Summary of consultation comments on ICP Introduction, ICP 15, 16 Guidance and their resolution

December 2024

Ref	Summary of comments received	IAIS response
Comments on the proposed changes to ICP Introduction		
Climate-related references	We considered that it is not necessary to change the title of the headland, paragraph 10 explains that risk-based supervision is a related concept to but different from proportionality.	The change to this sub-heading has been reversed.
Climate-related references	We don't necessarily agree with the broad characterization that climate risk has interconnection and amplification characteristics. Given the generalized nature of the introduction, we suggest removing the specific reference to climate risks and using another opportunity to clarify how climate-related risks are interconnected and may have an amplifying effect on other risks, focusing on how climate risks manifest themselves as a financial risk for purposes of solvency regulation.	Noted, but the IAIS believes it is important to include this into the ICP Introduction as it sets the context of how the ICPs are to be interpreted.
Climate-related references	The suggested language amplifies two important points: 1) consideration of both traditional and emerging risks and 2) the interconnected nature of risk, especially for climate change. The proposed text is a good addition to the guidance.	Noted
Climate-related references	Changes to ICP Introduction: • The IAIS should keep the original heading "Proportionality and risk-based supervision" under the ICP introduction, as it refers to risk-based supervision and makes clear that the ICPs are about supervision and not only about risk management. The old (current) heading also aligns with paragraph 10, which explains the difference between proportionality and risk-based supervision, focusing on the greatest risks to policyholders. • Paragraph 11 refers to traditional and emerging risks, but it is unclear what this means in the context of climate change, as the insurance industry has, in practice, been dealing with climate risk for several decades.	The change to this sub-heading has been reversed. Also, the following sentence was added to paragraph 12: "Additionally, supervisors and insurers should have an understanding of the different characteristics of risks and their resulting impact to help determine how to manage material risks, which may involve more proactive and forward-looking approaches."

	It should be kept in mind that climate change is a driver of risks rather than a new, standalone category of risk and ought to be assessed according to its materiality for different classes of business and in a holistic manner with regard to other relevant risks. • In paragraph 11, risk management and supervision should focus on material risks. The concept of materiality should find its way into this paragraph. • Paragraph 12 suggests that risks can increase other risks. The interconnectedness of risks is already addressed in other ICPs from micro- and macro-prudential perspective. In our view there is therefore no need to address this in paragraph 12.	
Climate-related references	Proposals to simplify text (same content): Section 11: "The risks referred to in the ICPs address a broad variety of risks; traditional, emerging, short-term, and long-term risks. Where specific risks are described, this is typically for illustration or for a particular topic." Section 12: "Individual risks are often interconnected and may have an amplifying effect on each other and other risks. Supervisors and insurers should consider how to assess and address issues such as risk management and governance, valuation of assets and liabilities, and conduct of business considering such interconnectedness. This is the case, for example, with climate-related and nature risks." We recommend keeping the word 'risk supervision' in the title, otherwise removing it can significantly weaken the content which follows.	The proposed phrase "short-term as well as long-term" was added to the first sentence of paragraph 11. The change to the sub-heading has been reversed.
Climate-related references	Comments on Question 1 – the ICP Introduction. The IAIS should retain the original title of the ICP Introduction, which appropriately reflects the concept of risk-based supervision that underlies the ICPs (see Paragraph 10 of the ICPs Introduction and Assessment Methodology). The focus of the ICP Introduction is on the risk management and governance frameworks of insurers, as noted in Paragraph 14. The issue of the interconnectedness of risks is well addressed in other ICPs, including ICP 16, which addresses ERM, and this issue does not need to be addressed specifically in Paragraph 12. Accordingly, we would reword Paragraph 12 as follows: Climate-related transition and physical risks are drivers of, and may be	In 2022, the IAIS performed a gap analysis of IAIS supervisory material to assess how climate risk is already captured and to identify possible further work in terms of standard-setting and/or providing further guidance on supervisory practices. Considering the outcome of the gap analysis, the IAIS has believes it is important to include this language into the ICP Introduction as it sets the context of how the ICPs are to be interpreted; and also agreed on limited changes to the guidance relating to ICPs 15 and 16.

