



Institute and Faculty of Actuaries The 400 Club

Survey 1 of the 2020/2021 sessional year: Feedback

Introduction

During August and September of 2020, the 400 Club Members were asked to complete a survey on the subject of “Climate Change”.

This is the second survey of the 400 Club related to climate change / Resource and Environment issues; the previous survey was carried out in 2015. The survey was requested by the Resource and Environment Board (now renamed the Sustainability Board) in order to understand members awareness of, access to, activity related to, and requirements around climate change. The results of this survey will help the IFoA’s Sustainability Board to better understand how they can engage with members. It will also support and directly address recommendations of the recent IFoA ‘Climate Related Risk Taskforce’ report, which was recently approved by Council. This will require us to engage more with members of the profession on climate change and wider sustainability issues, where;

“...the core goal for the IFoA should be that climate-related risk is understood and considered by our members in the same way as other major risks such as interest rate risk and mortality risk”

The key takeaway from the Survey is that **almost half those surveyed felt climate change does give rise to financial risk but don’t have the tools, data nor imperative** to include it. This is then a key issue to address from a competency and public interest point of view as well as reputational risks to the members and the profession.

The other key messages from the survey, which validate this point but also show interest in engaging, are:

- There was a **good response rate and mix of respondents**, so the survey gives a useful insight into a breadth of views and engagement within the profession on climate change issues
- Only a **low proportion of respondents are actively applying climate change considerations** into their day to day work
- **Most respondents believe climate change gives rise to financial risks**, even if they believe it’s not relevant to their work. Only a few thought ‘climate change would not give rise to material financial risk over the time period relevant to my work’. There were only a few freeform comments suggesting that climate change was not relevant or not something for actuaries to be concerned with.

- There is **low awareness of the R&E [Sustainability] Board and Practice Area** which would suggest that we should look to promote this but also **look to other Practice Boards to engage** with their members
- **Current levels of understanding / awareness of some of the fundamental materials on climate change is low**, both for IFoA and wider publications.
- **There is an appetite amongst the many members who see climate change as important for more learning and understanding of it.**
- The survey does help **indicate the broad types of training and development members want and the formats** in which they want to receive it

We are very grateful to the members of the 400 Club for their participation in the survey and the helpful insights they have provided. We will use these results in formulating how we communicate with members going forward and how we support them.

Details of the Survey

This survey was sent to a total of 595 members, with 485 submitting feedback, an 82% response rate. There was a diverse split by membership status (Fellow / Student...) and location (UK / Overseas). Within the UK more than three quarters of respondents were Fellows, whereas for those overseas only 22% of the respondents were Fellows. Whilst the survey was made available to non-members of the 400 Club this was restricted to an 'on application' approach so that these did not distort the overall result. In practice, of the 485, only two members were not members of the 400 Club.

The main body of the survey related to 10 questions which have been grouped here under three headings:

- 1. Awareness**
- 2. Information Provided and Accessed**
- 3. Requirements Going Forward**

The final question of the survey asked:

Would you be interested in volunteering to support the Resource and Environment practice area?

It was good to see that there was strong support here: 181 respondents (37%) said they would be interested. These respondents have been contacted about this for inclusion in the Sustainability Volunteer Group.

The breakdown of results under each of the three headings is set out below

1. Awareness

Four questions were relevant to this topic:

Q 1. Prior to receiving this questionnaire, were you aware that the IFoA had a Resource and Environment practice area and / or Resource and Environment Board?

Q 2. Which of the following statements best describe your current understanding and application of climate change?

Q 3. How aware are you of climate change regulation and is it impacting your work?

Q 4. Please indicate your level of awareness of each of the following. (Options included publications such as the IFoA Risk Alert, IFoA Practical Guides and wider requirements such as UN SDGs)

Overall, **only around half of respondents were aware of the R&E Practice Area or R&E Board.** However, awareness amongst Fellows was higher (69%) than amongst Students and Affiliates (35%). So some of this may be explained by students early in their professional lives still learning about the IFoA structure. Awareness was higher in the UK (65%) than non-UK (40%); although most of this is explained by the different Fellow / Student mix by location.

