

SUSTAINABILITY IN SUPERVISION AT EIOPA

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Eurofiling

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EIOPA PUBLIC

[Homepage - European Insurance and Occupational Pensions Authority](#)

Follow up questions

More info?




European Insurance and
Occupational Pensions Authority

AGENDA



EU Plan for Climate Resilience and risk management

- **Relevant EIOPA Developments and Proposals**
 - Collecting data for natural catastrophes
 - Supervisory perspective
 - Use case of satellite data for EIOPA 
 - EIOPA's work on taxonomy



EUROPEAN PLAN FOR CLIMATE RESILIENCE AND RISK MANAGEMENT – **integrated framework**



- The European Commission identified the need for a **European Climate Adaptation Plan** to support Member States, notably on preparedness and planning and ensure regular science-based risk assessments.
- Europe is the fastest warming Continent and is already facing substantial losses, destruction and costs from climate-related impacts and risks, driven by more frequent and intense heatwaves, droughts and heavy rainfall events.
- Commission has [recently run a public consultation](#) to fill knowledge and evidence gaps in climate risk assessments and disclosure, regulatory frameworks and standards, governance and oversight, incentives and enforcement, financial frameworks, cross-border cooperation and consistency, sector policy commitments and contributions, stakeholder engagement and participation, emerging socio-economic trends, and technological innovation.

Objective:

Comprehensive and coherent EU approach to climate resilience and preparedness, at National and EU level.

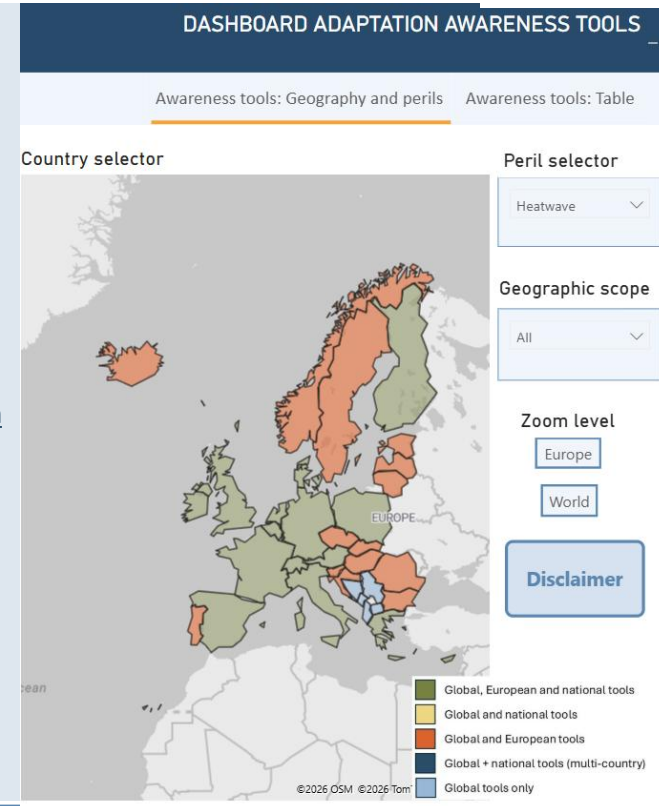


RELEVANT EIOPA DEVELOPMENTS AND PROPOSALS

EIOPA CONTRIBUTIONS TO THE EUROPEAN PLAN



- EIOPA activities relevant for the framework under development by the Commission, namely:
 - Promotion of awareness Nat Cat risks and prevention measures (**PROTECT**)
 - Promotion of a [European system for natural catastrophe risk management](#) (with ECB)
 - [Sharing the risk: A European approach to natural catastrophe risk management \(with ESM\)](#) (April 2026)
- Next steps by the Commission:
 - Policy package to be adopted in H2 2026



LATEST DEVELOPMENTS

EIOPA

Manage sustainability risks

- Public statement on the monitoring exercise on the use of climate change scenarios in the ORSA - [Link](#)
- Report on biodiversity risk management by insurers – [Link](#)
- Series of workshops focussed on building capacity and sharing good practices on the supervision of sustainability risks

Address protection gaps

- Natural catastrophes, is your home covered? (IPID analysis) – [Link](#)
- Update of the Dashboard on insurance protection gap for natural catastrophes under finalisation. In-depth review to start in 2026.