	interconnected with, traditional financial risks. Insurers should recognize and incorporate into the management of their traditional financial risks the material transition and physical risks to which they are subject. Moreover, strong governance practices should ensure appropriate board and senior management oversight of climate-related risk management. The reference to ‘traditional as well as emerging risks’ in proposed new Paragraph 11 to the ICP Introduction is imprecise. We propose that the second sentence of proposed new Paragraph 11 read as follows: The ICPs are applicable to the full range of material risks to which insurers are subject and the IAIS endeavors to update the ICPs to reflect new and emerging drivers of those risks.	
Climate-related references	While we welcome the reference to climate-related financial risks in the ICP introduction, the proposed text assumes that the current ICPs are already well-equipped to address these risks. However, emerging risks such as climate-related financial risks pose new challenges to the existing principles and prudential frameworks. In particular, the unprecedented nature of climate change and radical uncertainty as to its evolution (also in light of the transition to a low carbon economy) mean that climate-related risks are much more difficult to predict than other types of risks, and as such require an evolution of the supervisory and prudential frameworks. We therefore urge the IAIS to assess and adapt the ICPs so that they more adequately capture these new and emerging risks.	As explained in the new text in the ICP Introduction, the ICPs are written to address the broad variety of risks and therefore changes to the ICPs at the standard level were not deemed necessary. Instead, the IAIS agreed on limited changes to some guidance material within the ICPs, and developed comprehensive supporting material to discuss how the ICPs can be applied in practice to address climate-related risks. Following a series of consultations, that supporting material will be published in 2025.
Climate-related references	The following changes are proposed: "11. The ICPs are written to address the broad variety of risks related to insurance and its supervision. The ICPs are applicable to traditional as well as emerging risks, also caused by man-made or natural climate-change emergencies. Accordingly, the ICPs, in general, refer simply to risks in order to be able to capture those that may be relevant within the given context and type of population; where specific risks are described, this is typically for illustration or when particularly relevant to a certain topic, area, and type of consumer. 12. Individual risks are often interconnected and may have an amplifying effect on other risks. This is the case, for example, with climate-related risks	Noted

	either caused by man or by nature. Supervisors and insurers should consider how to assess and address issues such as climate change disaster risk management and governance, valuation of assets and liabilities, and conduct of business in light of such interconnectedness."	
Climate-related references	The suggested addition of climate-related risk to the ICP Introduction implies that it is an example of stand-alone risk. This is not the case. If climate-related risk is going to be included, consider framing it in the context of how climate-related risks may manifest themselves as a material financial risk for purposes of solvency regulation. Such an approach of putting into context may be more consistent with the importance of being focused on insurance fundamentals (through a direct link to solvency). Further, it should also be focused on where such risk is material. Additionally, it should also incorporate flexibility (where property-casualty insurer risks can manage shorter tail risks over time) while respecting any data challenges.	Noted, but the language does not imply that climate-related risks are a stand-alone risk.
Location of the proposed text	It would be more appropriate to clearly dissociate the principle of proportionality and risk-based supervision and the question of the identification of the risks by locating the additional paragraphs in a new section named “Risks”, while leaving the section “Proportionality and risk-based supervision” unchanged, as the risks referred to are not relevant to the application of proportionality. GFIA considers that the ICPs should primarily focus on material risks, which is not properly reflected in the current wording.	Change made
Location of the proposed text	The location seems appropriate.	Noted.

