Date: 21 October 2019

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Partners, Observers and Patrons

Copy: Correspondents, IAA Full and Associate Member Associations
Chairs of IAA Committees and Sections

From: Gabor Hanak, President IAA

Re: Draft Statement of Intent (SOI) for IAA Activities on Climate-related Risks

We are pleased to attach a draft Statement of Intent (SOI) for IAA Activities on Climate-related Risks. The draft SOI was developed by the Climate Risks Task Force of the Executive Committee (EC). The EC approved this draft SOI on 15 October 2019 for consultation with IAA member associations and to include in the 30-day Council agenda for Tokyo as a discussion item.

Background

Climate-related risks have the potential to seriously affect the entire world. The effects of climate-related risks are now actively being considered by governments, regulators, the insurance and reinsurance industries, pension plans and other entities around the world. Several global/high-level groups have already provided important direction on potential financial sector responses to these risks.

Addressing climate-related risks presents an opportunity for the actuarial profession to broaden the scope of its contributions to risk management. The most urgent need is in existing actuarial practice areas, including pensions and many types of insurance. In addition, this may present opportunities for the profession to contribute to the management of risks relating to the wider field of environment risks. As such, it is very much in line with IAA’s mission and vision as it will help the IAA place actuaries as globally recognized leading experts in risk management, while also contributing to the well-being of society.

Several supranational organizations are actively addressing the topic of climate-related risks and have approached the IAA for input and meaningful engagement. As such, the EC has recognized the urgent need for the IAA to develop a plan and a strategy to respond to the needs of its supranational partners, member associations and the global actuarial profession and propose a new strategic initiative for the IAA after due consultation with our member associations.

In August 2019, the EC formed its Climate Risk Task Force to develop SOI for IAA Activities on Climate-related Risks. The purpose of the SOI is to describe the background of climate-related risks from an actuarial point of view, support the proposition that a new strategic initiative needs to be launched by the IAA and provide a summary of the proposed actions so that, upon acceptance of the SOI, the new strategic initiative of the IAA on climate-related risks will be based on the SOI.
The SOI needs to be thoroughly discussed by the IAA member associations. Based on the comments, a final SOI will be presented for approval by the IAA Council.

**Request for comments**

I’m pleased to present the draft SOI prepared by the Climate Risk Task Force for your review and comments.

We are open to all comments and questions and are particularly grateful for comments in these areas:

1) Do you agree that the IAA should launch a new strategic initiative related to climate-related risks as proposed in the draft SOI?

2) Are any of the proposed activities inappropriate for the IAA to engage in? If yes, please explain why the particular activity should not be commissioned.

3) What other activities should be included in the SOI?

   Please cover why you wish to include the proposed activity, and if appropriate provide an example to support your proposal. Please note that IAA activities are not intended to address unique, country-specific issues. Member associations and local organizations would be better placed to address such issues.

**Next Steps**

We ask you to distribute the draft SOI widely within your organization, and to any other interested parties in your jurisdiction. **The deadline for comments on this draft SOI is 31 December 2019.**

**Comments should be addressed to climaterisk.comments@actuaries.org** with “SOI for Climate Risk” in the e-mail header, preferably using the attached MSWord Comment Template.

Alternatively, or in combination with the attached Comment Template, a MSWord (or equivalent) attachment would be acceptable. If a markup of the draft SOI is submitted, we recommend using the “Comment” feature liberally, giving reasons for proposing the change. All comments will normally be posted to the IAA website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

Thank you in advance for your attention to this matter. The EC and its Climate Risk Task Force look forward to your response.