Foster sustainable behaviour

- Mystery shopping exercise EU insurance sector – Uncovering the IBIP Sales Process – [Link](#)
- Fourth annual Report on the extent of voluntary disclosure of principal adverse impacts (PAIs) under SFDR – [Link](#)

Share expertise and data on NATCAT risks

- Roundtable on navigating the future on climate risk assessment and prevention (June)
- EIOPA Cat Day – training for supervisors and exchanges with Vendors – early December



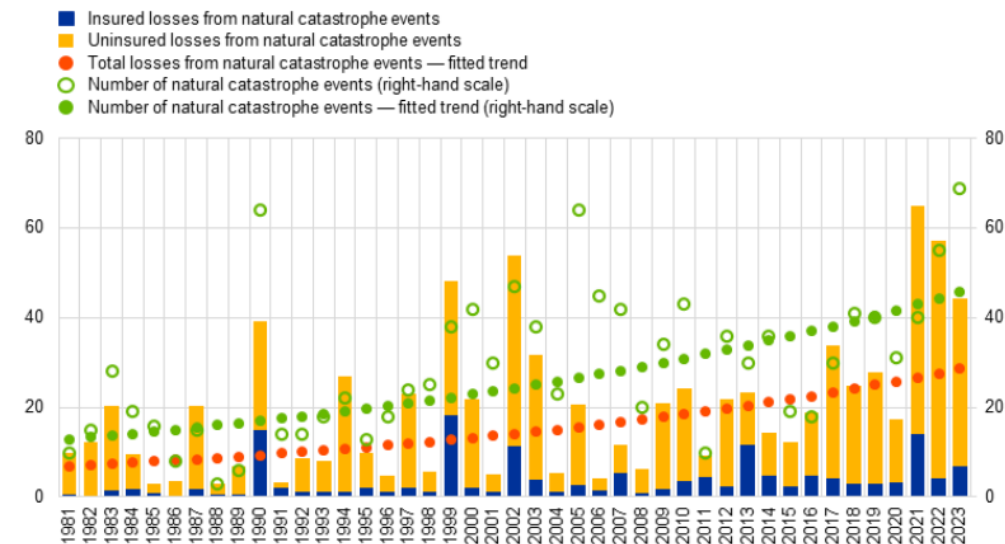
COLLECTING DATA FOR NATURAL CATASTROPHES

OVERALL VIEW

- Economic losses from extreme weather are increasing.** Between 1981 and 2023, natural catastrophe-related extremes caused around EUR 900 bn in direct economic losses in the EU, with more than a fifth of the losses occurring in the last three years (2021: 65 billion; 2022: EUR 57 billion; 2023: EUR 45 billion).
- Society's attention to Nat Cat is increasing every day.

Economic losses from and number of natural catastrophes in the EU

(1981-2023; EUR billions as measured in 2023 values, number of events)



Sources: CATDAT (Risklayer GmbH – Europe Climate related impact Analysis Project), EIOPA's [Dashboard on insurance protection gap for natural catastrophes – European Union \(europa.eu\)](#) and EM-DAT.