Location of the proposed text	WWF proposes to change the section order (risk description first is more natural): sections 11 then 12 then 9 then 10	Noted, but the IAIS beliefs the existing order provides for a better flow.
Comments on the proposed changes to reflect climate risk in ICP 15 (Investments) guidance material		
General	We believe that climate scenario analysis has fundamental limitations that deter its inclusion in formal supervision.	No changes were made as the IAIS considers that climate scenario analysis has an important role in climate related supervision. The IAIS work on this topic in general already notes the limitations of climate scenario analysis – including what this means for its use as a supervisory tool (see Draft Application Paper on climate risk scenario analysis in the insurance sector).
General	Concerned that the proposed changes focus too much on climate risk in the spectrum of investment risks that insurers and supervisors must consider. While climate presents risk to insurers, it is only one of many risks, and undue focus on it could cause a loss of focus on other significant risks (such as credit and interest rate risk) to the extent relevant and material. The attention paid to climate risk should be proportionate to the potential severity of its financial impact on insurers.	No changes were made as this consultation deals with climate-related risks and hence this is the focus of the material.
General	The method of reflecting climate-related risks in credit risk ratings comes with difficulty, and in practice it is very challenging for insurers, which have limited information to analyse, "the extent to which various external risks (such as climate change) have been factored into the ratings".	Noted; the guidance material does not imply that the insurer should conduct a detailed analysis themselves.

General	Consideration should be given how sustainability efforts tie to supervisory mandates.	IAIS considers that these considerations are already adequately covered.
General	Supervisors should avoid using micro-prudential instruments to either encourage or discourage the integration of sustainability criteria in investment decisions.	The IAIS does not consider that this is the case.
General	Climate Package 3 does promote the concept of climate risk as a separate risk taxonomy in various instances, rather than properly recognizing that climate risk is one of several drivers of traditional financial risks (eg. paragraph 32)	The IAIS does not consider that this is the case; the materials very clearly indicate that climate change can impact an insurer through traditional risk categories. See also the language in the ICP Introduction, which state that the ICPs are written to address the broad variety of risks related to insurance and its supervision. This includes risks that are traditional as well as emerging risks, short-term as well as long-term. Accordingly, the ICPs, in general, refer simply to risks in order to be able to capture those that may be relevant within the given context; where a specific risk or risks are described, this is typically for illustration or when particularly relevant to a certain topic. Individual risks are often interconnected and may have an amplifying effect on other risks. This is the case, for example, with climate-related risks. Supervisors and insurers should consider how to assess and address issues such as risk management and governance, valuation of assets and liabilities, and conduct of

		business in light of such interconnectedness. Additionally, supervisors and insurers should have an understanding of the different characteristics of risks and their resulting impact to help determine how to manage material risks, which may involve more proactive ad forward-looking approaches.
General	The important concept of materiality needs to be reflected throughout the ICPs, ComFrame and supporting materials.	This is already adequately covered – see for instance the revised ICP Introduction.
General	Refrain from providing in guidance and supporting materials prescriptive requirements that do not reflect the important principles of proportionality and materiality. We remain concerned that the supporting materials related to the ICPs may be interpreted by supervisors as prescriptive requirements from the IAIS and, by extension, that failure to implement those requirements could give rise to negative assessments.	The new text is for guidance only – As per the ICP Introduction, ICP guidance material, and Application Papers, provide recommendations and examples of good practices; it does not create new requirements.
General	Talking about 'climate change' with no further elaboration might lead to a rather restricted interpretation of the impacts of climate change. Using a phrase such as 'risks related to climate change' would more clearly include all such risks (like physical, transition, legal, reputational risks).	Relevant definitions will be included in the supporting material that will be published in 2025.
General	We encourage the IAIS to better emphasize in its guidance to supervisors the primary role of supervisors in promoting the financial soundness of the insurance industry for the protection of policyholders, including through supervisory practices and guidance to the industry that helps insurers better manage climate-related financial risk drivers.	To the extent to which it is relevant this has already been reflected in the existing text.

