



Insurers' climate-related disclosures

Benchmarking insurers' climate-related disclosures in the 2023 reporting cycle

June 2024



Purpose of this report

This report presents the key observations from our benchmarking analysis of 47 insurers' climate-related disclosures in the 2023 reporting cycle.

Sustainability reporting, including climate-related disclosures, has been rapidly evolving. The arrival of the first two IFRS® Sustainability Disclosure Standards from the International Sustainability Standards Board (ISSB) and the first set of 12 European Sustainability Reporting Standards (ESRSs) in 2023 marked significant milestones in sustainability reporting. Other major developments are also continuing to happen globally.

Our benchmarking analysis focuses on climate-related disclosures. This aligns with the 'climate-first' approach taken by the ISSB, and it is the most mature area in sustainability reporting.

Contents

Executive summary	3
Scope and approach	4
Sustainability reporting landscape	5
Our observations:	
Overall observations	6
Financial reporting	10
Financed and insurance-associated emissions	12
Transition plans	15
Nature-related disclosures	19
Assurance	23

Executive summary

Progress continues but the opportunity for insurers to tell a more connected story remains.

Driven by the demands for climate-related information, insurers are embracing transparency and increasing their disclosures. They are now on a journey to join the dots and create a narrative that is more meaningful and clear for their users.

Financial reporting

Mentions of climate in insurers' financial statements are primarily limited to the basis of preparation or risk management sections.

Continuing to improve connectivity through the full reporting suite, including the financial statements, is key.

Transition plans

Many insurers have committed to becoming net zero by 2050. Now they need to continue developing and articulating their transition plans with detailed implementation strategies, including clear action plans.

This would allow users to better assess the feasibility, progress and effort associated with reaching net zero.

Financed and insurance-associated emissions

Calculating financed and insurance-associated emissions is far from easy and presents an ongoing challenge for insurers, particularly in jurisdictions with less advanced climate-related disclosure regulations. Insurers also need to navigate data challenges.

The majority of insurers report under the Partnership for Carbon Accounting Financials (PCAF) methodology but there are divergences in application. This makes it difficult for users to compare emissions data across different insurers.

Assurance

Many insurers have started their journey to assurance by obtaining limited assurance. The most common area for this is operational emissions.

However, two insurers also obtained reasonable assurance on their operational emissions.

Nature-related disclosures

There is an increasing focus on nature and its connection with climate-related risks, but there is a lot more to be done in terms of developing strategies and plans.

Most insurers acknowledge this as an emerging area, which they are currently working through.

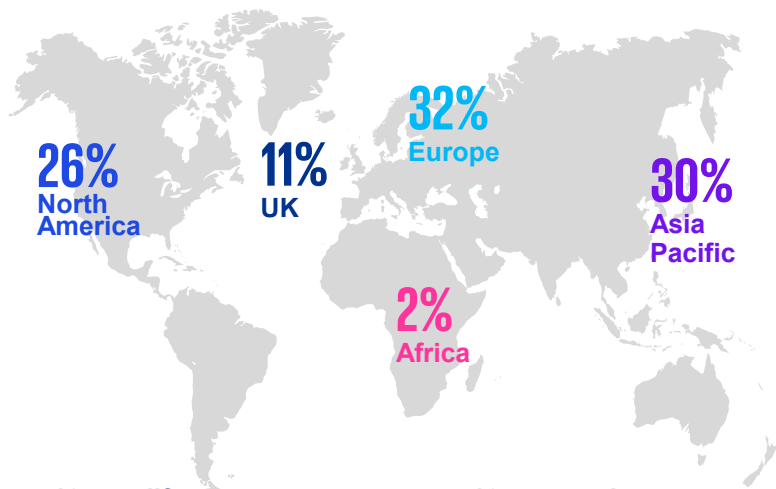
Improved disclosures could bring to life how insurers impact nature, and how they are impacted by nature-related risks and how management considers these factors in their governance structures, strategies and plans.

Scope and approach

Coverage

Our 2023 climate-related disclosure benchmarking analysis covers 47 major insurers (see map below).

ISSB™ Standards and ESRs were not effective for the 2023 reporting cycle, so we have not performed benchmarking against the requirements in these standards.