SUPERVISORY PERSPECTIVE

Alignment of supervisory and conduct approaches in supervision

- Supervisors should focus on the financial risks arising from the sustainability transition and sustainability claims
- To enable sound and forward-looking risk assessments, NCAs should build a sufficient understanding of sustainability information to assess and challenge the conduct and prudential sustainability-related financial risks
- Supervisors should not be expected to check whether sustainability risk data reported to NCAs or published, and claims are scientifically correct, but rather assess their credibility (soundness) and hence be able to challenge the risk implications
- NCAs should follow a risk-based approach to supervision, proportionate to the identified risks

SUPERVISORY PERSPECTIVE

- The impact of the exposure of insurance and reinsurance undertakings to natural catastrophes poses risks from a prudential perspective, for policyholder protection and financial stability. Insured losses from natural catastrophes are also increasing at global level.
- It is of paramount importance that these risks are further integrated into the supervisory reporting framework.
- This will allow supervisors to **develop a holistic approach on the assessment and monitoring of such risks**, both from a micro as well as from an aggregate market-wide perspective.

THE NEW INFORMATION REQUESTED

- **ITS amendments on reporting** introduces the requirement insurance and reinsurance undertakings (excluding SNCUs*) to report nat cat data on an annual basis (i.e. annually undertakings would report on the events of that year, if any).
- On this basis **2 new templates** proposed (S.27.02 and S.27.03) for reporting nat cat insured data on an annual basis. The templates will collect information on claims per peril and exposure data. The data would be collected at CRESTA level for direct insurers and at country level for reinsurers.
- To the contrary the **template on Climate change-related risks to investments (S.06.04) has been simplified.**

* Small and Non-Complex Undertaking (SNCU)

IMPACT ASSESSMENT

- The two new templates are expected to bring an increase of ~4% by number of templates and <1% in data points.
- This new information on cat data would also bring benefit to the insurance industry and was supported in the final report from the [Climate Resilience Dialogue](#) which mentions “EIOPA to work towards improving the open access to catastrophe data by collecting and sharing insured losses and insured exposure data for natural catastrophes (see for example the pilot [Catastrophe Data Hub - EIOPA](#)).”

The [Climate Resilience Dialogue - European Commission](#) is a special group co-chaired by the EU Commission and is one of the actions the Commission has undertaken to reduce the climate protection gap, as announced in the [EU Strategy on Adaptation to Climate Change](#) and the [Strategy for Financing the Transition to a Sustainable Economy](#). 17 organisations are participating in the Dialogue to represent the full range of different stakeholders and actors (insurers, reinsurers, risk managers, public authorities and regions, and representatives of consumers and the real economy).

NAT CAT DATA&USABILITY

- In 2021/2022, EIOPA tested the collection of additional nat cat data and associated template. The data were used for two deliverables at that time: EIOPA's [physical risk analysis](#) and [protection gap dashboard](#).
- The data collected in the ad-hoc data collection in 2021/2022 were used in the 2023 thematic article "Assessing future river flood risk for the European insurance sector using the open-source CLIMADA model"[Financial Stability Report June 2023 \(europa.eu\)](#).
- The data have also been published on EIOPA's website [Catastrophe Data Hub – EIOPA](#).

ADDITIONAL USE FOR THE SAME DATA

- Public aggregate data would also be available to support the [risk assessment/management by the sector and as such benefits all market players](#).
- From a [sustainable finance prudential](#) perspective, EIOPA observes that many analyses have been conducted on the asset side and transition risks*. While this is important, EIOPA is concerned that less analyses are done to understand the impact of physical risks**. This is of particular importance for the insurance industry as they cover natural catastrophe risks. One reason for not having more physical risks analyses is the lack of data needed to do so.
- The same data would be used to fulfil [EIOPA's key priority to address the insurance protections gap](#). For example, the exposure and claims data are used as input of EIOPA's [insurance protection gap dashboard](#).