General	Suggestion for clarifying in the guidance that the overall investment strategy should promote the long-term durability of the investment portfolio. This especially holds true for the risk of asset stranding in fossil fuel investments.	Noted but no change made.
General	We recommend that the IAIS actually go a step further, and mandate that insurers adopt and implement Paris-aligned transition plans. Such plans should also take into account environmental justice concerns. Amendments should be made throughout the ICPs to cross reference the use of transition plans, and, as appropriate, with respect to ORSAs. E.g., text where there is a requirement for specification of investment activities, reference should be made "...specifies the nature, role and extent of the insurer's investment activities including how they are consistent with the insurer's climate transition plans. "There is a growing international consensus towards mandating transition plans for the real economy, as well as the financial sector.	IAIS has stated that it may undertake work on the potential role of transitional plans in insurance supervision in the future, but this was not in scope for this consultation.
15.2.3	We question the practical applicability of rating adjustments and suggest this would be more appropriate as a "may" given there are various ways to consider this concern, such as on a qualitative basis on the assessment of the risk of the portfolio as a whole. Suggest: The insurer may also consider the extent to which various external risks (such as climate change) have been factored into the ratings and over what time horizon, and make adjustment to the ratings where appropriate.	This was partly reflected but "Should" kept in the text.
15.2.3	15.2.3 refers to insurers adjusting external credit risk ratings. Insurers can't change the ratings of a third party. They can consider the impact of the included and excluded risk factors in their own use of the credit risk ratings and analysis thereof. Therefore the new guidance should say, "adjustments to its use of the ratings where necessary."	The IAIS considers that the current statement is valid.

15.2.3	This section does not sufficiently recognize the climate related financial risks posed by reliance/use of external credit ratings, given current data and modelling limitations. The text should better signal that 'adjustments' to the ratings is the start of the process, and that the impacts of any adjustments need to be carried forth through ORSAs, etc.	The suggested additional content is beyond the intended scope. However, IAIS will consider whether further supporting material should be developed to address them.
15.2.3	Recommendations so that IAIS can reinforce the importance of insurers conducting their own thorough due diligence on the climate-related credit risks in their investment portfolios: 1. Specifying that insurers should engage with credit rating agencies to understand how climate risks are being integrated into their rating methodologies, models, and time horizons considered. Insurers should also conduct their own plausibility checks of external ratings from a climate perspective. 2. Encouraging insurers to develop an internal climate credit risk assessment framework to consistently evaluate the exposure of their investments to transition and physical risks. This could include sector-specific actions, emissions profiles, adaptation plans, and so forth. 3. Clarifying the supervisor's expectations around the documentation, validation, and updating of the insurers' independent credit analysis processes and models, as well as the expertise required I this function. 4. Highlighting the need for insurers to also consider how climate risks may impact other facets of credit risk beyond probability of default, such as loss given default, exposure at default, and correlations between counterparties.	ComFrame CF 15.2.a already requires IAIGs to conduct such further analysis to avoid placing undue reliance on assessments by credit rating agencies. As to the specific suggestions in this comment: these suggestions are too detailed for ICP Guidance; but most of these suggestions were already incorporated in the draft supporting material (paragraph 6 of draft supporting material for ICP 15, see Climate Risk Consultation Package 3 – Supporting Material). IAIS will consider the proposals and decide whether further supporting material should be developed to address them.
15.2.6	The proposed language implicitly promotes the "double materiality concept". This approach, while reflective of a growing interest in sustainability, has not been uniformly adopted in all jurisdictions. Also it was noted as a "public policy" consideration, outside the scope of the supervisory mandate.	The language is worded in such way that it does not "promote" any specific concept.

15.2.6	Even though the statement "insurers could decide to take appropriate steps, such as engage with investees, divest of certain assets or change their investment strategy" is written as an example, it could be interpreted as a proposal for insurance supervisors to recommend insurers of divestment or change to their investment strategy.	No change made as this text should be interpreted only as an example.
15.2.6	First sentence, suggest replacing the word "effects" with "materiality" as it would be a more appropriate word choice given the context: "insurers should consider the potential materiality of climate change"	Partly reflected using different wording.
15.3.1	The proposed change to 15.3.1 advises insurers to consider how climate-related risks may "change conditions for asset-liability management." This language appears to be based on a simplistic presumption that investee business models are inflexible and cannot adapt to changing market dynamics. This new language, therefore, does not seem adequate.	The IAIS considers that the current statement is valid.
15.3.1	Recommendation for adding under 15.1.3 a provision that highlights the risks stemming from transition trends and adjustments in the context of relevant international and national climate commitments and objectives. Adding such a provision would underscore the importance of aligning investment strategies with broader climate goals as an approach to managing transition-related risks.	Noted but no change made.
15.4	Considering the fact that fossil fuel investments contributing to emissions beyond the available carbon budget are, in a Paris-aligned future, worthless and a risk to the portfolio (credit, market and liquidity in particular), we suggest making the following addition to 15.4.7: Investments which are not compatible with the carbon budget of the planet and are contrary to the Paris commitments, should be kept to prudent levels, as they are likely to lose most of their value or otherwise contribute to the growing physical risk of climate change, which will lead to major losses for all financial actors.	Noted but no change made.