- 12 non-life
- 15 life & health
- 18 composite
- 2 reinsurers

Scope and approach

Areas covered

Our analysis focuses on the following five key areas: financial reporting, assurance, financed and insurance-associated emissions, transition plans and nature-related disclosures. These areas have been selected as they are current or emerging areas of focus in sustainability reporting for insurers.

How the analysis was performed

We reviewed the climate-related disclosures provided by 47 selected insurers as part of their 2023 annual reporting cycle. We compared disclosures between insurers in 2023 and, where appropriate, against disclosures from our [2022 analysis](#). We have exercised a certain level of judgement when making these comparisons and assessing insurers' disclosures.

Information reviewed

- Climate-related disclosures provided in insurers' 2023 annual reports and other standalone reports (e.g. climate and sustainability reports) that insurers released up to 31 May 2024.
- The 2023 annual reports for most of the insurers in our analysis cover the year ended 31 December 2023; some cover a different annual period.
- We reviewed the online versions of the annual report. If these were not available, we reviewed the relevant regulatory filings (e.g. Form 10-K). We reviewed the English language versions of the annual reports and other standalone reports.
- Typically, insurers in the US release their standalone climate-related disclosures several months after their main regulatory filings. These were not available for six of the insurers at the time of our analysis. Therefore, we have included these insurers only in the coordinate timing [statistic](#) and the financial reporting [section](#) of our analysis.

Sustainability reporting landscape

The global sustainability reporting landscape is transforming, with progress in a number of jurisdictions.

	ISSB	EU	US SEC
What is the status?	The first two IFRS Sustainability Disclosure Standards were released in June 2023. The ISSB's first two standards are IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> and IFRS S2 <i>Climate-related Disclosures</i>. They include transition relief to allow companies to report on only climate-related risks and opportunities in the first year.	The European Commission published the final text of its first set of ESRs in July 2023. The standards that have been released include ten topic-specific ESRs and two cross-cutting ESRs.	The SEC issued the final climate rule in March 2024. On 4 April 2024 the SEC stayed the climate rule pending judicial review.
When is it effective?	These standards are effective for annual reporting periods beginning on or after 1 January 2024, but adoption is by jurisdiction.	These standards first apply for years beginning on or after 1 January 2024 using a phased introduction.	Absent the stay, the rule first applies for large accelerated filers for fiscal years beginning in calendar year 2025.
What assurance is required?	The ISSB does not set assurance requirements but local jurisdictions could choose to require either limited or reasonable assurance.	Limited assurance is required initially, moving to reasonable assurance over time.	Absent the stay, assurance is required for Scope 1 and 2 GHG emissions; certain disclosures are subject to audit.



Further developments

Progress is being made in sustainability reporting across other jurisdictions. This includes recent developments in the following jurisdictions.

- **California:** Three climate disclosure laws were signed in October 2023 applying to certain companies that do business or operate in California.
- **China:** Three major stock exchanges jointly introduced new sustainability reporting guidelines effective from 1 May 2024. Also, the Ministry of Finance in China has issued an Exposure Draft of *Chinese Sustainability Disclosure Standards for Business Enterprises – Basic Standard*, which is based on IFRS S1.

Overall observations

Telling a connected story

Timing, volume and location of climate-related disclosures are all key to telling a coherent and connected story.

Highlights from our analysis:



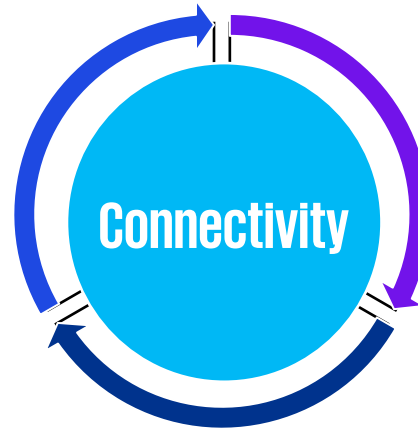
Coordinate timing

43% of the insurers released their full suite of climate-related disclosures at the same time as their annual financial statements.

Less than half of insurers (particularly those in the UK, Europe and Australia) published their comprehensive 2023 climate-related disclosures simultaneously with their annual financial statements. Other insurers typically released their disclosures within a few weeks of their financial statements.

