Regulation is key to a climate-resilient insurance market

How regulation can balance insurer interests and public resilience in the face of escalating climate risks

Ritu Bharadwaj, N Karthikeyan, Balakrishnan Ananda Kumar and Tom Mitchell









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ALL ACT

The Collaborative for systemic climate action

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About ALL ACT

ALL ACT is an initiative working to optimise existing finance, expertise and delivery mechanisms to support agile responses to loss and damage, led by communities made vulnerable by climate change.

About The Collaborative for Systemic Climate Action

The Collaborative for Systemic Climate Action is an alliance of trusted funding and implementing partners, founded by practitioners who have made the intentional commitment to overcome the friction cost of competition for resources.

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Abbreviations

ACCC	Australian Competition and Consumer Commission
APRA	Australian Prudential Regulation Authority
ARPC	Australian Reinsurance Pool Corporation
ASIC	Australian Securities and Investments Commission
BRSR	Business Responsibility and Sustainability Reporting
CCRIF	Caribbean Catastrophe Risk Insurance Facility
EIOPA	European Insurance and Occupational Pensions Authority
ESG	Environmental, Social, and Governance
EO	Executive Order
EU	European Union
FCA	Financial Conduct Authority
FEMA	Federal Emergency Management Agency
FHCF	Florida Hurricane Catastrophe Fund
FIO	Federal Insurance Office
FSOC	Financial Stability Oversight Council
G20	Group of Twenty
IAIS	International Association of Insurance Supervisors
IIED	International Institute for Environment and Development
IRDAI	Insurance Regulatory and Development Authority of India
ISSB	International Sustainability Standards Board
LDC	Least Developed Countries
NAIC	National Association of Insurance Commissioners
NFIP	National Flood Insurance Program
OIR	Office of Insurance Regulation
ORSA	Own Risk and Solvency Assessment
PMFBY	Pradhan Mantri Fasal Bima Yojana
PRA	Prudential Regulation Authority
RSI	Regulatory Strength Index
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SIDS	Small Island Developing States
TCFD	Task Force on Climate-Related Financial Disclosures
UK	United Kingdom
UNDP	United Nations Development Programme
US	United States
V20	Vulnerable Twenty

Summary

Climate change is testing whether insurance can protect the people who need it and whether the insurance industry itself can survive. Yet insurers continue to invest trillions of dollars in the very activities driving climate change. Regulation can shape both outcomes. It decides whether insurers hold enough money to pay their claims and whether people can get and keep cover they can afford. We scored the insurance regulation of seven jurisdictions on how well it manages both sides of climate risk: protecting insurers from climate change and protecting people through insurance. No regulator in the world yet manages both sides well. Our findings show that regulation protects insurers far better than it protects people. This gap can, however, be closed by adapting what is already working well in some places. This report shows where and how.

Insurance is one of the oldest financial safety nets. By pooling risk across many households, farms and businesses, it turns a catastrophic loss for one family into a small, predictable cost for everyone. When it works, it speeds up recovery after disasters, protects public finances and supports lending and investment across the wider economy. Climate change is now testing this safety net from two directions at once, and whether people stay protected depends to a large extent on something that gets far less attention than the disasters themselves, namely how insurance is regulated.

A safety net under strain

The strain on the insurance safety net is already visible. In Australia, 15% of households face home insurance premiums that cost more than four weeks of gross income. In the United States, more than 1.9 million homeowners were dropped by their insurers between 2018 and 2023, and California's insurer of last resort has grown to more than 610,000 policies with US$650 billion in exposure. Insurers are responding to rising losses by raising prices and withdrawing cover. The collective effect is to push risk onto households, lenders and governments. In most of the developing world, the problem is different. The insurance safety net is barely available. In emerging economies, 80 to 90% of catastrophe losses are uninsured, and 98% of the nearly 1.5 billion people living in the most climate-vulnerable countries have no financial protection against climate and disaster risks. This is also an opportunity. Countries where the insurance markets are developing now can shape their regulation for climate risk from the start, rather than retrofitting it later.

The reinforcing cycle of risk

Climate change is driving up the frequency and intensity of disasters. As insurers pay the resulting claims, they use up the reserves they hold for that purpose. In the worst case they become insolvent and policyholders go unpaid. At the same time, insurers are adding to the very climate risks that are driving up these losses. They invest trillions of dollars of their own capital in the activities that cause climate change, so the industry is funding the disasters it will later be asked to pay for. This is the ouroboros of risk: a serpent eating its own tail. The damage does not stop with insurers. As losses rise, they raise premiums, refuse renewals and pull out of high-risk areas, and the risk lands instead on households, lenders and governments. Regulation must act on both fronts. It must keep insurers solvent as climate change advances and it must keep people protected as insurers pull back.

