

To: Solvency II WG
From: Carolien Afslag
cc: Sustainability WG
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Reference: ECO-SLV-25-283

Subject: EIOPA public statement on the monitoring exercise on the use of climate change scenarios in the ORSA

Summary

EIOPA has published a public statement summarising the findings of its 2024 monitoring exercise on the integration of climate change scenarios in the ORSA ([here](#)).

The exercise covered a sample of EEA (re)insurers representing ~85% of market coverage (by assets), but only ~26% of undertakings by number. And the monitoring follows EIOPA's 2021 Opinion and 2022 application guidance on this topic.

Key points

Progress observed:

- There is a **positive shift** in the inclusion of climate change risk scenarios in ORSA compared to 2021.
- Most undertakings now include **both physical and transition risk** scenarios in their ORSA and use scenario analysis to assess financial impacts.
- Increased use of **quantitative approaches** and alignment with **strategic and capital planning** is noted.
- Many undertakings use scenarios developed by the **NGFS** (Network for Greening the Financial System), though other approaches also exist.

Challenges identified:

- **Materiality assessments and scenario approaches vary significantly** across jurisdictions, leading to inconsistent outcomes that are not always aligned with actual exposures.
- A key challenge remains the **lack of reliable, granular and standardised data**, which hampers comparability and forces simplified or qualitative approaches.
- Long-term scenario analysis (e.g. beyond typical ORSA horizons) remains **particularly difficult** due to data and modelling limitations.
- In some cases, climate risk findings are still **not well integrated into strategic decisions**.

Supervisory follow-up:

- National supervisors are at **different stages of maturity**, but EIOPA observes progress, including development of internal expertise and methodologies.
- EIOPA will support **supervisory convergence**, including via **practical workshops** to share experience and methodologies.
- EIOPA will continue its broader sustainability work, focusing on **data availability, forward-looking supervision**, and further integration of sustainability risks into the prudential framework.