US insurers did not release their standalone climate- or sustainability-related reports simultaneously with their main 10-K filings. Their standalone reports are often released a few months later.

Publishing information at the same time helps users to understand the connections between different elements of the full reporting suite.



Balance volume

Insurers are responding to the demands for more climate-related information, but the large volume of information can be overwhelming for users.

The next step is to find the right balance between providing detailed, specific and useful climate-related disclosures, and then join the dots to create a more meaningful and clear narrative for users.



Consider location

76% of the insurers issued separate sustainability or climate reports, containing the majority of their climate-related disclosures

When included in annual reports, climate-related disclosures are often found in the front section, typically as part of the wider risk management, governance and strategy sections.

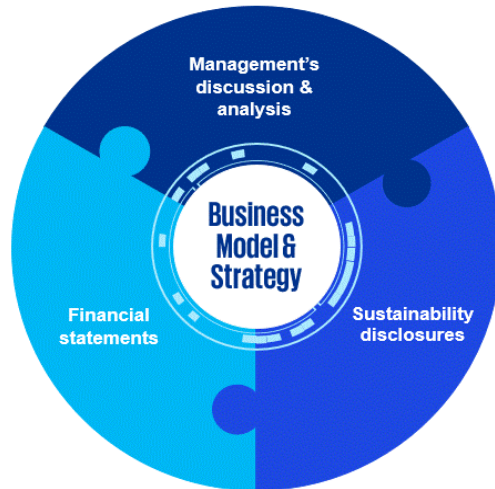
Our analysis showed the emerging practices of:

- including an overview of the full reporting suite available and providing relevant links in the annual report;
- including an index with page references for climate-related disclosures; and
- signposting and linking to other reports containing climate-related disclosures.

However, this is still developing and for most insurers, improved cross-referencing or co-location of information would enhance connectivity of information.

Importance of connectivity

Improving connectivity between business model and strategy disclosures and other reports, including with the financial statements, is key.



ISSB Standards and ESRs require not only climate-related information but also other sustainability-related information to be reported at the same time, and for the same period, as the annual financial statements. ESRs require information to be reported in the management report; the requirements in ISSB Standards are more flexible on its location in the annual report.

Connectivity is integral to all of the ISSB's work and is high on the agenda for the International Accounting Standards Board and the European Financial Reporting Advisory Group.



Opportunities for improvements

The timing, location and volume of climate-related information can support better connectivity – see [page 7](#).

The connectivity of climate-related information to the financial statements is also another area that can be improved – see [page 11](#).

Insurers with relatively better connectivity

We noted some insurers demonstrating a more effective approach to communicating their climate-related disclosures in a clear and comprehensive manner.

- These insurers provide detailed information on governance, strategy, risk management, and metrics and targets. Additionally, they demonstrate effective cross-referencing, such as including an index with page references for easy access to specific climate-related information.
- Notably, some insurers integrate their climate-related disclosures into the annual report, addressing the challenge associated with issuing multiple reports.
- Some insurers synchronise the publication dates of annual reports and other climate-related reports.

How have the disclosures progressed in 2023?

Disclosures are still evolving across the industry, with some insurers more advanced than others.

Governance

- Disclosures on climate-related governance are at a relatively advanced stage for many insurers, but some remain behind.
- Insurers are increasingly transparent about board and senior management oversight, with more details of roles and responsibilities compared with the previous year.

There is an opportunity for insurers to improve their governance frameworks to address areas where disclosures remain limited – e.g. their nature-related disclosures – see [page 21](#).

Strategy

- Insurers are increasingly outlining their plans for managing climate-related risks and opportunities. This includes their approaches to underwriting, investments and product development.
- Disclosures have improved in the following areas, but opportunities remain to improve further:
 - **Transition plans:** Further details are needed on the specific actions insurers will take to achieve their net-zero targets – see [page 16](#).
 - **Scenario analysis:** The analysis has continued to evolve but in many cases there is room for improvement. The scope of the scenario analysis often covers only a portion of the business and some insurers conduct the analysis without sufficient disclosure of the potential financial implications.

