

## IAA Comment Template

### Draft Statement of Intent (SOI) for IAA Activities on Climate-related Risks

1. Do you agree that the IAA should launch a new strategic initiative related to climate related risks as proposed in the draft SOI?

Yes

No

2. Are any of the proposed activities inappropriate for the IAA to engage in?

Yes

No

**If yes, please explain why the particular activity should not be commissioned.**

We acknowledge and appreciate the IAA's intent to consider what full member associations (FMAs) have delivered/are expecting to deliver. We are aware that some of the FMAs, including the IFoA, have been delivering outputs in this space for some time now. As such, we would expect the IAA to look to add into existing efforts and join these up, rather than to deliver new research. A summary of relevant activities delivered by the IFoA is provided in the space for any other comments below.

A specific example would be the IAA developing their own scenarios, as there are already a large number of scenario initiatives that exist. Further scanning of existing initiatives should be undertaken before the IAA commits to the activities listed in the SOI.

### 3. What other activities should be included in SOI?

**Please cover why you wish to include the proposed activity, and if appropriate provide an example to support your proposal. Please note that IAA activities are not intended to address unique, country-specific issues. Member associations and local organizations would be better placed to address such issues.**

In several places the memo discusses the transition to net zero that is required. Suggest the scope is built upon to consider green finance for supporting the transition to net zero.

### 4. Please use this space for any additional comments not covered above.

The climate change work currently being undertaken at the IFoA is mainly conducted through the IFoA's Resource and Environment Practice Board, which has 14 members (all Fellows or Associates of the IFoA), and the Board's Research and CPD subcommittee, which has 12 members, including some who are not actuaries.

#### Practical guides

The Board has sponsored the production of a number of practical guides on climate risk for actuaries working in various fields. So far, the following have been published:

- Climate Change for Actuaries: an introduction
- A practical guide to climate change for defined benefit pensions actuaries
  - Supplementary guides on Financial Assumptions, Mortality, and Employer Covenants
- A practical guide to climate change for defined contribution pensions actuaries
- A practical guide to climate change for GI practitioners
- A practical guide to climate change for Life Actuaries.

Guides for actuaries in life insurance, general insurance, and investment are in preparation and are expected to be issued in the near future.

#### Working parties and other groups

The practical guides have been prepared by member-led working parties. Other working parties and group (some of which are sponsored by other Practice Boards within the IFoA) include:

- Climate risk reporting working party, which has recently published a paper about climate risk reporting by insurers and pension funds
- Social impact investment working party

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- A joint working party with IEMA (the Institute for Environmental Management and Assessment) which will produce a guide for the users of climate-related financial disclosures
- A Systems Thinking Incubator, which was created to influence the wider IFoA to develop and incorporate thinking around systems as well as helping to develop and promote the approach itself
- A Member Interest Group on Resource and Environment issues
- We are in the process of establishing a Member Interest Group on the Sustainable Development Goals
- We are setting up a working party to scope out a commissioned research project on the role of energy in the economy

### Regulation

The IFoA has issued a non-mandatory risk alert on climate-related risks, which states that actuaries should ensure that they understand, and are clear in communicating, the extent to which they have taken account of climate-related risks in any relevant decisions, calculations or advice.

The IFoA has also supported the Joint Forum on Actuarial Regulation (JFAR) develop content about Climate risk for its annual risk perspective document. This document sets out JFAR's collective view on current risks to high quality actuarial work and is intended to raise awareness of the risks to, and the importance of, high quality actuarial work in mitigating the risks to public interests. JFAR is a unique collaboration between the following UK regulators: the IFoA, the Financial Reporting Council, the Financial Conduct Authority, the Prudential Regulation Authority and the Pensions Regulator.

### Consultations and liaison

The IFoA responds to a number of consultations from the UK government, regulators, and other bodies on climate change related matters each year. We have recently responded to:

- UN EP FI Principles for Sustainable Insurance's consultation on underwriting environmental, social and governance risks in non-life insurance business.
- EIOPA's Public Call for Evidence for an Opinion on sustainability within Solvency II
- The Financial Conduct Authority's Discussion Paper on Climate Change and Green Finance
- The Prudential Regulation Authority consultation paper on Enhancing banks' and insurers' approaches to managing the financial risks from climate change
- The UK Treasury Select Committee's inquiry into Green Finance and decarbonisation of the UK economy

We have regular liaison meetings with the Prudential Regulation Authority on climate risk and related issues.

### Education

We are engaging with the UK government to increase Green Finance education within the actuarial profession. The IFoA, along with other professional bodies in the UK Financial Sector, plan to sign the UK government's proposed Green Finance Education Charter. Signing the Charter would see the IFoA commit to a number of undertakings which include:

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- Mainstream the principles and practice of green finance into programmes of initial and continuing professional development; and
- Collaborate with domestic and international counterparts to enhance and promote the integration of green finance into academic and professional programmes of education and training.

We are engaging with the IFoA's Lifelong Learning area to deliver upon these undertakings.

**Other**

The IFoA has held a number of events for members and others on climate risk and related matters, such as TCFD. The IFoA is a network supporter of the UN's Principles for Responsible Investment.

**5. Please provide the name of the person completing the consultation response, association and email address for further clarifications (if needed).**

<b>Name</b>	Faye Alessandrello
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<b>Type of response</b>	<input type="checkbox"/> <b>Personal</b> <input checked="" type="checkbox"/> <b>Organization</b>

**IMPORTANT:**

Please check if the relevant check boxes are ticked appropriately and save the file renamed with the organization's or individual's name (e.g., IAA\_CommentTemplate\_[NAME].Doc). E-mail the file as an attachment to [climaterisk.comments@actuaries.org](mailto:climaterisk.comments@actuaries.org), with "SOI for Climate Risk" in the e-mail header. **Please respond by 31 December 2019.**