



# **What are Climate-related Risks?**



## How does Climate Change Create Risks?

Climate change alters  
hazards and volatility

Transition reshapes  
regulation, technology,  
markets, and reputation

Regulatory and market  
shift gives rise to  
increased liability



# TOGETHER THEY CREATE..



## Physical Risk

- WEATHER VOLATILITY AND INTENSE RAINFALL EVENTS
- EXTREME HEAT AND INFRASTRUCTURE STRAIN
- URBAN CONCENTRATION OF INSURED VALUES

## Transition

- REGULATORY EXPECTATIONS AND DISCLOSURE REQUIREMENTS
- TECHNOLOGY SHIFTS (EV ADOPTION, BUILDING STANDARDS)
- MARKET REPRICING OF CARBON-INTENSIVE SECTORS
- REPUTATION AND STAKEHOLDER PRESSURE

## Liability Risk

- REGULATORY SCRUTINY
- LAWSUITS AGAINST COMPANIES FOR CLIMATE-RELATED HARMS OR FAILURES TO ADAPT
- GREENWASHING: MISREPRESENTATION OF “GREEN” PRODUCTS

# HOW PHYSICAL RISKS HIT AN INSURER

- Higher Claims Frequency And Severity For Certain Perils
- Accumulation Risk: Many Claims From One Localized Event
- Claims Inflation: Repair Costs Rise During Surge Events
- Longer Settlement Cycles: Vendor Bottlenecks And Operational Strain
- Service Impact: Complaints And Conduct Risk During Event Spikes

# HOW TRANSITION RISK HITS AN INSURER

- Regulation And Market Expectations Reshape Product And Governance Needs
- Technology Shifts Change Risk Profiles (E.G., Ev Repair Ecosystem)
- Corporate Clients Shift Procurement Expectations (ESG-linked Demands)
- Reputation Risk Increases When Expectations Rise Faster Than Capability

# HOW LIABILITY RISK EMERGES

- Litigation or claims alleging failure to manage/disclose climate risks
- D&O exposure tied to governance and oversight expectations
- Professional liability risk linked to resilience failures (where relevant)
- Coverage disputes during widespread events (Wording, exclusions, causation)