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[1] European Commission, Guidelines on Non-financial Reporting (Methodology for Reporting Non-financial Information (2017), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017XC0705(01)&from=EN; European Commission, Guidelines on Non-financial Reporting: Supplement on Reporting Climate-related Information (2019), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN.

for the 2021 reporting year, insurers required to complete the survey had until November 2022, to submit their survey responses. Individual company responses to the survey are public and posted annually on the California Department of Insurance website.

In November 2021, New York State Department of Financial Services (NYDFS) issued guidance to New York domestic insurers describing its expectations on the approach insurers should take for managing financial risks from climate change.[6] New York developed this guidance after

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standards or climate-related risks or impacts to supervisors. The EU has amended the Solvency II Level 2 Regulation to require reporting on climate-related risks on investments.[8] Starting as of financial year 2023, reporting insurance undertakings will need to report on: (1) a new template that would capture climate change risk to investments; (2) the share of an insurer's investments exposed to climate change-related transition and physical risk; and (3) the share of an insurer's investments exposed to transition risk.

Regarding EIOPA's supervisory expectations for ORSA, Solvency II regulation requires undertakings to assess sustainability risks as part of their ORSA and requires short- and long-term assessments as well as scenario anal-8 (a)6 (l-8 (a)6(io)2 (3 (t)-2 (he)4 (i)-2 (r)3 ( )-(s)-1 (t)-12 (mf s)-92)Tn)2 accuracy of the modeled expected loss amounts against actual loss experience. The NAIC is considering RBC updates for other perils such as severe convective storms.

The NAIC ORSA Guidance Manual requires insurers to present all material and relevant risks but does not require insurers to address specific risks. While it does not require specific stress tests and specific capital calculations, it does require information on both risks in stressed environments as well as the capital needed for the (re)insurance companies to run its existing business plan.

The ORSA Guidance Manual has two goals: (1) foster an effective level of enterprise risk management (ERM) within insurers; and (2) provide an insurer level perspective on risk and capital, which supplements existing legal entity views. Currently there is no explicit ORSA requirement to discuss climate risk. Most property and casualty insurers identify catastrophe risk exposures and present modeled scenario results in their ORSA summary reports. Most insurers discuss asset risks as material and present various stress scenario results, although they generally do not expressly discuss climate risks. The NAIC is considering enhancements to ORSA that include: (1) a description of how climate risk is addressed through the risk management framework; (2) a discussion of the exposure of assets to transition/physical risks if climate change has the potential to materially impact the insurer's asset portfolio; (3) a discussion of the exposure of liabilities to transition/physical risks if climate change has the potential to materially impact the insurer's liabilities; and (4) a discussion of the material medium and long-term impacts of climate change risk on the company's near-term risk appetite, asset management, underwriting, and business strategy, as well as efforts to limit the impact on near-term solvency.

State insurance regulators conduct financial condition exams to review and evaluate an insurer's business processes and controls. All insurers are subject to such exams every three to five years. The examination interview template (Exhibit Y) includes optional climate-related questions that an examiner may ask to a company. The examiner should tailor the interview questions to those that are relevant for the company being examined. The NAIC is considering enhancements to the financial condition examination questionnaire (Exhibit B) and Exhibit Y and adding climate as a new critical risk category in Exhibit DD of the financial condition examination.

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During 2022, FIO advanced its three climate-related priorities through work that addresses supervisory reporting and monitoring of climate-related financial risks in the insurance industry.[11] FIO's priorities are guided by President Biden's Executive Order on Climate-related Financial Risk, Exec. Order No. 14030 (EO 14030), that tasked FIO "to assess climate-related issues or gaps in the supervision and regulation of insurers, including as part of the [Financial Stability Oversight Council's] analysis of financial stability, and to further assess, in consultation with States, the potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts."[12] In response to the first tasking in EO 14030, FIO began preparing in 2022 a report that analyzes climate-related issues and gaps in insurance supervision and regulation within the United States. This report will be published in 2023.

In response to the second tasking in EO 14030, FIO issued in October 2022 a request for comment on a proposed data collection from certain property & casualty insurers regarding their current and historical underwriting data on homeowners' insurance. The proposed data collection will assist FIO's assessment of climate-related exposures and their effects on insurance availability for policyholders, including whether climate change may create the potential for any major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts.

The presentations during the workstream's meetings have led to engaging discussions that have identified common practices and challenges. The workstream has also provided an opportunity for members to gain additional insights from each other regarding ways to address the challenges being faced.

As both the EU and US move forward with their respective climate initiatives, both can learn from each other's experiences to address common challenges and identify best practices.

In terms of potential topics for 2023/2024, the workstream will continue to assess global developments relative to climate/sustainability disclosures on the insurance sector and how climate-related financial risks have been incorporated into their existing supervisory frameworks as well as consider examining how supervisors are currently using or considering using stress testing, scenario analysis, and sensitivity analysis to assess climate-related financial risks and the challenges posed by such analyses. The workstream will focus on:

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[11] FIO's climate-related priorities are: (1) : Assess climate-related issues or gaps in the supervision and regulation of insurers, including their potential impacts on U.S. financial stability; (2) : Assess the potential for major disruptions of private insurance coverage in U.S. markets that are particularly vulnerable to climate change impacts; facilitate mitigation and resilience for disasters; and (3) : Increase FIO's engagement on climate-related

Assessing how climate-related financial risks have been incorporated into macroprudential and market conduct elements of their supervisory frameworks.
Continuing the discussions on global developments relative to climate/sustainability disclosures on the insurance sector, as appropriate.
Understanding how the terms – stress testing, scenario analysis, and sensitivity analysis – are used in different jurisdictions and by the insurance industry.
Exploring how stress testing, scenario analysis, and sensitivity analysis may be applied to address climate-related risks in different insurance markets.
Discussing supervisory expectations for using stress testing, scenario analysis, and sensitivity analysis, such as part of an insurer's ORSA.