Until now, there has been no approach or methodology to assess how well regulators are protecting insurers from climate change and protecting people's access to insurance cover. Without one, regulators cannot see how their own framework compares with others, where it falls short, or what they should add or change. This study provides that method and applies it for the first time.

How we measured regulation

To assess regulatory effectiveness, we reviewed the insurance regulations in seven jurisdictions: the European Union, the United Kingdom, the United States at the federal level as well as California and Florida at the state level, and Australia and India. These represent the world's largest insurance markets and a range of regulatory approaches. India also provides a useful comparison for Least Developed Countries (LDCs) and Small Island Developing States (SIDS), as it faces many of the same challenges in extending affordable insurance to climate-vulnerable communities.

In each jurisdiction, we scored the regulations on two indices, each running from 0 to 100. The first is the prudential score, which measures whether regulation makes insurers manage climate change as a threat to themselves; issues include board responsibility, testing the business against future warming scenarios and reporting climate risk in numbers. The second score

is the resilience score, measuring whether regulation keeps insurance working for people: rules that keep insurers serving high-risk areas, protections against dropped policies, schemes that share disaster losses, discounts for households that reduce their risk and rules about where insurers invest. We gave extra weight to requirements that are legally binding. We benchmarked every score against the Application Paper on the supervision of climate-related risks in the insurance sector, published by the International Association of Insurance Supervisors (IAIS) in April 2025. This is the first global standard to set out what supervisors should be doing on both fronts, which makes it the natural yardstick for our scores.

What we found

No jurisdiction came close to doing both jobs well, scoring full marks for both prudential regulation and resilience regulation. Even Australia, the most balanced jurisdiction, fell some 19 points short of the international benchmark on the prudential score and 23 points short on the resilience score.

The imbalances were large and they ran in opposite directions. The EU scored 92.6 on the prudential side and only 28.3 on resilience, with strong binding law protecting insurers' financial health and very little protecting people's access to cover. The US federal government was the mirror opposite: 0.0 on the prudential side and 66.7 on resilience. Europe and the US have each built only half of what is needed and they have built the opposite halves.

The other five jurisdictions sat in between. The UK (81.5 prudential, 61.7 resilience) and Australia (81.5 and 76.7) were the most balanced. California (33.3 and 71.7), Florida (22.2 and 83.3) and India (22.2 and 40.0) all leaned towards resilience, but by different routes. The US states built their schemes after disasters — Florida's after Hurricane Andrew and California's after its wildfires. India built its protection for development reasons, through rules requiring insurers to serve rural areas, a national crop insurance scheme and strict standards for paying claims, all created long before climate policy existed.

India's example matters well beyond India. Countries without climate-labelled regulation are usually assumed to be starting from zero. India shows this may not be correct. Rules built for development are already doing resilience work under other names. For governments in developing countries, the first step should be to find what already exists, in insurance rules, development programmes and social protection schemes, and the second step should be to adapt it to climate risk, where required.

What regulation demands and whether it is legally binding are two different things, so we scored them separately. The EU, UK and Australia all ask insurers to do essentially the same things. The difference is that EU regulations are binding law, while the UK and Australia regulations are guidance, which sets expectations but is not itself enforceable. We therefore scored regulations that were binding in nature higher that those that were guidance.

The good news: almost everything needed already exists

Regulators do not need to design anything new. For 17 of the 19 features we assessed, we found a law or a regulation working well somewhere in the world. Only two features have no working example in any jurisdiction. Rules cannot be copied as they stand, because markets, legal systems and public finances differ. But they offer learning from real-world implementation, such as the design features that are important to consider, the conditions each needs and the problems that emerge in practice, all of which can be adapted to different contexts.

- **Four public schemes for climate disasters are already running:** the US flood programme (since 1968), the Florida hurricane fund (1993), the UK's Flood Re (2016) and Australia's cyclone pool (2022). Australia's is the newest and most complete design, where every insurer is mandated to take part, the government guarantee is written into law with a limit of AUS$10 billion a year and the scheme rewards households that reduce their risk with lower premiums.
- **Rules that keep insurers serving people also exist:** California requires insurers that use catastrophe models to keep covering wildfire-prone areas at no less than 85% of their share of the state market. It bans policy cancellations for a year after a declared wildfire emergency. Florida gives households 120 days' notice before a policy is dropped and stops insurers from dropping a damaged home until 90 days after it is repaired.
- **Rules to reduce risk itself also exist:** Florida requires premium discounts for homes with wind-resistant features, and pays for the inspections and strengthening grants that help households qualify. The US flood programme discounts premiums by 5 to 45% depending on how well a community manages its flood risk. It was striking that these are the only

rules in our study through which insurance actually reduces disaster damage, rather than just paying for it afterwards.

- **Supervisors can make insurers manage climate risk:** the UK and Australia show that this can be done without new legislation through detailed published guidance, while the EU has the same requirement as binding law.

