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Canada's actuaries advise to include nature risk in climate risk frameworks

Ottawa, May 28, 2024 – A statement released today by the Canadian Institute of Actuaries (CIA) calls on governments, regulators and business leaders working on climate-related risk frameworks to make sure their analysis includes nature-related risk.

“Including nature risk in climate scenario analysis – which is an evaluation of the impact of potential future climate events like extreme weather – is crucial for prudent financial risk management,” says Michael Tencer, FCIA and lead author of the statement. “Only looking at the impact of climate risk without considering nature risk like biodiversity loss and ecosystem degradation doesn’t tell the whole story.”

Declines in natural resources and ecosystem services such as water filtration and pollination are increasing rapidly. International targets set at the UN Conference on Biological Diversity in 2022 to address these declines will impact policy making in Canada and around the world, having notable financial implications for organizations and governments.

“As Canada implements the targets outlined in the 2022 Kunming-Montreal Global Biodiversity Framework, the transition and liability risks from policy changes will escalate. It’s vital that we act now to mitigate these risks and safeguard our financial system,” says Malika El Kacemi-Grande, FCIA and a co-author of the statement.

The CIA urges all climate risk stakeholders to advocate for the inclusion of nature risk in climate risk frameworks.

“We encourage all financial and regulatory leaders to be champions for this issue. It goes beyond just analysis to making sure that all constituents know about the importance of nature risk. Communicating its impact on business decisions and staying aware of ongoing developments in this space is our shared responsibility,” says Harry Li, FCIA and a co-author of the statement.

Only by considering nature risk alongside climate risk will the Canadian financial system have a complete picture of the challenges and opportunities facing our society.

Visit our site to [read the full statement](#) and [listen to an interview](#) with the lead author.

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