

Media release

Canadian Institute of Actuaries supports scaling up climate scenario analysis

Ottawa, February 2, 2022 – The Canadian Institute of Actuaries (CIA) is proud to give its support to the final report of the Office of the Superintendent of Financial Institutions (OSFI) and the Bank of Canada’s climate scenario analysis pilot, released in January 2022.

The report, the first of its kind in Canada, assesses and discloses climate transition risk associated with six major financial institutions and contributes to the understanding of the potential exposure of the financial sector to this risk.

The CIA acknowledges the need to estimate the impact of climate-related risks on the financial sector in Canada, both from physical damages on assets owned or insured by financial institutions, including pension plans, and also from the ongoing transition to net-zero emissions by 2050 as pledged by the Canadian government. Assessing climate-related risks faces important challenges, including lack of data in this evolving field and the future impact of gradual or sudden global responses by governments, regulators, markets, and individuals.

As highlighted in the report, scenario analysis is a valuable risk management tool that actuaries have used for many years to better understand risks and quantify their impact, applicable to uncertainty in areas like climate-related risks. A growing list of global jurisdictions is mandating the use of scenario analysis as recommended by the Task Force on Climate-related Financial Disclosures.

The CIA congratulates OSFI and the Bank of Canada for presenting a useful application of scenario analysis in assessing climate-related risk and inspiring other organizations to follow suit.

“Actuaries have long played vital roles in managing the uncertainties of financial risks. Climate change will create volatility in insurance claims and bring new sources of interest risk, inflation risk, and asset risk. Relying on our deep technical expertise and our recognized standard-setting process, actuaries are well equipped to identify those risks, quantify their impact, and recommend ways to manage them,” says H el ene Pouliot, FCIA, President-Elect of the CIA.

Since 2014, the CIA, led by its Climate Change and Sustainability Committee, has contributed to the education of Canadian actuaries in integrating climate-related risks into the traditional actuarial practice using tools, webcasts, research papers, and the [Actuaries Climate Index](#) (a joint project by four North American professional actuarial associations).

The CIA participates and collaborates in the development of research in Canada and internationally, and further topics under consideration include pooling climate-related data to facilitate risk analysis for property and casualty insurers and analysis of climate pathways and their impact on the expected return on various asset classes and economic metrics.

Canadian actuaries are well versed in risk management techniques and are ready to contribute to this important issue. The CIA pledges its support to further analysis by the Bank of Canada, OSFI, and any other entities moving forward on climate-related risk assessments.

CIA climate resources

[Climate articles](#)

Public statement on climate – [Time to Act: Facing the Risks of a Changing Climate](#)

[Climate change and sustainability resources list](#)

Media contact

Josée Gonthier
Manager, Communications
Canadian Institute of Actuaries
josee.gonthier@cia-ica.ca
613-236-8196 ext. 106

The [Canadian Institute of Actuaries](#) (CIA) is the qualifying and governing body of the actuarial profession in Canada. We develop and uphold rigorous standards, share our risk management expertise, and advance actuarial science for the financial well-being of society. Our more than 6,000 members apply their knowledge of math, statistics, data analytics, and business in providing services and advice of the highest quality to help ensure the financial security of all Canadians.