

## INSURERS TAKE DECISIVE STEP IN CLIMATE RISK MODELLING THROUGH CROSS-SECTORAL MOBILISATION

### Stakeholders set priorities and action plan at Geneva Association Climate Change Forum

**ZURICH, 17 July 2019** – Developing and scaling up the integration of the next generation of risk models requires cross-sectoral collaboration, and the insurance industry plays a critical role as risk managers and investors. This was a key takeaway of the 2019 Climate Change Forum held 11–12 July in London, organised by The Geneva Association, the global association of insurance companies, and sponsored by Tokio Marine Holdings.

The 2019 Climate Change Forum set out to build a roadmap for advancing and augmenting physical and transition climate risk modelling, focusing on core insurance, investment and asset management decisions. Participants included representatives of the insurance and asset management industries; regulators and rating agencies; members of the United Nations Environment Programme-Financial Initiative (UNEP-FI), the Financial Stability Board's Task Force on Climate Related Financial Disclosure (TCFD), the EU Technical Expert Group on Sustainable Finance and the Sustainable Insurance Forum Secretariat; climate scientists and risk modelling practitioners; and the co-chair of an Inter-governmental Panel on Climate Change (IPCC) working group.

Jad Ariss, Managing Director of The Geneva Association, said: "Companies in all economic sectors need climate information to mobilise investments for transitioning to a low-carbon economy. The insurance industry, with its leadership in risk modelling, can contribute significantly to the global private-sector response to the TCFD's recommendations and global sustainable finance initiatives – improving its own capacities and societal resilience at the same time."

Maryam Golnaraghi, Director of Climate Change and Emerging Environmental Topics at The Geneva Association, commented: "Mainstreaming climate risk is becoming a high priority for Boards and C-level suite executives with implications for accountability, corporate strategy, risk management, operations, investments as well as disclosure and reporting. There is a unique opportunity to enhance climate risk modelling and stress testing by leveraging the latest climate science. This Forum was an important step toward achieving consensus among leaders from 10 sectors on aligning priorities on a research and development agenda for the future."

The Forum underscored the importance of raising awareness among Boards and C-level suite executives around the importance of climate risk integration. The insurance sector would benefit significantly from integrating the latest physical and transition risk in its risk analytics tools, linking to both sides of the balance sheet. There is a need for common definitions of terms – 'resilience,' 'scenarios' and 'stress testing', for example – to enable cross-sectoral collaboration. There is also a need to scope physical and transition climate risk modelling initiatives and identify gaps, needs and potential areas of cooperation. Bridging the latest science and technologies with financial and core business decisions should be central to future initiatives.

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