

[EIOPA launches discussion paper on a methodology for integrating climate change in the standard formula](#)

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published a [discussion paper on a methodology for the potential inclusion of climate change in the Solvency II standard formula](#) when calculating natural catastrophe underwriting risk.

This discussion paper is a follow-up to EIOPA's [Opinion on Sustainability within Solvency II](#) issued in September last year, which concluded that there is a need to consider if and how climate change-related perils could be better captured in the Solvency II framework under the natural catastrophe risk submodule.

The frequency and severity of natural catastrophes is expected to increase due to climate change. Improved climate projections provide evidence that weather extremes such as heat waves, heavy precipitation, droughts, top wind speeds and storm surges will rise in many European regions. To ensure the financial resilience of (re)insurers covering natural catastrophes, the solvency capital requirements for natural catastrophe underwriting risk need to remain appropriate in light of climate change.

In line with that, EIOPA proposes different methodological steps and process changes to integrate climate change in the calculation of natural catastrophe risk and invites all interested stakeholders to provide comments by 26 February 2021.

[Fill in the survey](#)

EIOPA will consider the feedback received and expects to publish the final report in the summer of 2021 together with a feedback statement on the consultation responses of stakeholders.