Freeform comments on this question included:

“Not relevant to my work so never looked”

“I expected there to be a related board but can’t say I was explicitly aware of its existence”

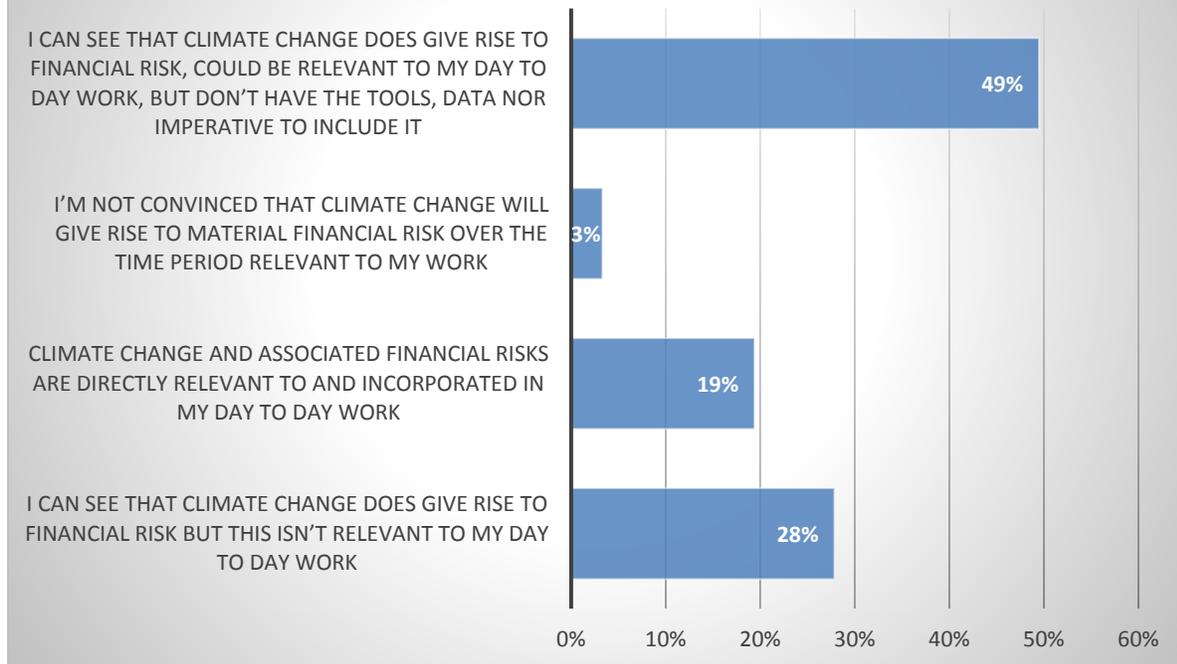
“This is the first time I have heard that the IFoA is involved in this area and it’s great to know that efforts are being made in this area”

“A colleague led a working party and gave a talk – not sure I would have known otherwise”

“I didn’t appreciate how many resources / documents are available until clicking the link on the questionnaire”

For the **understanding and application of climate change**, the most common response chosen (49%) was that it does give rise to financial risk but that respondents didn’t have the tools, data nor imperative to include it. However, 19% did respond that this was relevant to and incorporated in their day to day work. This looks high, relative to the responses to the question on regulation, where in total only 11% responded that they are aware of and applying, or developing climate change regulation in their work.

Understanding & Application of climate change



There were many freeform responses to this question including

"Probably less relevant explicitly to Life insurance where I work, but can see how it would affect implicitly, such as climate friendly investments" (Respondent indicated this isn't directly relevant to day to day work)

"There is no direct relationship to the work I'm currently doing in the short term. However, there might be a trickle-down effect as industries that we serve start to be impacted by the effects of climate change." (Respondent indicated they don't have tools, data, nor imperative to include it)

For questions on **awareness of regulation**, and noting that a material proportion are retired or not working (15%), only around 11% were directly applying aspects of climate change regulation, or working on regulatory development in their work. For others 40% were not aware of regulation impacting their specific work and the remaining 34% were aware there was some regulation but thought it didn't apply to their work.

There was a more detailed question to check **awareness of some examples of relevant IFoA and external publications**. Respondents were asked for their familiarity with the following:

- IFoA Risk Alert on Climate Related Risk
- One or more IFoA Practical Guides on Climate Change
- TCFD Disclosure Requirements
- One or more of IPCC reports, UN PRI, UN EPFI
- UN SDGs

- Regulations mandating inclusion of climate change

Note that all of these are international level publications (or for regulations potentially a local requirement in all countries), so it would be appropriate for both UK and non-UK members to be aware of them.

