Actuaries Strengthen Support for Climate Risk Management

The International Actuarial Association (IAA) has been leading global work on how the actuarial profession is contributing to the assessment and mitigation of climate-related risk. We are at a critical moment in global transformative climate action. It is important that we collectively reflect on ways to respond to emerging impacts of climate change by realigning our priorities to ensure reasonable life conditions for future generations.

The IAA recognizes that actuaries can play an important role in inter-disciplinary assessment of climate-related risks and contribute to the discussion of risk management and adaptation measures including their impact on insurance and social security systems, protection gaps, vulnerabilities, affordability, insurability, and resilience.

Actuaries are trained in the rigorous analysis of risks and developing ways to manage them, taking into account the complexities of multiple stakeholder interests and recognizing a professional responsibility to protect the public interest. Increasingly, traditional protection through financial products and processes is accompanied by advice on behaviour changes to mitigate risks as they arise. This is highly relevant in the context of climate change where the actuarial contribution includes assessment of financial risks as well as scenarios that demonstrate the benefit from encouraging behaviour change.

As global leaders gather for COP28, the IAA is committed to provide ongoing support for the goals set forth by the conference and through our many partnerships. Two IAA delegates will be attending COP 28, representing the global profession. We hope the first Global Stocktake (GST) will provide a comprehensive assessment of the progress since adopting the Paris Agreement, helping to align the efforts on climate action, including measures that need to be put in place to bridge the gaps in progress.

Since the creation of the Climate Risk Task Force (CRTF) in 2020, the CRTF has produced six papers on this subject. The IAA is expecting to add a seventh paper, Actuarial Considerations Around Climate-Related Risks on Social Security, early next year. In addition, the IAA has jointly published Climate Science: A Summary for Actuaries - What the IPCC Climate Change Report 2021 Means for the Actuarial Profession in March 2022.

The IAA has begun to explore topics such as water-related risks and the UN Sustainable Development Goals, and how actuaries can add value to these important discussions. Furthermore, the IAA is set to begin the development of a model standard for actuaries providing services in relation to the IFRS S2 standard published by the International Sustainability Standards Board (ISSB).

The IAA wishes to encourage all parties concerned with the challenges of climate risks to actively involve actuaries in their discussions and deliberations. Actuaries are not only risk management experts in the traditional financial services sectors; they are also a readily accessible and knowledgeable resource of expertise for emerging issues such as climate risks. Actuaries are part of a global profession working to ensure the public interest is served.

To learn more about the work of the IAA on this topic, contact the Director of Technical Activities at the IAA Secretariat.

Ce communiqué de nouvelles est aussi disponible en français.

IAA Publications on Climate-Related Issues
The IAA is the worldwide association of professional actuarial associations, representing approximately 70,000 actuaries in more than 115 countries, with seven special interest Sections for individual actuaries. The IAA was founded in 1895 and exists to encourage the development of a global actuarial profession, acknowledged as technically competent and professionally reliable, which will ensure that the public interest is served. The IAA has 73 Full Member Associations and 26 Associate Member Associations.

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