15.4.9	Scenario analysis is an important, but not monolithic, approach to managing climate risks. This is particularly due to the wide, and often significant, nature of current data gaps. The text should be expanded to reflect that in light of these gaps, both insurers and supervisors could be expected to take a precautionary approach to climate risk management.	No change made as the reference and only states that scenario analysis ***could*** be useful.
15.4.10	Any reference to time frames for capital and solvency assessments should explicitly reflect a short-term (e.g. one-year) time frame.	No change made given the long term nature of climate change related risks.
15.4.10	Suggest adding the "prioritizes" to help supervisors better understand the criteria insurers are utilizing to prioritize their risks. The supervisor should assess how the insurer identifies, analyses, prioritizes, monitors, manages, controls, and reports risks arising from its investments. This assessment includes how the insurer considers varying time horizons (short, medium and long-term).	Reflected
15.4.10	We recommend language stating that a supervisor's assessment of an insurer's approach to climate risk in its investment activities should include an assessment of the extent to which the insurer assumed a precautionary approach to these activities.	Noted but no change made.
15.5	Section 15.5 should be amended to explicitly provide supervisors with the authority to establish quantitative and qualitative requirements to "…the use of assets subject to emerging forward-looking as climate related financial risks, where data gaps limit the ability to conduct risk assessments, including data gaps resulting from the absence of forward looking information…"	No change made as following a gap analysis, the IAIS concluded that there is no need to change the ICP standards itself.
Comments on the proposed changes to reflect climate risk in ICP 16 (Enterprise Risk Management for Solvency Purposes) guidance material (*Please note that the numbering in the consultation document under 16.1 was incorrect; the numbering below for the comments related to that section includes both the correct and number and number in the consultation document)*		

General	IAIS is elevating climate risks above other, potentially more dominant risk drivers	IAIS does not consider that this is the case; the language does not imply in any way that climate change would be the only or the most important risk to be considered, however the consulted material deals with climate-related risks and hence this is the focus of the material.
General	We believe that climate scenario analysis is, at present, insufficiently mature to serve as a significant tool for risk assessment and risk management purposes and may not be the most appropriate example of scenario analysis to include in this section.	No changes made as IAIS considers that climate scenario analysis has an important role in climate related supervision. The IAIS work on this topic in general already notes the limitations of climate scenario analysis – including what this means for its use as a supervisory tool (see Draft Application Paper on climate risk scenario analysis in the insurance sector).
General	The IAA prefers "sustainability risks" because of the broader scope.	The focus of the consulted material is climate risk only.
General	Suggestion for a definition on emerging risks to be added in the IAIS Glossary.	IAIS will consider it in developing the updated Climate Risk Application Paper, incorporating the consulted climate risk related supporting materials.
General	Proposal for inclusion of double materiality considerations for underwriting decisions as well.	The suggested additional content is beyond the intended scope. However, IAIS will consider the proposals and decide whether further supervisory or supporting materials should be developed to address them.