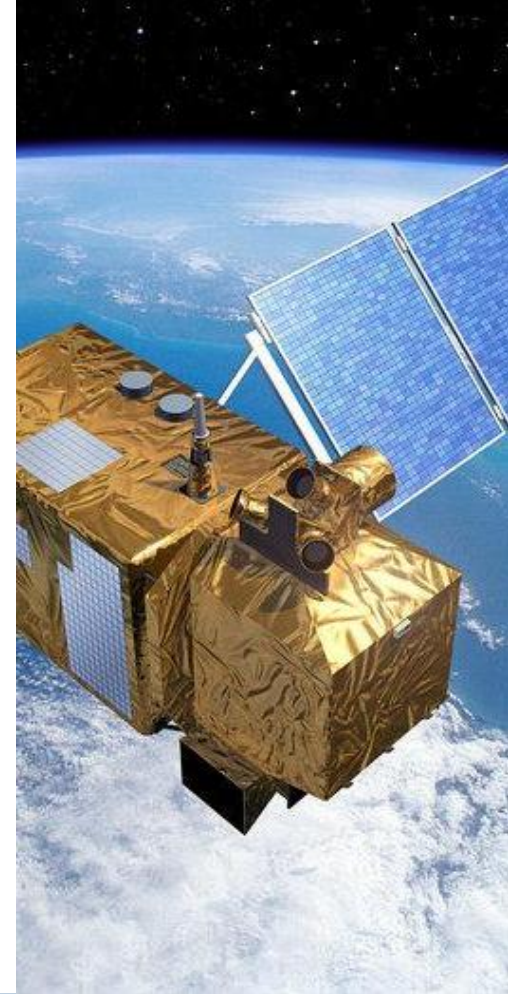
*the financial risk arising from the process of shifting to a low-carbon economy **harm to people and property arising from acute, climate-related disaster events such as floods, storms...



