

Questions	Comments
Draft Application Paper on public disclosure and supervisory reporting of climate risk	
4	Paragraph 6 (the 4th line): We suggest deleting "issued".
8	<p>Paragraph 12: We suggest adding the following bullet point to describe insurers' roles as a providers of insurance products:</p> <p>Preparers of climate-related disclosures as entities influenced by climate change, which are required to disclose climate-related risks and the way they manage such risks, since they are affected by increased property insurance claim payments, etc. due to the intensification of disasters caused by global warming.</p>
10	<p>While Paragraph 18 indicates that disclosures should be made over short-, medium- and long-term horizons, we understand that the IAIS does not intend to set concrete standards for specific time horizons. It is our understanding that existing international and jurisdictional standards (such as the ISSB standards explained in Box 2) and the IAIS standards (ICP standards) should be aligned, and at the same time, insurers are expected to follow jurisdictional reporting requirements.</p> <p>Paragraph 19 describes, "when preparing and disclosing information with a high degree of inherent estimation uncertainty, it is necessary to balance the interests of reliability against those of relevance or usefulness", which we strongly agree as it is particularly relevant for climate-related disclosures.</p> <p>The paragraph states that regarding concentration risk (for which supervisors will need to balance overriding principles of proportionality against several other considerations), "where small insurers have concentrated exposures to certain climate perils either due to geographical or economic sector concentrations, which would be considered material by users, they will need to be disclosed". However, this information is hard to corroborate, and it is still difficult to ensure reliability and usability. Therefore, it is inappropriate to include it as a specific example.</p>
11	<p>Paragraph 20: In line with the intent of the application paper (described in Paragraph 11), we suggest revising Paragraph 20 as follows:</p> <p>Consistent with ICP 20, internationally agreed climate disclosure frameworks, and frameworks developed by jurisdictional standard setters, supervisors should require that climate-related risks are effectively captured in public disclosure requirements where material.</p>
13	<p>Paragraph 24: Regarding "Including climate data and indicators in disclosures", we suggest further clarifying that it is expected only climate data and indicators which are material to the insurer in question should be disclosed. Similarly, while Paragraph 26 describes that "supervisors should expect climate-related risks to become increasingly reported and accounted for by insurers", we would suggest further clarifying that this expectation only applies to climate-related risks that are material to the insurer concerned.</p>

	<p>Paragraph 25: We suggest adding "to the extent necessary" to the end of the second sentence.</p> <p>Table 2: While Paragraph 26 explains "Table 2 sets out examples of how climate risk can be integrated into the disclosures", Table 2 includes excessively prescriptive statements, which should be revised.</p> <p>While Box 4 explains that "Climate-related risk indicators enable insurers to demonstrate their ability to mitigate climate-related financial risks and maintain the resilience of their business models", climate-related risk indicators can be used to understand current conditions, assess progress in risk mitigation efforts, and estimate future impacts, but do not necessarily demonstrate the ability to mitigate risks or maintain resilience. Therefore, we suggest revising the sentence, for example, as follows: Climate-related risk indicators "may" enable insurers...</p> <p>While the examples of transition risk in Box 4 indicators include "CO2e emissions footprints or intensity of investments" as asset risks, discussions are needed to determine which Scope(s) should be subject to supervision and disclosure. In particular, Scope 3 requires careful consideration because, as described in Paragraph 71, there may be cases where the reliability of investee companies' GHG emissions measurement results cannot be ensured.</p> <p>Box 4 (Asset Risks): It is difficult for insurers to accurately estimate Scope 3 GHG emissions derived from their managed assets, which are heavily influenced by share prices in the market and the availability of emissions data for each issuer. Therefore, we suggest adding the following phrase to the end of the first bullet point of "Asset risks": ", on the premise that the fluctuations in relevant parameters (e.g., financial market fluctuations or issuer GHG data availability) affect the emissions attributable to the portfolio"</p>
14	<p>As Paragraph 29 explains, due to confidentiality concerns, quantitative outputs, method specifications, outcomes and decision-making derived from scenario analysis may not be appropriate for public disclosures, but rather be more appropriate for supervisory reporting. This perspective should be noted when establishing disclosure requirements for scenario analysis.</p>
15	<p>In Paragraph 32, regarding transparency, the scope of the data illustrated is too broad, and the statement "Disclosures should extend to the key components of data" is too prescriptive. Firstly, it should be noted that, as stated in Section 3.2, information related to scenario analysis is not suitable for public disclosure from the perspectives of confidentiality and competition, and that supervisory reporting would be appropriate.</p>