General	IAIS should provide best practices for transition plans that facilitate their use as a forward-looking tool for supervisors to assess the stability of individual insurers and insurance markets. These practices should be grounded in the frameworks provided by the U.K.'s Transition Plan Taskforce. One example includes 16.12.9, insurer consider implementation of their climate transition plans as part of their ORSA.	Transition plans were not in scope of this consultation.
16.1.1 (16.1.9 in consultation)	The proposed wording implies that all the risks in the last sentence of this section are "emerging risks". Recommend deleting the words after "group risk".	Agreed that the statement could be misunderstood but a different change was made to help clarify.
16.1.1 (16.1.9 in consultation)	The proposed change to 16.1.9 adds climate-related risk to "other risks" within the scope of risk identification (i.e. the insurer's ERM risk taxonomy). This, however, is in conflict with the notion that climate-related risk influences existing risk categories. In addition, the proposed change conflates specific forms of operational risk with emerging risks, which are described in 16.1.11. Therefore, the proposed change to 16.1.11 should be sufficient to capture climate-related risk, and the proposed change to 16.1.9 should be removed.	The change was not made as it is important to reference climate risk alongside other types of risk. Also, as noted in the updated ICP Introduction, the ICPs are written to address the broad variety of risks related to insurance and its supervision. This includes risks that are traditional as well as emerging risks, short-term as well as long-term. Accordingly, the ICPs, in general, refer simply to risks in order to be able to capture those that may be relevant within the given context; where a specific risk or risks are described, this is typically for illustration or when particularly relevant to a certain topic. Individual risks are often interconnected and may have an amplifying effect on other risks. This is the case, for example, with climate-related risks. Supervisors and insurers should consider how to assess and address issues such as risk management and governance, valuation of assets and liabilities, and conduct of business in light of such interconnectedness. Additionally, supervisors and insurers should have an

		understanding of the different characteristics of risks and their resulting impact to help determine how to manage material risks, which may involve more proactive ad forward-looking approaches.
16.1.1 (16.1.9 in consultation)	Insurers and supervisors should consider the ways climate related risks are unique. This guidance should make explicit mention of the novel features of climate risk including its non-linearity, its permanence, and the reality of climate tipping points– or critical thresholds that, once crossed, can create catastrophic impacts for the planet and in turn insurers' business models. Supervisors should incorporate forward-looking tools including climate-related transition planning.	No change made, such statements already included in other parts of the climate risk consultations.
16.1.3 (16.1.11 in consultation)	Suggestion that 16.1.11 be amended to reflect that changes in the magnitude of emerging risks be taken into account, as well as changes to the sources of risks, so as to read as follows: "Particular consideration should be given to whether there are any new emerging risks or changes to sources, and magnitude of existing risks (for example climate related risks or geopolitical trends)."	Reflected but referencing "materiality" instead of "magnitude"
16.1.3 (16.1.11 in consultation)	Suggestion for including: In its strategic ERM approach, the insurer should take into account risks that relate to remaining a "going concern" over a longer period of time than the time horizon of their detailed business plan and consider risks (such as climate related risks) that may have a serious impact of its market presence in relation to its strategically covered lines of business.	No change made as the proposed statement relates to strategic considerations which are not the in scope of ICP 16.
16.1.3 (16.1.11 in consultation)	GFIA suggests adding the term, "reasonably foreseeable" to 16.1.11 as this term exists in 16.1 and so should be clearly aligned with the actions contemplated in 16.1.11 to add clarity.	Reflected

16.1.6 (16.1.14 in consultation)	Suggestion for amending the first sentence to: “Sources of risks may include natural or other catastrophes, downgrades from rating agencies or other events that may have an adverse impact on the insurer’s financial condition and reputation such as deteriorating conditions due to crystallizing chronic climate risks.”	Noted but no change made.
16.2.10	Suggestion for replacing the word “absorb” with “manage”.	No change made as “absorb” is more appropriate as it refers to the impact of extreme events.
16.2.10	GFIA believes that the usage of the word "measure" by the IAIS in this section goes too far as it implies a quantification that is not necessarily given. GFIA suggests the sentence be reworded to, “*evaluate*, in a forward looking manner to what extent the insurer is potentially at risk and whether the insurer is able to absorb possible shocks *without changes in its operations*.”	Reflected.
16.2.19	Suggest for supervisors to provide or indicate a standard set of scenarios (such as based on NGFS, Oxford Economics, etc.).	This proposal is not within the scope of the guidance. More details on scenario analysis can be found in the supporting material.
16.2.19	We are concerned that, as written, the proposed additions to the guidance have the potential to conflate climate scenario analyses and climate stress testing, as they are two distinct risk management tools.	No change made as this is a part of the current 16.2.19 language, not a climate change related addition, and as such was not in scope of the consultation.

