

DFS Issues Climate Change Analysis: Road Map of Good Practices from Insurers' Reporting

August 9, 2021

The New York Department of Financial Services (the “DFS”) issued an analysis at the end of July 2021 (the “Analysis”)¹ of survey responses and other reporting by New York domestic insurers (“insurers”) on climate change issues. The Analysis follows upon the announcement of proposed guidance (the “Guidance”) in March 2021 setting out the DFS’s expectations on insurers’ management of climate change risks.²

In the Analysis, the DFS reviews responses from over one hundred insurers to the National Association of Insurance Commissioners (“NAIC”) Climate Risk Disclosure Survey (the “Survey”), as well as insurers’ Task Force on Climate-Related Financial Disclosures (“TCFD”) responses.

The Analysis matches expectations set forth in the Guidance with examples of good practices reported by insurers in the Survey and TCFD that are in line with the DFS’s expectations. For example, with respect to the Guidance’s expectation that insurers have a cross-functional response to address climate risks, the Analysis highlights as a good practice an insurer with a sustainability committee co-chaired by its chief risk and investment officer and its head of corporate responsibility. The published examples may function as a roadmap for DFS climate change risk management regulations and examinations.

The Analysis concluded that most insurers are “making progress” on incorporating climate risks into their governance frameworks, risk management processes and business strategies. As the DFS acknowledged in the Guidance, the incorporation will be progressive and proportionate, using these good practices as a guide.

¹ The New York Department of Financial Services, New York Domestic Insurers’ Management of Financial Risks from Climate Change: An Analysis of NAIC Climate Risk Disclosure Survey Responses and Other Reporting, issued July 2021, available [here](#).

² For further information on the Proposed Guidance for New York Domestic Insurers on Managing the Financial Risks from Climate Change, issued by the New York Department of Financial Services, dated March 25, 2021, please see our previous client alert [here](#).

We expect that the Analysis and its roadmap of good practices will require a significant amount of industry attention over the next few months, and we would be happy to consult on any of these issues.



Eric R. Dinallo
Partner, New York
+212 909 6565
edinallo@debevoise.com



Brita M. Siepker
Associate, New York
+212 909 6263
bsiepker@debevoise.com