



11 December 2023

NOTICE

Discussion Paper Disclosure of Climate Change Risks for Commercial Insurers New Extended Response Deadline

BACKGROUND

The Bermuda Monetary Authority (Authority or BMA) continues to advance its work in the area of climate change by ensuring that climate change and broader Environmental, Social and Governance (ESG) risks are adequately reflected in the regulatory frameworks. It is also critical to ensure that such frameworks allow the local insurance sector to continue to operate prudently, competitively and sustainably.

To achieve this goal, the Authority is soliciting industry feedback on its considerations and proposals pertaining to how insurers should publicly disclose their climate risk exposure, mitigation and monitoring activities on an annual basis.

Disclosures are seen to be an integral element of gaining insights into the financial impact of climate change risks and how they can guide insurers' key strategic decisions.

DISCUSSION PAPER

This Discussion Paper (DP) aligns with the earlier work of the BMA in climate risk, particularly climate change surveys, amendments to the Insurance Code of Conduct and the issuance of the Guidance Note entitled *Management of Climate Risk for Commercial Insurers*.

This DP seeks to align the requirements with the Task Force on Climate-Related Disclosures (TCFD) framework. The TCFD focuses on four pillars (i.e., governance, strategy, risk management and metrics and targets) that are designed to support companies in considering, integrating and reporting on climate risks and opportunities.

In order to foster a value-added exchange with the industry and receive feedback, several questions are embedded in the DP. Responses to these questions are highly encouraged to help shape the approach the BMA will take on public climate risk disclosures for the commercial insurance market in Bermuda. Following the conclusions of the DP, the Authority will consider the industry's feedback and subsequently issue a consultation paper on the proposed climate risk disclosures for all commercial insurers using the proposed phased-in approach.

The original DP was issued in September 2023. The updated DP, dated December 2023, shows a new extended deadline for feedback; all other content remains the same. The new extended deadline is now 15 February 2024.

FEEDBACK

The Authority is inviting stakeholders to respond to all 18 questions posed within the *Disclosure of Climate Change Risks for Commercial Insurers* DP.

This consultation ends on 15 February 2024, representing a new extended response deadline. This deadline extension recognises the overall importance of industry feedback, in guiding the BMA's approach to public climate risk disclosure.

The views of our industry partners and any other interested individuals on the proposals set out in this Discussion Paper are invited. Responses to the questions raised in the DP and any other comments are to be provided in the required format per the **Appendix C** Excel spreadsheet that is enclosed with this DP. All responses should be forwarded to climaterisk@bma.bm prior to 15 February 2024 (the new extended response deadline). Please include the company name followed by "*Discussion Paper – Disclosure of Climate Change*" in the subject line of the e-mail.