

IN BRIEF

PILOT EXERCISE ON CLIMATE CHANGE ADAPTATION IN NON-LIFE UNDERWRITING AND PRICING

We invite interested insurers to participate in the exercise.

OBJECTIVES

- 1 To better understand how insurers integrate climate-related adaptation measures in non-life insurance products
- 2 To assess the appropriateness of the prudential treatment of climate-related adaptation measures in the technical provisions and solvency capital requirements for non-life underwriting risks under Solvency II

WHAT KIND OF INSURANCE PRODUCTS?

- › Products that offer insurance coverage against climate-related hazards
- › Products that integrate adaptation measures lowering the physical risk exposure to climate-related hazards
- › Products that ideally set incentives for policyholders to take up adaptation measures

BACKGROUND CONSIDERATIONS

Climate change is expected to increase physical underwriting risk exposures in certain non-life insurance business lines.

As a consequence, risk-based premium levels are expected to increase substantially over time, which could impair the long-term affordability and availability of insurance products with coverage against climate-related hazards.

Climate-related adaptation measures that are implemented ex-ante to a loss event, for example water-proof external walls in case of flood risks, reduce the policyholder's physical risk exposure and insured losses. As such, they can be a key tool to maintain the availability and affordability of non-life insurance products in the future.



WHEN?

1. **December 2021 - February 2022** : questionnaire
2. **March 2022**: interviews to collect further insights



HOW TO PARTICIPATE?

If you are interested in participating in the pilot exercise or need further information, please send us an email at impactuw@eiopa.europa.eu