In all cases less than 5% of respondents were both aware and of and applying any of these documents in their work. There was low awareness of the IFoA Risk Alert and Practical Guides with around 35% of respondents indicating they were not aware of these. For the non IFoA publications though the level unaware was higher: around 65% in most cases but with only 49% not aware of regulations.

Furthermore, although Fellows showed greater awareness than Students of all types of publications, the differences were not always material. Even amongst Fellows, 29% indicated they were not aware of the Risk Alert.

2. Information Provided and Accessed

Three questions were relevant to this topic:

Q 5. Which of the following statements best describes the provision of or requirements for climate change and sustainability knowledge from your employer (if applicable)?

Q 6. What climate change and sustainability related research / training or development relevant to your work or studies have you accessed, and when did you last access it?

Q 7. Following on from question 6, please indicate which, if any, of the climate change and sustainability related research / training or development listed below contributed to your CPD (if applicable)?

Given that these questions relate to provision of training or knowledge in a work environment and its application to CPD where relevant these questions were not directly relevant to all those surveyed.

For **provision of training or requirements from an employer** of those respondents who were employed, the majority (61%) indicated their employer did not provide any requirements or provide training or material in relation to climate change. Only 8% indicated some compulsory employer requirement or that this was a pre-requisite for their job. The remaining 31% indicated that their employer provided voluntary training opportunities or material. Only 24 respondents indicated they were self-employed but of these the majority indicated that they actively seek climate change training.

Most respondents had not accessed climate change and sustainability related research, training or development relevant to their work or studies. Where respondents had undertaken research, training or development this was most commonly through self-study (more commonly non-IFoA publications than IFoA), or reading regulations (ca. 50% of the total surveyed had done this). Use of IFoA conferences or sessional meetings including online was also relatively common (ca.35%). Podcasts were the least common route (20%). Replies were broadly similar for Fellows and Students although Fellows tended to have accessed face to face or online meetings more often.

There were relatively few freeform responses here but where they were a number indicated that what was read was more by way of general awareness, e.g. *“Have read news articles relating to climate change”*. This may suggest that some of the reported ‘self-study’ may not be being applied in their work or studies.

On the question on CPD, of the 485 respondents, recognizing this includes students as well as retired and working Fellows, the majority either were not required to complete CPD (96) or had not claimed CPD for climate change related research (236). Looking specifically at the responses from Fellows however, and noting that some individuals will have had credit for more than one type of activity; IFoA (30%), external (23%), or employer provided (19%) training or conferences, including online, were most common. Use of self-study or other routes was a less common way of recording CPD.

3. Requirements Going Forward

Three questions were relevant to this topic:

Q8. What additional information or training would you like to receive in relation to climate change and sustainability, and financial risk?

Q 9. How would you like your future climate change and sustainability related development to be provided?

Q 10. Do you have any other suggestions or comments regarding training or development around climate change and financial risk? If so, how could the IFoA best support you in this?

For **additional information and training**, only 16 (3%) of respondents felt they did not require any additional information or training on climate related risk. For others, multiple selections were allowed, the top three requirements being:

- Information around the linkages of climate change to financial risk (349 responses (72%))
- Generic information around climate change modelling and projections (312 (64%))
- Information/training around the modelling and inclusion of climate change risk into economic risk models (279 (58%))

Overall though all alternatives offered had a high rate of response: even the lowest response rate which was for information / training around modelling and inclusion of climatic change risk into physical risks had 173 (36%) positive replies.

In almost all cases there was a higher appetite for training around all topics from Students than from Fellows. There was also a little more appetite for training and development from non-UK members, although much of this will be explained by the different membership mix.

Additional information or training required in relation to climate change and sustainability, and financial risk



For question 9 on **how to provide climate change and sustainability related development**, IFoA conferences, sessional meetings or online were by far the most common preference (376 responses). And for reading or self-study routes, there was again a strong preference for IFoA over other material. There was some slightly higher preference for podcasts in the response to this question (128 responses) than in earlier questions asking about actual usage of podcasts.