Risk management

- Insurers have made progress in 2023, including in the following areas.
 - Improving disclosures on how they identify and assess climate-related risks and including more detail on the methodology used.
 - Providing clearer presentation – e.g. providing charts and diagrams and additional details of processes, policies and risk appetite frameworks.
 - Integrating nature considerations into existing risk management processes, although this remains a developing area – see [page 22](#).

Metrics and targets

- Insurers are still developing metrics to measure progress towards their climate-related targets. This is particularly relevant for insurance-associated emissions – see [page 13](#).
- Examples of enhancements include:
 - new/updated targets on investments/underwriting/operational emissions, sustainability KPIs and science-based targets;
 - quantitative metric changes due to methodology changes and data quality/tool improvements; and
 - expanded operational and financed emissions disclosures with detailed breakdowns by asset classes, industry sectors and scope emissions.

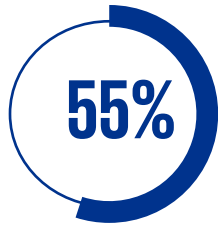
However, data limitations and inconsistent application of calculation methodologies make comparability of financed emissions across the industry challenging – see [page 14](#).

Financial reporting



Financial reporting

Snapshot of key observations – Financial statements



of the insurers mention climate or climate-related risks in the financial statements but the level of disclosure is limited.

Insurers, mostly from the UK, Europe and Australia, mention climate or climate-related risks in their financial statements. However, disclosures on climate-related risks and their financial implications are limited.

Insurers can further improve connectivity

Insurers report key strategic and sustainability information in the front sections of their annual reports and other standalone reports. However, these disclosures often lack a clear connection to the financial statements. By better connecting the dots between the financial statements and the front sections of the annual report and other standalone reports, insurers can strengthen connectivity. Additionally, encouraging collaboration amongst various reporting teams may help to create a clear and connected story for users.

What did our analysis find?

- Climate-related matters are sometimes mentioned in the basis of preparation or risk management sections of the financial statements. The nature and extent of these disclosures is generally limited, typically consisting of brief statements that acknowledge climate-related impacts but provide few details on how they have been considered.
- In some cases, insurers disclose that climate change has no material impact on their financial performance or asset/liability valuations, but they often do not explain in detail the rationale for this assertion. Additionally, we have not observed insurers commenting on the current or anticipated effects of climate-related risks and opportunities on their cash flows.

Which financial statement notes mention climate?

Basis of preparation (including critical estimates and judgements):



Risk management:



Insurance contract liabilities:



Separate climate note:



Financial instruments (fair value measurement or classification):



Goodwill/intangibles:



Tax (mainly deferred tax):



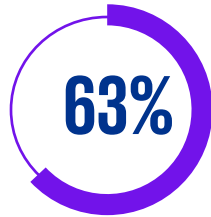
Other notes (e.g. share-based payments, contingencies)



Financed and insurance-associated emissions

Financed and insurance-associated emissions

Snapshot of key observations



of the insurers disclose financed emissions¹ but in most cases the level of detail is limited.



of the insurers disclose insurance-associated emissions² – reflecting data and methodology challenges.



Comparison of 2023 disclosures to the prior year:

- Insurers, mostly in the UK, Europe, Canada and Australia, have made progress in quantifying financed emissions, expanding the scope of their calculations to include additional investment portfolios and improving the level of disaggregation in their emissions data.
- Similar to the prior year, only a minority of insurers disclose insurance-associated emissions data.

For those already disclosing financed emissions, opportunities remain to improve – e.g. expanding their scope to include insurance-associated emissions and providing greater detail. Those disclosing little or no information risk falling significantly behind if they do not accelerate their efforts.

What did our analysis find?

Insurers in jurisdictions with advanced climate-related disclosure regulations (e.g. the UK, Europe, Canada and Australia) are leading the way in financed emissions disclosures. Insurers in other jurisdictions with less developed regulations are lagging behind, often with limited or no disclosures.

