



JURISDICTION: US – NEW YORK

AUTHORITY: NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

Background

The *New York State Department of Financial Services* (DFS) supervises and regulates the activities of approximately 1,500 banking and other financial institutions with assets of more than US\$2.6 trillion and nearly 1,800 insurance companies with assets of more than US\$4.7 trillion. DFS's Insurance Division oversees 134 life insurance companies, 1,168 property/casualty insurance companies, 87 health insurers and managed care organizations, and more than 375,000 individual insurance licensees. DFS's Banking Division oversees 122 state-chartered banks, 80 foreign branches, 10 foreign agencies, 17 credit unions, 13 credit rating agencies, 388 financial services companies, and more than 9,455 mortgage loan originators and servicers.

DFS's mission is to reform the regulation of financial services in New York to keep pace with the rapid and dynamic evolution of these industries, to guard against financial crises, and to protect consumers and markets from fraud.

Sustainability objectives

Under Governor Cuomo's leadership, New York State has become a global leader on combating climate change and promoting clean energy. Governor Cuomo currently serves as a co-chair of the United States Climate Alliance, a bipartisan coalition of 25 governors formed after the U.S. federal government decided to withdraw from the Paris climate agreement. In addition, the Governor signed the Climate Leadership and Community Protection Act (CLCPA), which sets the most ambitious greenhouse gas reduction target in the nation, with New York aiming to reach a carbon neutral economy by 2050.

DFS is the first U.S. financial regulator, at the state or federal level, to establish a holistic set of supervisory expectations focused on financial risks posed by climate change for the insurance and banking industries. Specifically, DFS expects:

- New York insurers, as well as New York-regulated banking organizations, licensed branches and agencies of foreign banking organizations, mortgage bankers and mortgage servicers, and limited purpose trust companies, to start integrating the consideration of the financial risks from climate change into their governance frameworks, risk management processes, and business strategies. Entities are encouraged to analyze and describe how climate change affects their investments, liquidity, operations, reputation, and business strategy;
- Certain non-depositories, including New York-regulated money transmitters, licensed lenders, sales finance companies, premium finance agencies, and virtual currency companies, to assess their climate risks and start developing strategic plans to mitigate such risks; and
- New York insurers and regulated depository institutions to start developing their approach to climate-related financial disclosure and consider engaging with the [Task Force for Climate-related Financial Disclosures](#) (TCFD) and other similar initiatives when doing so.



Starting in 2021, DFS will incorporate questions on New York insurers' approach and activities related to climate change during DFS's examination process.

DFS has publicly demonstrated its support for sustainable insurance aims by becoming a supporting institution of the [United Nations Environment Programme Finance Initiative](#) (UNEP FI) [Principles for Sustainable Insurance](#) (PSI).

DFS and the New York State Energy Research and Development Authority (NYSERDA) entered into a Memorandum of Understanding (MOU) to work together to leverage the state's financial sector to address the effects of climate change, support the implementation of New York's ambitious climate goals, and enhance New York communities' climate resilience.

Membership of any other initiatives/networks working on sustainability

- NAIC
- NGFS
- UNEP FI PSI

Recent engagement with SIF

DFS attended SIF's virtual meetings held in May 2020. In addition, DFS provided detailed comments on SIF's Future Work Programme 2021-2023, and enabled SIF to identify areas to prioritize going forward. DFS also provided valuable input to the SIF/IAIS Application Paper on the Supervision of Climate-related Risks in the Insurance Sector, expected to be finalised in early 2021.

In its recent insurance [Circular Letter](#), DFS recognized the important contributions of the SIF/IAIS Issues Paper on [Climate Change Risks to the Insurance Sector](#) to the development of DFS's strategy.