There were 25 freeform comments on this question – of which 5 raised concerns over charging for IFoA online events e.g.

- *“But need to make any offering accessible, i.e. not go down the current route of charging for wanting to find out more. Majority will then not find out more if you have to pay for it.”*

More generally though there were a few additional suggestions for providing information over and above the options provided in the survey:

- *“Email links to relevant publications or sites with above information or published academic journals”*
- *“We could possibly include more online material or videos of events related to climate change and related aspects. This should also be accessible without charge/fee, so as to make it accessible to a broader audience and could also be used for claiming CPD credit”*
- *“Actuaries article - as (an) overseas member cannot really access many of the options here and a focus on UK or EU regulations often make it irrelevant”*

Question 10 asked for freeform responses on **suggestions and comments around training and development around climate change and financial risk**. 63 suggestions were received in total. There was again some mention of not wanting to be charged to access material. Otherwise the comments were wider ranging but there were many relating to including this in the syllabus or lifelong learning, e.g.:

- *“More inclusion in the Curriculum and lifelong learning”*
- *“Include it in CPD/PPD related activities - Specifically target people who these issues will affect in their working - Include as Actuary articles”*

There were also several comments about how material should be provided (noting that some implied that respondents weren't aware of existing material), including one for flexibility:

- *"increase the awareness around this topic using their website and letting people know about the provision."*
- *"So there is a lot of public reading available which is what I generally access. This has prompted me to look at IFoA resources, so my recommendation is to cross reference these in other practice area newsletter. You may have done but perhaps increase the frequency."*
- *"Can it also be part of the online CPD videos as some of us have no easy access to the IFoA online material."*
- *"Think it is an area that will need to be flexible in approach too to let as many members benefit as possible. Variety of options will be key."*

There were also some comments about IFoA advocacy, e.g.:

- *"Contributions from the IFoA to the public debate on climate change would be welcome and could spur more engagement from members."*
- *"Most people are unaware of the impact of climate change directly or indirectly to financial projections - more awareness on this topic is definitely needed."*

Conclusions and Next Steps

As regards follow up actions, the results will be used in prioritizing and focusing the actions arising out of the Climate Related Risk Taskforce report.

In particular we noted and will give key consideration to:

1. **That almost half those surveyed felt climate change does give rise to financial risk but don't have the tools, data nor imperative to include it.**
2. **That there is an uncomfortably large gap (79%) in members' awareness of the risk alert and the details within it. More generally there is low awareness of the current Sustainability efforts and materials.**
3. **There is a strong interest in learning and education, across many topics. There is a preference for IFoA conferences and sessional/webinars in this training although concerns on ease of access and the costs.**

We already provide a range of materials for members in relation to climate change and sustainability. The survey results will help us determine how to promote and extend these. As examples:

- We are reviewing and will refresh the IFoA web pages relating to sustainability and climate change to make these more up to date and relevant
- We will continue to provide blogs on sustainability issues for the IFoA website including a forthcoming interview with Nick Spencer, Chair of the Sustainability Board
- The Actuary magazine has an edition dedicated to sustainability issues scheduled for March 2021.
- We continue to provide a weekly sustainability newsletter, which you can subscribe to on the IFoA website or via <https://mailchi.mp/7a40146cffa7/sustainablefinancecommunity>. This includes news stories and information relevant to that week, as well as information about events that members might find of interest

- There is also a LinkedIn page for actuaries on sustainable finance activity; search 'Sustainable Finance Community' on LinkedIn.

In terms of additional activity, we are:

- Working with actuarial regional societies across the globe to support them and allow them to put on events related to sustainability topics.
- Working with other practice Boards (Life, Pensions, Finance and Investment...) to support them in engaging with members on information relevant to their practice area.
- Working within the IFoA to review and update actuarial syllabuses to take more account of sustainability topics.
- Developing and will soon launch 'curated guides' via the Lifelong Learning Board. The first of these will provide information and suggestions for qualified actuaries looking to expand and develop their knowledge around climate change issues.
- Developing a series of podcasts around the UN Sustainable Development Goals.
- Considering other resources we can make available and how best to make them available – for these the feedback received in this survey will be very helpful.

Kind regards

David Ford
Sustainability Board Member, Head of Communities Portfolio

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