- Most insurers that disclose quantitative emissions do so for investments only. This reflects the greater availability and ease of tracking greenhouse emissions data for investments compared with that for insurance activities.
- Some insurers provide more detailed information, including the types of assets financed, the associated emissions and the relevant industries. Most insurers provide less detailed information – e.g. the total amount of financed emissions or the percentage of their portfolio that was exposed to emissions-intensive industries. A reconciliation of the quantified financed emissions to the total assets in the financial statements would help users to understand the asset classes or other financing activities that are in scope of the emissions numbers.
- Metrics and targets related to investments tend to be more detailed and comprehensive compared with those for insurance activities, with only a limited number of insurers disclosing metrics and targets for insurance-associated emissions. Among insurers disclosing insurance-associated emissions, some report emissions for both commercial and motor lines, while others disclose emissions in only one of these categories.

¹ Financed emissions are the absolute emissions that banks and investors finance through their loans and investments. Further information can be found in the [Partnership for Carbon Accounting Financials Website](#).

² Insurance-associated emissions are GHG emissions in the real economy, which are associated with specific (re)insurance policies aggregated in the (re)insurance portfolio.

Financed and insurance-associated emissions

Getting into the detail

Calculation methodology

Percentage of insurers that refer to a metric calculation methodology in their annual report:



- PCAF only or in combination with another methodology
- Other methodology (e.g. Net-Zero Asset Owner Alliance)
- Not disclosed in the reports

Methodologies used by insurers and data challenges

- Some insurers provide details of their calculation methodology for financed emissions. The majority of those report under the PCAF methodology. However, there is no universally accepted/mandatory methodology so some insurers reference alternatives. This makes it difficult for users to compare emissions data across different insurers.
- Although PCAF has established guidance for measuring insurance-associated emissions from commercial lines and personal motor lines, there is none for measuring other key business lines, such as life and health. This makes it challenging for insurers seeking to disclose such emissions across their entire portfolio.
- Data challenges remain for a number of insurers to overcome in accurately calculating financed emissions and insurance-associated emissions. These include:
 - limited availability of third-party data;
 - reliance on external data providers, which often leads to inconsistency of data;
 - limited coverage of reported climate data, which limits the accuracy of the carbon profile of the insurers' portfolio; and
 - data collection and reporting, which often lag behind by one to three years.



Improving calculation methodology and data quality

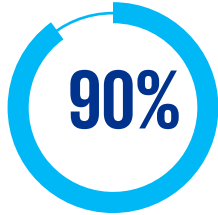
Adopting a globally consistent methodology for calculating financed emissions would allow consistency across insurers and enhance comparability for users. Moreover, data collaboration within the business chain to improve the quality and accessibility to real-time data, as well as utilising data analytics tools to improve data collection and analysis, can help address these challenges.

Transition plans

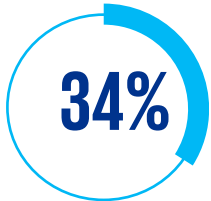


Transition plans

Snapshot of key observations



of the insurers disclose information to support their shift towards a lower-carbon economy. However, the level of detail provided varies across the population.



of the insurers released an initial transition plan – reflecting that it is often not a jurisdictional requirement to do so.



Comparison of 2023 disclosures to the prior year:

Consistent with our [previous analysis](#), only a small number of insurers provide detailed transition plans or outline specific actions over the short, medium and long term to demonstrate progress towards their net-zero goals.

What did our analysis find?

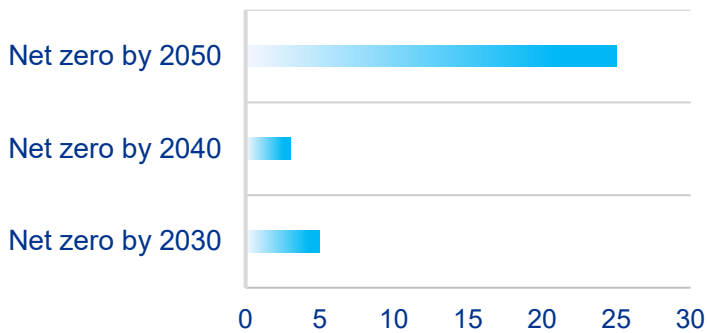
Most insurers now disclose information on their strategic ambition towards a lower-carbon economy, but the level of detail and specificity in these plans varies.