USE CASE OF SATELLITE DATA FOR EIOPA

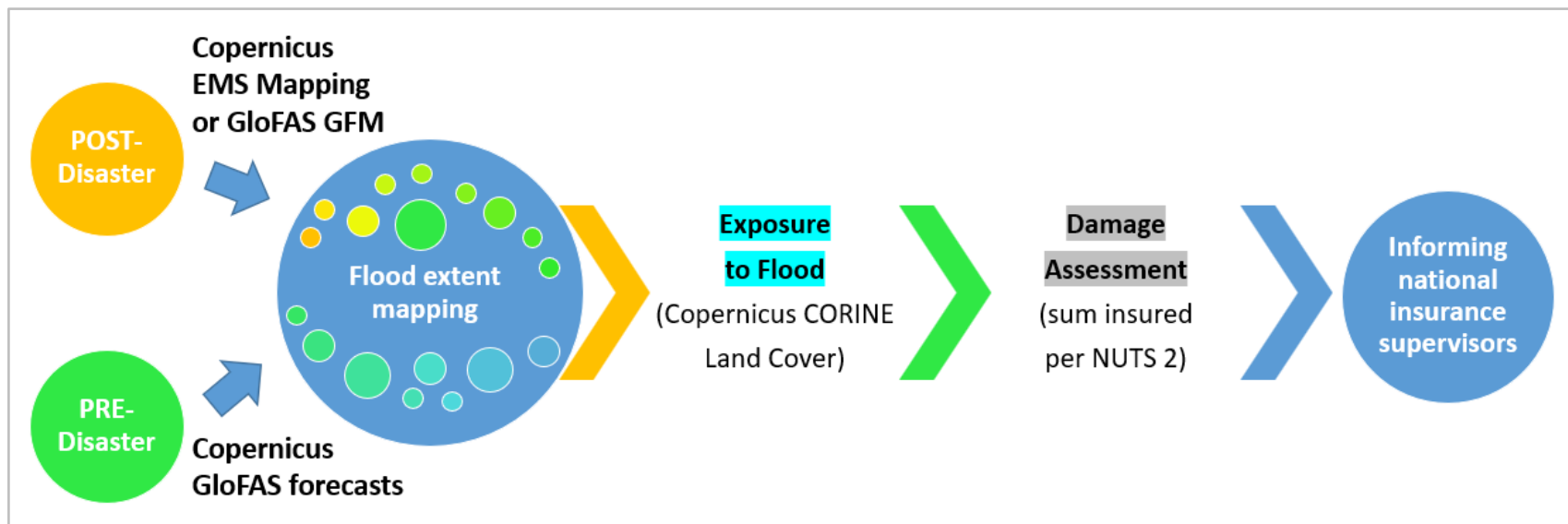
USE CASE OF SATELLITE DATA FOR EIOPA

- EIOPA as a **Centre of excellence on catastrophe model and data**, has signalled that more innovation is needed to ensure a better supervision of extreme events.
- EIOPA is therefore interested in better understanding how **Earth Observation (EO) data and services** can be used to **support the insurance sector in natural hazard events analysis**.
- EIOPA worked together with the EUSPA* on a proof-of-concept (PoC) to leverage multiple EO data sources to build a **pre- and post-disaster flood analysis tool**.
 - **EU's Copernicus DATA**
- **Copernicus Program** operated by European Space Agency (ESA) provides essential Earth Observation capabilities.
- **Copernicus Emergency Management Service (EMS)** uses satellite imagery to provide mapping service in cases of natural hazards throughout the world.
- The **Copernicus CORINE Land Cover** product offers a pan-European land cover and land use inventory.



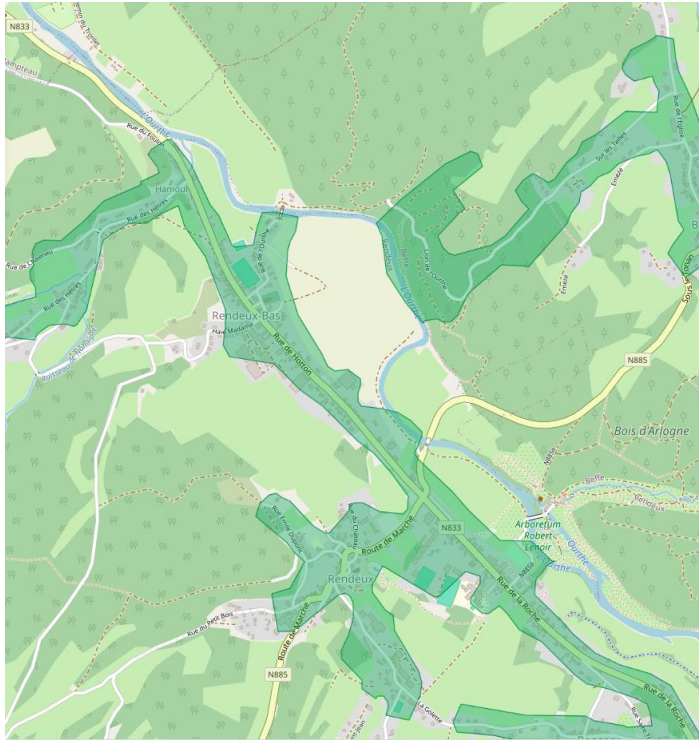
HOW THE IDEA CAN WORK (PROOF OF CONCEPT - POC)

The PoC focused on generating flood footprints, estimating exposure and calculating potential damages to insured assets.

