



Luxembourg Newsflash - 22 August 2022

ESG in the insurance sector - Update on climate change materiality assessments and climate change scenarios in the ORSA

On 2 August 2022, the European Insurance and Occupational Pensions Authority (“EIOPA”) published the final version of its Application Guidance (the “Application Guidance”) on running climate change materiality assessments and using climate change scenarios in the Own Risk and Solvency Assessment (“ORSA”).

On 2 August 2022, the European Insurance and Occupational Pensions Authority (“EIOPA”) published the final version of its Application Guidance (the “Application Guidance”) on running climate change materiality assessments and using climate change scenarios in the Own Risk and Solvency Assessment (“ORSA”).

1. Aim

The Application Guidance follows up on the Opinion on the supervision of the use of climate change risk scenarios in the ORSA (the “Opinion”) that EIOPA published in April 2021. It aims to reduce implementation costs for insurance and reinsurance undertakings (collectively, the “Undertakings”) and enhance the comparability of reported information.

The Application Guidance is not intended to be an EIOPA supervisory convergence instrument or a mandatory tool. Instead, it should be seen as an initial aid to guide Undertakings on how to include climate change risks in the ORSA.

Undertakings are encouraged not to limit their efforts to topics in the Application Guidance, but to go a step further, exploring alternative ways of looking at climate change risks.

2. Content

The Application Guidance is divided into three chapters:

- Chapter 1 describes the different parts of the ORSA in which Undertakings can address climate change risks;
- Chapter 2 provides general insight on the materiality assessment that Undertakings must perform and the climate change scenarios they must consider;
- Chapter 3 provides Undertakings with practical examples, by using mock (“dummy”) non-life and life companies to help them determine how to set up their materiality assessment and run their climate change scenarios. The “dummy” companies were specifically constructed by EIOPA to “produce concrete examples and make the exercise more relevant for Undertakings to use when assessing their exposure to climate change risk in the ORSA”.

- Read EIOPA's Application Guidance [here_](#)
- Read EIOPA's feedback statement on the Application Guidance [here_](#)
- Read EIOPA's Opinion of April 2021 [here_](#)
- See our timeline on key [ESG milestones in the banking and insurance sectors here_](#)

If you need more information, please do not hesitate to contact us.

your contacts



**PIERRE-MICHAËL
DE WAERSEGGER**

Partner
Insurance & Reinsurance Law

[Learn more_](#)



EMMANUELLE MOUSEL

Partner
Insurance & Reinsurance Law

[Learn more_](#)



CLARA BOURGI

Senior Associate
Banking & Financial Services

[Learn more_](#)



Arendt & Medernach SA
Registered with the Luxembourg Bar
RCS Luxembourg B 186371

arendt.com

41A avenue JF Kennedy
L-2082 Luxembourg
T +352 40 78 78 1

This publication is intended to provide information on recent developments and does not cover every aspect of the topics with which it deals. It was not designed to provide legal or other advice and it does not substitute for the consultation with legal counsel before any actual undertakings.



I am informed that I can object to the processing of my personal data for marketing purposes at any time either by e-mail addressed to unsubscribe@arendt.com or by clicking [here](#).

[Update e-mails preferences](#) | [Forward this e-mail](#)