- Some insurers provide comprehensive plans outlining their strategies, although others are limited in scope or offer only high-level statements without supporting actions. Articulating the detailed plan helps users to understand what is required to meet the insurer's climate-related goals.
- Among the insurers that have not yet disclosed a transition plan, only a minority disclosed an intention to develop a plan in the near future. Developing a transition plan is essential for insurers seeking to move towards their strategic ambition of a lower-carbon economy.
- A growing number of insurers are disclosing their short-, medium- and long-term targets. However, challenges remain for users in terms of the clarity and detail of insurers' action plans and how they are measuring progress against these plans. Only a limited number of insurers provide detailed transition plans or outline specific actions over the short, medium and long term to demonstrate progress of actions compared with previous periods.
- Over two-thirds of insurers disclosed information on the effects of climate-related risks and opportunities on their strategies and decision-making. However, the disclosures across different sections of various reports makes it challenging to clearly demonstrate the impact of these factors.
- Only a small number of insurers disclose information on the resources already allocated to the implementation of their transition plans or how they will resource them.

Transition plans

Getting into the detail

Number of insurers disclosing net-zero goals by timeframe:



Strategic ambition

- Many insurers have set a climate-related target of achieving net-zero emissions (usually by 2050).
- Insurers targeting net zero by 2030 focus solely on their own operational emissions. Insurers targeting net zero by 2040 and 2050 often set broader goals that encompass operational, financed and insurance-associated emissions.
- Insurers are disclosing both quantitative and qualitative information on the progress of their net-zero ambitions and building on plans disclosed in previous reporting periods. Quantitative information primarily focuses on progress towards emissions-based targets, such as the intensity of greenhouse gas (GHG) emissions and carbon emissions. Qualitative information highlights enhancements in governance, risk management, strategy, and metrics and targets.

Transition plans

Getting into the detail

Key strategic focus

Insurers disclosing their climate strategy focused on the following areas:

90% Green/sustainable investments

71% Decarbonising the insurance portfolio

- **Green/sustainable investments:** Most insurers are integrating sustainability criteria into their investment strategies, including reducing investments in carbon-intensive industries (e.g. thermal coal, oil, and gas industries) and increasing investments in green and sustainable projects.
- **Decarbonising the insurance portfolio:** most insurers are developing insurance solutions that facilitate the decarbonisation of the insurance business, enabling their transition to net-zero business models. This includes providing insurance for renewable energy projects – e.g. for wind, solar and other renewable energy operations, and for electric vehicles. Other insurers are also incorporating sustainability-related considerations into their (re)insurance decisions. This includes implementing underwriting restrictions for thermal coal risks and other measures to reduce exposures to high carbon-emitting industries.

Disclosures on how insurers manage climate-related risks

88% of the insurers disclose current and anticipated indirect mitigation and adaptation efforts within operations

83% of the insurers disclose current and anticipated indirect mitigation and adaptation efforts with customers, brokers or suppliers.

- Many insurers disclose how they manage material climate-related risks within their own operations and with their customers and suppliers, even if they do not disclose a transition plan. Some insurers with better disclosures have broadened the scope of their current and anticipated efforts beyond investments to focus on the entire insurance business, including insurance emissions and the development of sustainable insurance solutions, products and services. Additionally, these insurers are specific and clear in their disclosures about how they are managing identified climate-related risks.



Improving the transition plan

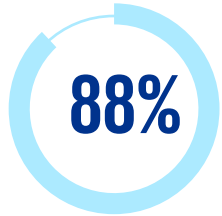
The increasing prevalence of transition plans in insurers' disclosures is a positive step. However, there is room for improvement. By enhancing the quality and specificity of transition plans, insurers can demonstrate greater transparency about how they intend to reach net zero and whether this is feasible.

Nature-related disclosures

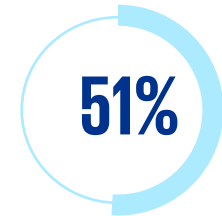


Nature-related disclosures

Snapshot of key observations



of the insurers disclose some type of commitment regarding nature*, but these are often limited and lacking in detail and substance.



of the insurers acknowledge that there are nature-related risks to their operations.

What did our analysis find?

Most insurers disclose some type of commitment regarding nature in their reports, but the level of disclosure is limited. More detailed information about their strategies, plans and targets is needed to guide readers through their journey.

