

Paris, 18 February 2022

The ACPR publishes its first report on the governance of climate change risk in the insurance sector

This report, which mobilised twenty-one insurance and reinsurance groups as well as three professional federations, summarises the industry's best practices to address climate change risks. It underlines the progress made since a first analysis was conducted in 2019¹ and provides institutions with a working base to better integrate climate change risks.

"The consistent integration of this theme into the undertakings' strategy coupled with its growing importance in senior management and across all business divisions reveals the market' strong commitment to this issue, although much still remains to be done.", comments Jean Paul Faugère, Vice-Chairman of the ACPR.

The report focuses on the risks behind (re)insurers' exposure to physical, transition and liability risks stemming from climate change. It sheds light on how the undertakings adapt to climate risks and contribute to mitigating climate change.

The management of climate change risk is organised around four key lines of action:

- Rolling out a long-term strategy with intermediate steps to reach a carbon neutral commitment by 2050;
- Using tools, ESG data and monitoring indicators to steer the activity;
- Adapting the internal organisation so as to give a strategic and cross-cutting role to climate risk management;
- Mobilising the climate risk expertise of insurers so that they can raise their policyholders' awareness as well as that of the companies they invest in.

This report is a first step. Naturally, there is room for improvement, especially regarding data reliability and the use of forward-looking climate scenarios such as those of the NGFS (the Paris-based Network of Central Banks for Greening the Financial System). The ACPR will continue its work in 2022 with a particular focus on issues related to insurers' liability risk management.

"The dialogue initiated between the Authority and the market on this topic allows us to share the best practices implemented and to get a better understanding of the issues at stake, collectively. This communication process will be continued to further explore or broaden the scope of specific topics and to further develop our strategy on this fundamental issue.", says Dominique Laboueix, Secretary General of the ACPR.

¹ No.102 *Analyses et synthèses* "French insurers facing climate change risk" published in April 2019

The full report is available on the ACPR website: https://acpr.banque-france.fr/sites/default/files/medias/documents/20220222_climate_change_risk_governance_rapport_en.pdf

About the ACPR: The *Autorité de Contrôle Prudentiel et de Résolution* is the administrative authority that supervises the banking and insurance sectors and ensures financial stability. The ACPR is also responsible for protecting the customers of supervised institutions and carries out the mission of fighting against money laundering and terrorism financing. It also has resolution powers. The ACPR's operational departments are grouped within its General Secretariat.

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