CATASTROPHE RISK MODELLING: EIOPA’S PERSPECTIVE

Presenter: Marie Scholer
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EIOPA’S PRIORITIES ON SUSTAINABLE FINANCE

- Promote sustainability reporting and fight greenwashing
- Foster the understanding of cat models and ensure access to data
- Measure gaps and develop solutions addressing consumer protection and financial stability
- Integrate ESG risks in prudential framework & analyse risks
- Address protection gaps
- Share expertise and data
- Foster sustainable behaviour
- Promote sustainability reporting and fight greenwashing

Sustainable finance (europa.eu)
Understanding catastrophe risks is crucial for supervisors, the insurance industry and the public sector.

Catastrophe models are for example used to:
✓ Improve the accuracy of risk assessment for the industry, supervisory community and public sector.
✓ Improve prevention measures
✓ Increase risk awareness to policyholders, citizens...
MONITOR THE INSURANCE PROTECTION GAP

Dashboard on insurance protection gap for natural catastrophes (europa.eu)
EIOPA developed a user interface for the open-source catastrophe model CLIMADA.

This case study aims to encourage further developments, help stakeholders to start doing catastrophe modelling ...

EIOPA’s website: Open-source tools for the modelling and management of climate change risks (europa.eu)
The new EU climate change adaptation strategy: “More and better climate-related risk and loss data”

- promote and support the use of its Risk Data Hub to harmonise the recording and collection of comprehensive and granular climate-related risk and losses data, and promote national level public private partnerships to collect and share such data;
- explore with EIOPA and industry the best ways to improve the collection of uniform and comprehensive insured loss data, and will empower EIOPA as needed;
- extend the scope of public access to environmental information in the INSPIRE Directive to include climate-related risk and losses data.
CHALLENGES AND OPPORTUNITIES

Challenges
✓ Need common understanding
✓ Open source not always user friendly
✓ Intellectual property of commercial models

Opportunities
✓ Better understanding
✓ Better supervision
✓ More awareness
WHAT’S NEXT?

- Conscious of the importance of data and models for an appropriate assessment and management of catastrophe risks, **EIOPA will implement activities to establish itself as a Centre of Excellence in catastrophe models and data.**

- More to come at EIOPA’s sustainable finance conference on the 14th of December 2023 (online event).

- Register at:

  [EIOPA's 7th Sustainable Finance Conference (europa.eu)](https://europa.eu)
THANK YOU!

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