- Some of the commitments include:
 - exclusion and restriction of investments and insurance products that harm nature;
 - protection of the ecosystem, biodiversity restoration and reforestation; and
 - investment in green and sustainable projects and expansion of insurance products that help protect nature – e.g. biodiversity insurance providing insurance protection for forest resources and wildlife.



Comparison of 2023 disclosures to the prior year

- A comparison of reports from this year and last year reveals a growing focus on nature.
- Many insurers are still in the early stages of providing their disclosures. Some outline plans to enhance their internal processes and capabilities and to gain a deeper understanding of potential exposures in their next reporting cycle.

* We include biodiversity in the definition of 'nature' in this section.

Nature-related disclosures

Getting into the detail

Percentage of insurers that disclose nature-related information in their annual reports and/or standalone reports:

Governance of nature-related matters:



Nature-related strategy:



Nature integration in insurers' risk management:



Nature-related metrics/targets:



Understanding governance, strategy, risk management, and metrics and targets around nature:

- Less than a quarter of insurers disclose information regarding the governance of nature-related matters and this information is often limited. Some of the insurers disclose only the allocated committee/sub-committee or mention the board's activities on these matters during the year. Establishing clear roles and responsibilities at the board and sub-committee level, along with implementing a nature-linked key performance indicator (KPI) remuneration scheme, would help insurers contribute to a nature-positive economy.
- Most insurers disclosing information on their nature-related strategies acknowledge that these are still under development, as they continue to evaluate how to integrate nature-related considerations into their climate-related strategies. Leading insurers disclose nature-related risks and opportunities that consider their dependencies and impacts on nature. They are also developing capabilities to assess their exposure to nature-related risks – e.g. creating nature heatmaps.
- Many insurers have embedded nature into their sustainability/risk management policies; a few others have also disclosed their plan to do this in the near future. See [page 22](#) for more details.
- Only a few insurers disclose nature-related metrics and targets, with a higher prevalence among European insurers. This is primarily driven by incoming disclosure requirements for certain European insurers in-scope of the relevant European Union directives, such as the Corporate Sustainability Reporting Directive (CSRD). A small number of insurers have aligned their targets with the Kunming-Montreal Global Biodiversity Framework³ and disclose their actions and initiatives to achieve these targets.

³ The [Kunming-Montreal Global Biodiversity Framework](#) is a framework adopted during the United Nations Biodiversity Conference in December 2022 consisting of global targets to be achieved by 2030 and beyond to safeguard and sustainably use biodiversity.

Nature-related disclosures

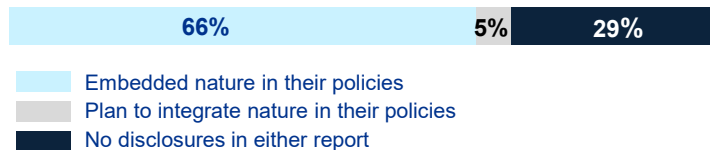
Getting into the detail

Nature in insurers' risk management

- Some insurers are still in the process of understanding and assessing the impact of nature-related risks on their portfolios. 51 percent of the insurers disclosed the risks that nature poses to their operations. Some of these risks include business risk, regulatory risk and reputational damage.
- Six insurers participated in the Taskforce on Nature-related Financial Disclosures (TNFD) pilot testing of the Locate, Evaluate, Assess and Prepare (LEAP)⁴ approach, which is guidance on identifying and assessing nature-related issues.

Risk management

Status of nature integration in insurers' sustainability/risk management policies:



- Embedded nature in their policies
- Plan to integrate nature in their policies
- No disclosures in either report

Adoption of the TNFD framework

10% of the insurers have registered as early adopters⁵ of the TNFD framework

- Only a minority of insurers have signed up as early adopters of the TNFD framework. Of those early adopters, only a couple were able to disclose the four recommended pillars of governance, strategy, risk and impact management, and metrics and targets. Some insurers disclosed that these are still under development and that they are intending to adopt the TNFD framework more widely in their future reporting.



Limited disclosures

Nature is gaining increasing attention. However, insurers' disclosures in this area are limited. There are opportunities to improve disclosures to meet the rising demand from investors and regulators for transparency and comprehensive nature-related information in the reports. Given the launch of the final TNFD recommendations in September 2023, we expect to see more focus on nature in next year's disclosures.

