

# Summary of the Transition Plans Working Group Report

October, 2024

UNDP's SIF report showcases the collected insights on supervisory perspectives from insurers representing about **30% of global net insurance premium** underwritten. Developed under the guidance of SIF's working group encompassing 15 members, it investigates the potential roles that insurance supervisors can take on as insurers work towards decarbonization, examines the current regulatory landscape, highlights the challenges of developing guidance on transition plans, and identifies key components of credible transition plans.

## Key findings include:



Most supervisors are at an early stage of conceptual thinking around insurers' transition plans and transition planning. There's **significant uncertainty due to** diverse scopes of supervisory mandates, and lack of clear approaches. Indeed, about **30% of respondents have formal definitions** of transition plans, while another **30% are considering it**.



There is considerable **ambiguity and complexity** in the market, due to different supervisory mandates, a lack of defined supervisory approaches, and other **supervisory challenges** regarding transition plans: Although 68% of supervisors see transition plans as part of risk management, 87% haven't set specific requirements or guidance on them. Many are waiting for further international consensus, or facing methodological, capacity and resource constraints.



Supervisors face acute challenges, as **data adequacy, accuracy, and accessibility issues**, along with capacity constraints. There is also lingering uncertainty regarding the role and mandate, together with a lack of internationally standardized definitions, best practices, and global guidance on transition plans.



Nonetheless, transition planning-related **frameworks and guidance are being developed**, to further the development of credible climate transition plans for insurers. Supervisors agreed they can support insurers by providing guidance on metrics, capacity building, and improving data access.



Recommended next steps for insurance supervisors include improving coordination between authorities and stakeholders to implement policies, **align actions to cover risks comprehensively** and limit reputational risks; providing regulatory clarity; addressing data challenges; pooling capacity building resources and where suitable; advocate for an international baseline and globally consistent guidance from international standard setters on key features of credible transition plans to **provide consistency and clarity** across jurisdictions.