16.6.6	From a supervisory perspective, emphasis should continue to be put predominantly on risks that have direct financial implications for insurers. Shifting to a double materiality focus could shift attention away from other pressing financial risks.	IAIS does not consider that referencing double materiality related issues will shift attention away from other material risks.
16.6.6	The recommendation that insurers should align their investment strategies with customers' ""known preferences in relation to sustainability considerations"" suggests a direct influence of customer preferences on fundamental investment decisions. This could lead to complexities in balancing customer preferences with the need to manage risk and return.	IAIS does not consider that this is the case.
16.6.6	Suggest this would be more appropriate as a “may” given the relevance and/or materiality of these different considerations could vary based on the individual insurer: With respect to climate-related risks, insurers may consider: longer term time horizons (although within the maturity profile of their investment portfolio); the impact of material climate-related risks on their investments, and the impact of their investments on the climate; and their customers’ known preferences in relation to sustainability considerations, where relevant.	No change made – as noted in the ICP Introduction, “Should” implies a recommendation without creating a requirement.
16.6.6	It is not appropriate to specifically add a note focusing only on climate-related risks. In addition, while "may" is used for concentration risk, ALM, and liquidity, it is also incongruous that the added text is overly normative. Therefore, the additional information should be deleted and a revised sentence with less normative wording should be included in the supporting material. Based on this premise, we submit the following comments. The last sentence of Paragraph 16.6.6: The supervisor should only require the insurer to consider climate-related risks in its investment strategy, if climate-related risks are of particular importance to the insurer in question.	The “may” used earlier in this ICP guidance paragraph is to describe a fact or trend; it is not to say “the insurer may consider doing something” (instead of “the insurer should do something”). The use of the verb “should” in the proposed addition referring to climate-related risks is common in IAIS language and is to be understood as a recommendation, not a requirement. Furthermore, ICP 16.1 already refers to “material” risks – so it should be seen as implicit that when the IAIS refers

		to "risks", we mean those risks that are material to the insurer.
16.6.6	While "their customers' known preferences in relation to sustainability considerations" is included in the last sentence as a factor to be considered by insurers, customers' preferences vary among markets and there will be jurisdictions where such preferences in relation to sustainability considerations do not exist. Therefore, we suggest not including this part in the supporting material. However, if the sentence is to remain in the supporting material or the guidance material, we suggest revising the last part by, for example, beginning it with "If climate-related risks are material, insurers..." or replacing "should" with "may". It would be desirable to make the description more limited, for example, by adding "where relevant, such as cases when insurers are entrusted with investment management by their customers" because it is difficult to imagine who the "customers" of "customers' known preferences in relation to sustainability considerations" are.	No change made, the reference to consumer preferences already adds a qualifier "where relevant".
16.6.6	The parenthetical part of the guidance states "(although within the maturity profile of their investment portfolio)". However, when considering the risks, the insurer should not be limited to the insurer's current investment portfolio's maturity profile if the liability profile is longer (i.e. they should consider the reinvestment risk where relevant).	Reflected
16.12.1	Where an insurer's assessment goes beyond the usual 3-5 years business planning time horizon for the ORSA, a more qualitative and contextual nature of the long-term analysis should be acknowledged as being fit-for-purpose, as well as the inherent uncertainties and potential limitations due to data quality.	These issues have already been adequately addressed in the Draft Application Paper on climate risk scenario analysis in the insurance sector.

16.12.1	Even as an example, it is too prescriptive to describe, only for climate-related risks, a consideration of the insurer's exposure for different time horizons.	The IAIS does not consider that this is the case.
16.16.9	Suggestion that the reference to policy changes be expanded to reflect the potential for interactions between transition risks and physical risks as follows: (such as pandemics, major catastrophes, abrupt policy changes that can increase transition risk, and/or interactions between physical risks and transition risks).	Agreed with the sentiment but a different change made – added "or physical risk"