⁴ The TNFD has developed guidance for the identification and assessment of nature-related issues, called the LEAP approach. Further information can be found in the [TNFD Global guidance](#). Results of the UN Environment Program Finance Initiative-led (UNEP FI) TNFD piloting programme can be found in the [UNEP-FI report](#). UNEP FI recently launched the [Nature Positive Insurance Working Group](#) and also released the [Nature Positive Insurance briefing paper](#) to support the goal of achieving a nature-positive global economy.

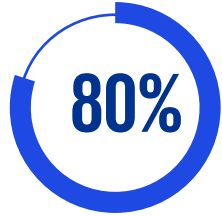
⁵ The TNFD has [announced](#) the inaugural cohort of early adopters that intend to start making disclosures aligned with the TNFD recommendations in their corporate reporting by the financial year 2024 (or earlier) or 2025.

Assurance

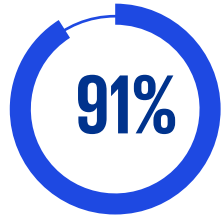


Assurance

Snapshot of key observations



of the insurers obtained an assurance report on certain climate-related information (either disclosed in their annual reports or in other standalone reports)



of which...

obtained 'limited assurance'

What did our analysis find?

Most insurers obtained limited assurance on certain climate-related information.

- The majority of insurers used the same provider for both their financial statements' audit and their assurance opinions.
- Only two insurers obtained a combination of limited and reasonable assurance on their operational emissions data and sustainability-related metrics. As sustainability reporting continues to evolve and mature, assurance practices are expected to shift towards a greater emphasis on reasonable assurance and encompass a broader range of information in the scope of assurance.
- Assurance reports covered a broader scope than just climate-related information.
 - **Climate-related information:** The assurance obtained by insurers usually relates to limited assurance of certain metrics, with most insurers obtaining assurance over total Scope 1 and Scope 2 GHG emissions related to their own operations. Some insurers have started to obtain limited assurance on certain financed emissions in relation to their investment portfolios. Only one insurer obtained limited assurance over insurance-associated emissions for commercial lines.
 - **Other sustainability information:** Insurers also obtained assurance for both quantitative and qualitative metrics related to broader sustainability issues – e.g. biodiversity, customer and community engagement, people and culture.

Assurance

Getting into the detail

Assurance reporting framework:



Most opinions are delivered in accordance with the International Standard on Assurance Engagements (ISAE) or the local equivalent of the standard. Typically, assurance reports that use other standards provide assurance only on quantitative metrics (e.g. operational emissions).

Limitations/caveats:

- **Data availability and quality:** Assurance reports usually note limitations on the availability and quality of data, especially on third-party emissions data, leading to reliance on estimated or proxy data.
- **Measurement methodologies:** Some reports also note that the precision of different measurement techniques may vary and the absence of consistent external standards also contributes to variations in measurement methodologies, which impacts comparability.
- **Other limitations:** Some reports note limitations on the validation of certain Scope 3 emissions, external sources of information or expert opinions and forward-looking statements (e.g. projections and forecasts).



Assurance requirements and other emerging topics:

- In the EU, CSRD requires limited assurance initially, moving to reasonable assurance over time. Limited assurance standards are to be adopted no later than 1 October 2026; reasonable assurance standards are to be adopted after a feasibility assessment and no later than 1 October 2028. Assurance is required on **all** sustainability information, including materiality assessments. Outside of the EU, assurance requirements are mandated on a country-by-country basis and continue to be enacted.
- The US SEC's climate rule requires assurance only on Scope 1 and 2 GHG emissions.
- The International Auditing and Assurance Standards Board (IAASB) is currently developing the International Standard on Sustainability Assurance (ISSA) 5000 to provide a comprehensive, standalone standard suitable for any sustainability assurance engagements.

Keeping in touch

Contacts



Mark Taylor

Audit Quality Leader – Insurance
KPMG International Standards Group
Mark.J.Taylor@kpmgifrg.com



Bob Owel

Associate Partner
KPMG International Standards Group
Bob.Owel@kpmgifrg.com



Patouche Van Staaij

Executive Director
KPMG in Belgium
pvanstaaij@kpmg.com

With thanks to our additional contributors

Sarrah Go

Rachel Aistrop



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