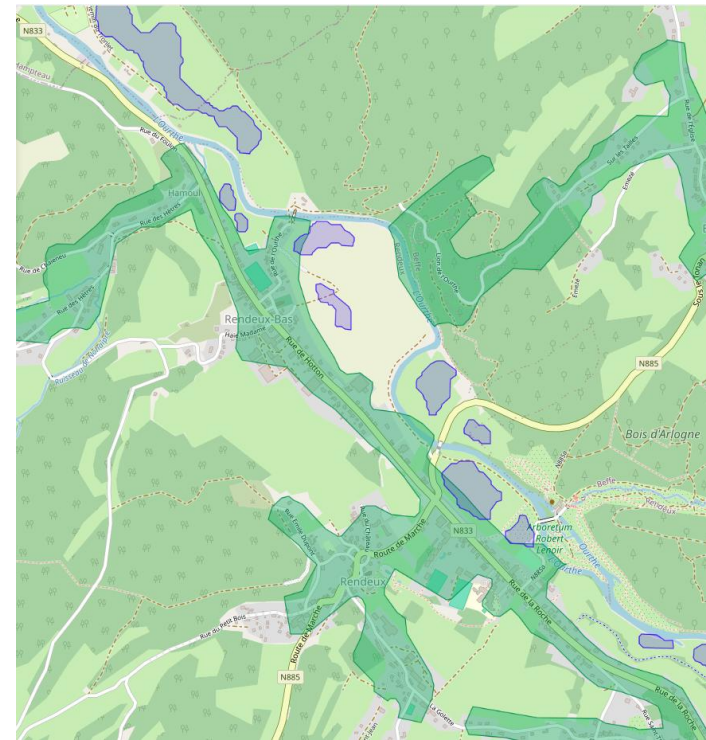


Pre & Post Event analysis related to floods

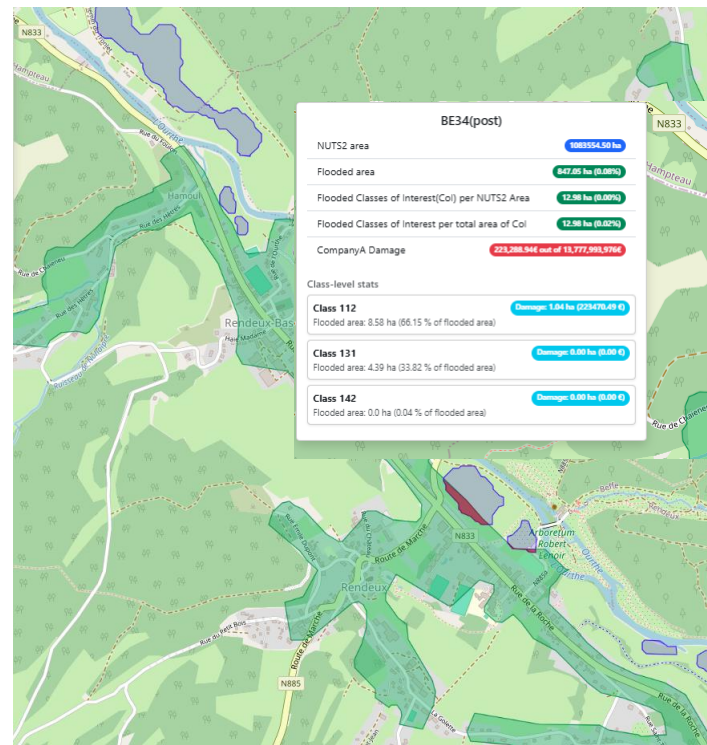
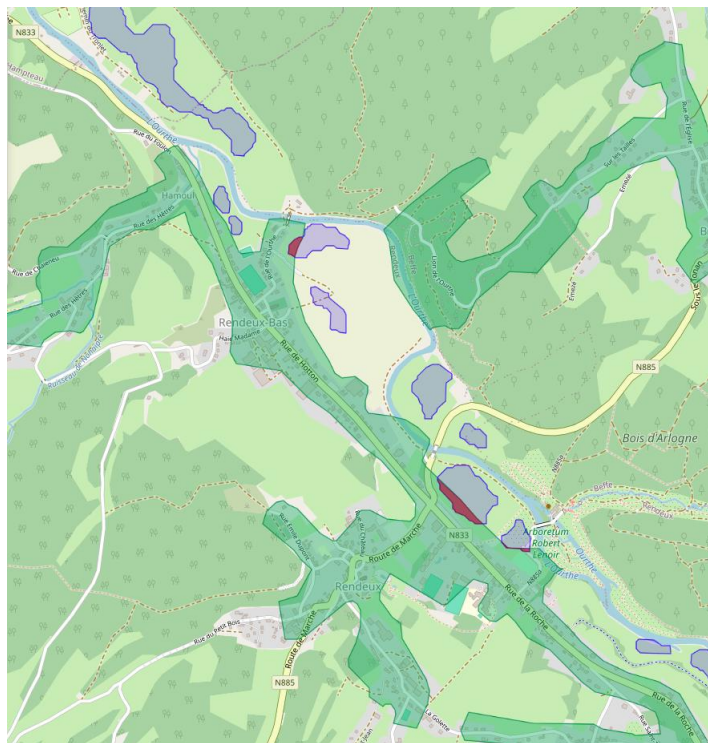
IDENTIFY RESIDENTIAL AREA



