	High
The consultancy includes more information on this work as one of the case studies at the foot of the Investment page.					

Practice area:		General insurance			
Project type:		Extreme modelling and stress testing			
Situation					
Small team for large consultancy assists insurers model extreme events, developing parameters for statistical models and formulating appropriate stress tests. Although a number of staff with other qualifications are involved in this team, most are members of the IFoA or the Casualty Actuarial Society. This type of work involves modelling the physical effects of climate change so recent work only affects some classes of insurance, although this is expected to increase. The impact tends to be significant. Although the organisation employs a climate scientist who specialises in this work at the centre of the team, the actuarial staff are all heavily involved.					
Resource	Actuarial involvement	Current climate status	Future climate status	Climate impact	Climate influence
1 - 10	High	Medium	High	High	High
The consultancy includes more information on this work as one of the case studies at the foot of the insurance page.					

2. Insurer questionnaire examples

Business or practice:		Life assurance		
Business activity or function:		Product pricing and underwriting		
Situation				
Medium sized pricing team for small insurer, mostly actuaries. Mainly protection products up to 25 years term. Climate related risk is debated among the team and, to date, impact is expected to be too low to make material adjustments to pricing approach and model. This is kept under regular review, so impact may increase in coming years. All pricing decision-makers are actuaries.				
Resource	Actuarial involvement	Current climate status	Future climate status	Climate influence
11 - 50	High	Low	Medium	High

Business or practice:		General insurance		
Business activity or function:		Capital management and regulatory reporting		
<i>Situation</i> Large team which pulls together capital balance sheet for both external and internal reporting at a large general insurance firm, interacting with modelling teams who carry out required model runs. This team is responsible for drafting supporting reports and papers and explaining results to senior management. Around half of the team are actuaries or actuarial students. Climate change impacts underlying assumptions and models, and reports need to include indication of the impact on capital requirements, or sensitivity within this to changes in relevant assumptions. This is not yet the most significant element of the process but there are expectations that it might become so.				
Resource	Actuarial involvement	Current climate status	Future climate status	Climate influence
51 - 99	High	Medium	High	High
One of the case studies sets out key capital assumptions that have gone through climate-related risk analysis e.g. both domestic and commercial property insurance in areas of heightened flood risk				

Business or practice:		Reinsurance		
Business activity or function:		Risk management		
Situation				
2 nd line risk management team at a large reinsurer covering a wide range of oversight activity across financial, operational and conduct risks. The actuarial involvement is focused on financial risks, although also some involvement with operational risk management. Given range of 2 nd line activities, there is currently a high focus on climate-related risk and this is expected to continue to be the case. Actuarial influence is similar to overall involvement, with other experts involved too.				
Resource	Actuarial involvement	Current climate status	Future climate status	Climate influence
51 - 99	Medium	High	High	Medium
Case study covers a risk team deep dive oversight exercise in relation to business planning assumptions and how these reflect climate-related risk. This included financial risk actuaries challenging technical assumptions used in underlying models.				