



**Canadian
Institute
of Actuaries**

**Institut
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M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Direction générale du secrétariat et des affaires juridiques
Autorité des marchés financiers
Place de la Cité, Tour Cominar
2640, boulevard Laurier, 3e étage
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Subject: CIA Response to the AMF's Climate Risk Management Guideline

The Canadian Institute of Actuaries (CIA) is pleased to be able to present our comments on the AMF's proposed "Climate Risk Management Guideline." Overall, we find it very clear and well-structured from an overall risk management perspective and with respect to the three lines of defense. However, we believe there are some areas that would require additional in-depth analysis to ensure a smooth transition, and for which we provide specific comments below.

With regards to compliance, we would like to avoid a situation where there is insufficient time between the release of the final guideline and the deadline for companies to provide their responses. Therefore, we would request that any time-related expectations be officially aligned with those from the Office of the Superintendent of Financial Institutions' (OSFI) Guideline B-15 "Climate Risk Management."

The AMF guideline is similar to other regulators' climate-related guidelines in that there are expectations with regards to governance, risk management and climate scenario analysis. On the latter, the industry may need more guidance on how to conduct climate scenario testing over various time horizons. This is especially a concern for property and casualty insurance companies, since their scenario analysis typically focuses on a three-to-five year time horizon.

We appreciate that the AMF guideline explicitly aims for alignment with IFRS S1 and S2 for Scope 1, 2 and 3 of greenhouse gas (GHG) emissions. We feel that the AMF's stance on allowing institutions to disclose plans for obtaining Scope 3 GHG emissions, if not readily available, appears reasonable. Tracking Scope 3 GHG emissions will be challenging, which justifies a more flexible approach. From a Scope 3 emissions reporting perspective, we recommend alignment with OSFI's Guideline B-15 expectations, which identify the Partnership for Carbon Accounting Financials methodology as the one to use for financed and insured emissions.

With regards to fair treatment of clients expectations, discussed in Section 5 of the AMF guideline, we feel that more clarity is needed in terms of the disclosure of product design, marketing and underwriting relevant to climate change. As well, we question whether this

disclosure encompasses how insurers' brokers communicate climate-related considerations, for those relying on third parties for product distribution. Finally, we believe that these expectations require a significant effort to implement and operationalize, and that the AMF should clarify its expectations in terms of timeline.

The CIA appreciates the opportunity to provide feedback on these issues, and we would welcome further discussion with you throughout this process.

If you have any questions, please contact Chris Fievoli, FCIA, Actuary, Communications and Public Affairs, at 613-236-8196 ext. 119 or chris.fievoli@cia-ica.ca.

Sincerely,

Steve Prince, FCIA
President, Canadian Institute of Actuaries



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