IDENTIFY FLOODED AREA



IDENTIFY RESIDENTIAL AREA IMPACT BY THE FLOOD



CONCLUSIONS

- The Copernicus datasets and services were used to generate accurate flood extent maps and assess the exposure of insured assets.
- Together, they can enable EIOPA to perform data-driven evaluations of flood events, laying the groundwork for improved supervisory tools and methodologies.
- EO (Earth observation) based tools can for example help supervisors to quickly assess which companies might be impacted during or after an event.
- EO data can also help to develop scenario analyses.
- EIOPA will continue to explore the usage of EO data for supervisory purposes.



EIOPA'S WORK ON TAXONOMY

OBJECTIVES

- The European Commission sent a call for advice to EIOPA to review the Taxonomy underwriting KPI **by October 2026** and assess an additional KPI showing how much of the insurers' non-life business covers green companies and objects.

- For EIOPA the goal of the review is to:
 1. **Improve transparency and simplify the disclosure requirements** for insurance undertakings, and increase comparability of disclosure approaches in the sector;
 2. Promote **greater consistency** with other financial sectors by considering to adopt a “look through” approach to insured companies/objects.
 3. Strengthen the disclosures' **decision-usefulness for users** of the annual reports

- Tasks with ESMA and EBA: increase meaningfulness of Group reporting and advise on whether voluntary use of Operational Expenditures of financed companies as measurement of sustainability performance

WHAT IS THE TAXONOMY?

Flow of environmentally sustainable information

Activity level

Classification of environmentally sustainable economic activities (Taxonomy Regulation)

Company level

market transparency tool
Corporate disclosures for issuers in (Taxonomy Regulation + CSRD)

Investment level

helps direct investments to activities for the transition to net zero
Financial product disclosures in (Taxonomy Regulation + SFDR)

BACKGROUND

- Large undertakings are required to disclose in their Annual Report on their material environmental performance measured by the EU Taxonomy disclosure rules.
- The own activities of other financial sectors are not listed in the Taxonomy, but their KPIs still capture their enabling role by showing how much they finance Taxonomy-aligned activities.
- For insurance undertakings the disclosure consist of two KPIs:

Underwriting
KPI

- **Requires to disclose the share of premiums that are Taxonomy-eligible and -aligned relative to all non-life business**, hence the share of premiums covering natural catastrophes which incentivise policy-holders to adopt preventive measures

Investment
KPI

- **Requires to disclose the share of investments that finance Taxonomy-eligible and Taxonomy-aligned activities** by using the Taxonomy-data of large investee companies

CURRENT REPORTING CHALLENGES AND SHORTCOMINGS

- EIOPA analysed Taxonomy disclosures of 15 (re)insurance undertakings to identify the main challenges faced in current reporting
- Underwriting KPI:
 - On average reported approx. **3% of Taxonomy-alignment** of the total non-life Gross Written Premiums
 - Divergence in methodological approaches across jurisdictions results in **low comparability of reported Taxonomy-eligible activities**
- Main challenges reported relate to methodological constraints in the KPI calculation and data availability and quality issues.

CONSULTATION

- **Consultation is scheduled for July- mid August 2026**
- EIOPA will invite stakeholders to comment in the consultation on:
 - how to improve the underwriting KPI
 - the combined underwriting KPI
 - whether to add a KPI that would follow a look-through approach to sustainable insured activities



THANK YOU!

For more information visit:
<https://www.eiopa.europa.eu>