16	<p>While Paragraph 33 describes that "Insurers can require that repairs carried out in response to a claim, for instance for flooding, be designed to reduce exposure from future perils", requirements for coverage beyond the ordinary scope (for example, "building back better") would be difficult to establish in general, since most insurance products generally pay claims for flood damage based on the percentage of damage incurred. It would be beneficial to provide examples of insurance products where this approach is currently implemented. In addition, while the paragraph explains that "Insurers should clarify whether the information presented takes into account adaptation measures, especially where this results in a material difference to risk exposure", even if a product is developed based on climate adaptation, it would be extremely difficult to accurately predict the impact on risk exposure and thus to identify whether or not there would be a material difference.</p>
17	<p>Paragraph 34: In line with the intent of the application paper (described in Paragraph 11), we suggest adding the following phrase to the end of Paragraph 34:</p> <p>" ,taking into account internationally agreed climate disclosure frameworks and frameworks developed by jurisdictional standard setters as well"</p> <p>We basically agree with the statement in Paragraph 35 "supervisors should encourage the development and adoption of standardised indicators and disclosure formats for climate-related risk, which will need to recognize different business models". While standard indicators and disclosure formats improve comparability, they may also require a uniform response from all insurers. In considering standard indicators and disclosure formats, it is important to follow the proportionality principle (as explained in Paragraph 19). We suggest adding an explanation about the necessity of considering the proportionality principle in Paragraph 35. We also suggest adding that, if standard indicators and disclosure formats are developed and adopted, they should be fully coordinated with other jurisdictions from the perspective of global comparability.</p>
21	<p>While Table 3 explains that "Reported information on climate-related risks often lacks the required granularity..." and illustrates examples of solutions, if additional information is required to be reported by insurers, due consideration should be given to a balance between the usefulness of the information and whether it would be an undue burden on insurers.</p> <p>Table 3 (first item, left side column): As the draft could lead to the misunderstanding that many insurers' disclosures are not appropriate, we suggest revising the sentence as follows:</p> <p>Lack of granularity of exposures: In some cases, reported information on climate-related risks lacks the required granularity to translate the reported data into risks as set out in ICP 9.1.6 to understand the insurer's risk profile.</p>

23	While Paragraph 48 includes an example of engaging with insurers that have material exposure to carbon-intensive industries, the expected content of such engagement should be clarified. In engaging with insurers, consideration should be given not only to the reduction of exposure to carbon-intensive industries, but also to the transition support provided by insurers.
26	Table 4: As a role of "Legal and compliance", we suggest adding "responding to lawsuits associated with disclosures".
32	While we agree that assurance improves the reliability of disclosures, verification of reporting and disclosure content should be done in a manner that takes into account costs and benefits, and should not be premised on third-party assurance.
Draft supporting material on macroprudential and group supervisory issues and climate risk	
ICP 24 (Macroprudential Supervision) guidance material	
5	As Paragraphs 10 and 12 explain, supervisors should first make use of the data sets that are available, use data already provided by insurers as a proxy for exposures to climate-related risk drivers, and consider the costs and benefits of obtaining additional data.
ICP 25 (Supervisory Cooperation and Coordination) guidance material	
8	When defining climate-related data collection requests that affect insurance groups active in multiple jurisdictions, supervisors should coordinate with other involved supervisors and insurance standard setters. In addition, data collection requests should be made after confirming whether data could be collected from other supervisors.