

# Summary of the Transition Plans Working Group Report

October, 2024

SIF's TPWG report showcases the collected insights from supervisory perspectives on transition plans and planning of insurance supervisors covering 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. Although 68% of supervisors see **transition plans** as part of risk management, 87% have not set specific requirements or guidance on them. About 30% of jurisdictions have formal definitions of transition plans, while another 30% are considering it.



There is considerable ambiguity and complexity in **developing supervisory requirements** on transition plans. Challenges include uncertainty regarding the role and mandate of financial regulators and supervisors with respect to transition plans; data adequacy, accuracy and accessibility issues; resource and capacity constraints; and the 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 by 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** among authorities to share leading practices and align actions and frameworks; advocating for an international baseline and **globally-consistent guidance**; helping regulated entities address data-related challenges; and working with the insurance sector to build and pool capacity-building resources.

