



Brazil becomes world's first insurance market to commit to climate risk transparency

Latin America's largest insurance market declares support for promoting dialogue on practical and effective ways to meet the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures

24 May 2018, Rio de Janeiro—Brazil has made an unprecedented commitment to climate risk transparency by becoming the first insurance market in the world to declare its commitment to promoting dialogue on the recommendations of the [Financial Stability Board's \(FSB\) Task Force on Climate-related Financial Disclosures \(TCFD\)](#).

The [Rio declaration on climate risk transparency by the Brazilian insurance industry](#) states that left unchecked, climate change poses a serious threat to the sustainability of insurance markets and the financial system, and of communities and economies around the world.

"Managing risk is the core business of the insurance industry. This includes understanding and reducing risks in the insurance industry's underwriting and investment activities associated with both the physical impacts of climate change and the transition to a low-carbon economy," **said Marcio Serôa de Araujo Coriolano, President of the Brazilian Insurance Confederation (CNseg)**.

Financial risks due to climate change primarily present themselves through the physical impacts of climate change—for example, increasing frequency and severity of droughts, floods and storms due to rising global temperatures—and through the transition to a low-carbon economy—for example, developments in climate policy, new disruptive technology, or shifting investor sentiment.

"Climate risk transparency is essential to the sustainability of insurance markets and the financial system. Understanding the financial impacts of climate risks on the insurance industry is part of my core mandate as an insurance regulator and supervisor," **said Joaquim Mendanha de Ataídes, Superintendent of the Brazilian Superintendence of Private Insurance (SUSEP)**.

Brazil is Latin America's largest insurance market and one of the few markets in the world where leading insurers, the national insurance association (CNseg), and the national insurance supervisor (SUSEP) have all signed [UN Environment's Principles for Sustainable Insurance](#), creating a shared aspiration.

"From the 1992 Rio Earth Summit to the launch of UN Environment's Principles for Sustainable Insurance Initiative (PSI) at the 2012 UN Conference on Sustainable Development in Rio, Brazil has demonstrated unparalleled sustainability leadership," **said Butch Bacani of UN Environment, who leads the PSI, the largest collaborative initiative between the UN and the insurance industry**. "This 2018 Rio declaration on climate risk transparency supports the goals of the Paris Agreement on Climate Change, and is another shining example of leadership for other insurance markets to follow. Brazil is saying that by measuring climate risks better, it can manage climate risks better."

The Rio declaration was signed last 15 May at the event, [Shaping the sustainable insurance agenda in Latin America](#), convened by the PSI and CNseg, and supported by SUSEP. The event brought together leading insurers, insurance regulators and supervisors from 15 jurisdictions, investment firms, international initiatives, UN agencies, business and industry, civil society organizations, and academia.



A diverse group of participants attended this landmark international event, coming from Latin America—including Brazil, Costa Rica, Guatemala, Mexico and Paraguay—and from other regions around the world—including Australia, Belgium, France, Germany, Guernsey, Japan, South Africa, Switzerland, The Netherlands, UK and the USA. The aim was to discuss ways to strengthen the insurance industry’s contribution to building resilient, inclusive and sustainable communities and economies as risk managers, insurers and investors.

Other topics that were covered include how the PSI is shaping the global sustainable insurance agenda; managing environmental, social and governance risks in non-life insurance underwriting; key sustainability challenges and opportunities in the life and health insurance business; the significance of sustainability issues to insurance regulation and supervision; and sustainable investment strategies, innovations and trends in the insurance industry.

The next PSI event in Latin America will be the first sustainable insurance market event in Costa Rica, which will be held in San José this August.

Notes to editors

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About the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosures (TCFD)

In June 2017, the TCFD, chaired by Michael R. Bloomberg, released its final recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors. The TCFD’s 32 members were chosen by the FSB to include both users and preparers of disclosures from across the G20’s constituency covering a broad range of economic sectors and financial markets. According to the TCFD, better access to data will enhance how climate-related risks are assessed, priced, and managed. Companies can more effectively measure and evaluate their own risks and those of their suppliers and competitors. Investors will make better informed decisions on where and how they want to allocate their capital. Lenders, insurers and underwriters will be better able to evaluate their risks and exposures over the short, medium, and long-term.

www.fsb-tcf.org

About the Brazilian Insurance Confederation (CNseg)

CNseg is the association that represents Brazilian life, non-life and supplementary health insurers, open private pension entities, and capitalization companies.

<http://cnseg.org.br>



About the Brazilian Superintendence of Private Insurance (SUSEP)

SUSEP is the Brazilian insurance supervisor, with a mandate to authorize, control and monitor the insurance, including both private and mandatory, open private pension, capitalization, and reinsurance markets.

www.susep.gov.br

About UN Environment's Principles for Sustainable Insurance Initiative (PSI)

Endorsed by the UN Secretary-General and insurance industry CEOs, the Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance (ESG) risks and opportunities—and a global initiative to strengthen the insurance industry's contribution as risk managers, insurers and investors to building resilient, inclusive and sustainable communities and economies.

Developed by UN Environment's Finance Initiative, the PSI was launched at the 2012 UN Conference on Sustainable Development in Rio de Janeiro (Rio+20 Conference), and has led to the largest collaborative initiative between the UN and the insurance industry. 120 organizations worldwide have adopted the four Principles for Sustainable Insurance, including insurers representing more than 25% of world premium volume and USD 14 trillion in assets under management.

www.unepfi.org/psi