

Summary of consultation comments on the draft Application Paper on public disclosure and supervisory reporting of climate risk and their resolution

April 2025



This document provides a high level overview of the resolution of comments on the draft [Application Paper on public disclosure and supervisory reporting of climate risk](#) which was open for public consultation between 15 July and 28 October 2024. We are grateful to the 26 organisations that took the time to respond to the consultation. All [responses received to the consultation](#) were published on the IAIS website on 5 December 2024. Some respondents asked for their responses not to be published.

The key points raised in the consultation responses, and the IAIS response to these points, are as follows:

Scope: a number of the responses suggested edits to Application Paper which were outside the scope of the work, for instance in relation to risk management or scenario analysis. These issues are dealt with in other sections of the final Application Paper; as the scope of this consultation was limited to supervisory reporting and disclosure and therefore these changes were not made.

Duplication/overlapping standards: some responses suggested that the Application Paper would lead to duplication or creation of new and overlapping standards. The Application Paper states clearly that the IAIS supports international convergence and that the Paper was drafted to support insurance supervisors to understand how they can use existing standards to comply with the requirements set out in ICP 9 and 20. Box 1 explicitly sets out how overlaps can be avoided with insurance supervisors building on international or jurisdictional standards¹ consistent with ICP 20.0.2. We therefore do not believe the approach set out in the Application Paper leads to duplication.

Some responses also mentioned the risks of duplicative reporting by insurance groups with multiple subsidiaries. A paragraph was added in section 8.5.4 to allow for a proportionate approach to address the burden of multiple reporting.

Proportionality: a number of responses set out the need to consider proportionality. The statement in Section 1.2 clearly considers these issues. Additionally, it should be noted that specifically on disclosure ICP 20.0.5 states: “The supervisor’s application of disclosure requirements will depend on the nature, scale and complexity of insurers. For example, it may be overly burdensome for a small, private insurer to meet the same requirements developed for large, publicly traded insurers. While disclosure requirements may vary, the outcome should promote market discipline and provide policyholders and market participants with adequate information for their needs.”

Disclosure users: some responses suggested broadening the stakeholders who are within the scope of disclosure users. ICP 20 applies to policyholders and market participants (see ICP 20.2.5) and there is no intention to change this ICP.

Materiality guidance: some responses requested guidance on materiality. The IFRS has included clear guidance on materiality (see Box 2) and securities regulators have also set out clear guidance on these points in relation to general disclosure requirements. No further details were added to the Application Paper.

More detail: some responses called for more detail to be included in the Application Paper. The level of detail is consistent with other IAIS Application Papers and the IAIS did not add substantially more detail as it would not support supervisors in their implementation. A recommendation was made

¹ References to the climate disclosure rules developed by the US Securities and Exchange Commission have been removed.



to transpose IFRS guidance into the Application Paper. The paper makes clear that IFRS S2 is one way of meeting the requirements set out in ICP 20 and therefore the IAIS believes it is better for readers to refer directly to relevant IFRS material.

Transition plans: some respondents flagged the need to either mandate transition plans or to provide more details on transition plans. The IAIS has made clear that transition risks need to be embedded into risk management but the development of transition plans more broadly is outside the scope of this paper. The UNDP Sustainable Insurance Forum undertook work on transition plans. Given our overlapping membership, the IAIS does not at this stage propose to undertake additional activities on transition plans but expect this may happen in the later years of our current [Strategic Plan](#). We will however continue to share emerging practices on disclosure between our members as part of the ongoing knowledge sharing work.

Supervisory reporting vs public disclosure: some respondents argued that the emphasis should be on supervisory reporting as opposed to public disclosure; while others called for significantly more public disclosure requirements. Only limited changes were made for a number of reasons:

- Supervisory reporting is complemented by public disclosure as there can be some overlaps but supervisory reporting does not aim to replicate public disclosure – they serve different purposes.
- The IAIS agrees on the need to use granular data to understand the impact of climate risk on affordability and availability of insurance. However, in order to be decision-useful, disclosure needs not to be overly voluminous. Therefore, detailed requests would be better captured in supervisory reporting where detailed discussions on affordability and availability are most relevant.

Commercial sensitivity and legal issues: Some responses flagged concerns about the disclosure of commercially sensitive information or that there may be competition law issues. These respondents did not provide examples of statutory or case law that was relevant. The Application Paper specifically makes clear that supervisors should consider issues of commercial sensitivity consistent with ICPs 20.0.12 and 9.1.3.

With regards to litigation risk it is important to note: (i) this varies considerably by jurisdiction; (ii) non-disclosure of risks can also expose insurers to risks, especially where it is non-disclosure of a material risk and therefore has the potential to be a breach of securities laws. Given the importance of balancing these considerations, no changes were made.

While the IAIS acknowledges the complexities of scenario analysis and disclosure of the results, section 8.4.2 notes: “Where a scenario analysis is conducted and the conclusions from the exercise are material, consistent with ICP 20 and with legal requirements in general, supervisors should consider requiring the disclosure of these results and how scenario analysis is used in governance and senior management decision-making processes.”

Indicators: responses related to the indicators were mixed. Some called for more disclosure of indicators and more granular data while others suggested removing indicators and that more should be in supervisory reporting compared to disclosure. Box 4 sets out illustrative indicators that could be used for supervisory reporting or disclosure and it is not prescriptive about their use. Given these points, no edits were made. In relation to the detailed points raised on this section:



- Scope 3: The IAIS appreciates the complexities of developing scope 3 disclosures and will continue to engage with stakeholders to consider what methodologies are most appropriate for insurers.
- Losses: some responses suggested that supervisors should not encourage or require the public disclosure of metrics such as probable maximum loss (PML) and annual average loss (AAL). Since the examples in Box 4 are illustrative, and many insurers already publicly disclose PML, no changes were made.
- Qualitative vs quantitative disclosure: The IAIS agrees that there are likely to be qualitative and quantitative climate disclosures, especially while insurers and supervisors continue to build their understanding of quantifying climate risk.

The IAIS agrees with the need to seek greater standardisation of indicators. The IAIS will continue its work on climate metrics and will also continue to engage with the ISSB on their work. The IAIS will undertake further work on indicators in 2025 and this work will help supervisors understand the potential for convergence around a core set of indicators. We will continue to engage with the ISSB as they develop any insurance-specific indicators.