Any regulator with an established insurance framework can identify its own gaps by scoring its rules against the 19 features we have assessed: nine on protecting insurers, ten on protecting cover for people. The priority for these regulators should be to add the features that are absent altogether while also upgrading the ones that are present but weak.

The two features no one has built

Two gaps appeared in every jurisdiction. These are the two features out of our 19 for which no working example exists anywhere. First, no one checks whether insurers are pulling out of poor or vulnerable communities. Most regulators already collect the data that would show this information, yet nowhere is this information being collated and analysed together. There is a parallel in banking: redlining. In the US, banks once refused credit to anyone living in neighbourhoods marked in red on lending maps. Decades passed before the law identified the practice and prohibited it. Insurance withdrawal from climate-exposed places is happening now and the data needed to see its social pattern is mostly already collected, but no regulator in our set is required to examine and prevent it.

Second, no jurisdiction requires insurers to move their investments towards activities that reduce climate risk. Every rule in force only asks them to think about it or report on it. So insurers are increasingly required to protect themselves from climate change and are almost never asked to stop financing it.

A chance for developing countries

For LDCs, SIDS and emerging economies, our findings carry a hopeful message. Many are writing or revising their insurance laws right now. Mature systems have to repair an imbalance that is already built in. Countries still building their frameworks can design regulation for managing both sides of climate risk from the outset.

As India shows, rules and schemes built for development reasons already do resilience work across much of the developing world. So the first exercise for a finance ministry or regulator is to do an audit of what already exists. The second is to work out what it would take to incorporate climate risk and only then decide what must be built anew. This sequence differs from the one we propose for regulators in developed countries with mature insurance markets, because the starting point differs. These governments will need to assess which of their existing instruments can be strengthened or modified to serve as the basis for insurance regulation. International funders, including the Global Shield, the development banks and the Fund for responding to Loss and Damage, can help by backing schemes that reduce risk and by funding the skills that supervisors in these countries need.

The moment to act

The gap between how well regulation protects insurers and how well it protects people will not close by itself, and no single group can close it. Regulators cannot create disaster schemes, lawmakers cannot supervise insurers, and funders cannot pass national laws. But the timing is good. For the first time, the world's insurance supervisors have a common standard to build towards, developed by their global standard-setting body, the IAIS, in 2025.

The biggest near-term opportunity belongs to the UK. In 2027, it takes over the presidency of the Group of Twenty (G20), the forum at which the finance ministers of the world's largest economies will set shared priorities — and few countries are better placed to lead on this agenda. The UK built Flood Re, hosts one of the world's largest insurance markets in London and its supervisors were among the first anywhere to set climate expectations for insurers. A G20 presidency is a chance to set the agenda and past presidencies show what can be achieved. The global climate disclosure framework that reshaped company reporting worldwide began as a G20 request. If the UK uses its presidency to put insurance regulation and resilience finance on the G20 table, the evidence on what good regulation looks like, and on what international support should fund, is ready.

Everything needed to close this gap is now in place: the evidence, the working examples and the international standard. What is missing is a regulator or a government willing to take the lead.

1

Insurance as a financial safety net under threat

1.1 Why insurance coverage matters

Insurance is one of the oldest and most effective financial safety nets. By pooling risk across many households, farms and businesses, it converts a catastrophic loss for one family into a small, predictable cost for everyone. When a flood destroys a home or a drought wipes out a harvest, an insurance payout can make the difference between recovery and a permanent slide into poverty. Households without it fall back on negative coping strategies, such as selling productive assets, taking on debt, pulling children out of school and skipping meals (Bharadwaj et al., 2025).

The availability of insurance cover speeds up reconstruction after disasters because money arrives quickly and is spent on rebuilding. It protects public finances because uninsured losses ultimately land on government budgets as relief and reconstruction costs. It also has implications for the wider economy. For instance, banks lend against insured property, businesses invest in insured assets and farmers adopt higher-yielding practices when crop insurance protects them against a bad season. Research at the Bank for International Settlements covering more than 2,000 natural catastrophes found that disasters depress economic growth mainly through their uninsured losses. Where losses are well insured, the macroeconomic damage is small and reconstruction spending can even lift growth. Where losses are uninsured, the costs are borne by households and governments, and the economic damage is deeper and longer lasting (Von Peter et al., 2012).

The role of insurance is becoming even more important as climate change-related losses rise. Natural catastrophes caused US$318 billion in economic losses in 2024 and US$220 billion in 2025, and insured losses have been growing by 5 to 7% a year in real terms for three decades (Swiss Re Institute, 2025; Haegeli et al., 2026). Insurance cannot stop these losses, but it determines who bears the cost and how quickly people recover. This is why insurance is now at the centre of the international agenda on climate and disaster risk finance, from the Global Shield initiative launched by the G7 and the Vulnerable Twenty (V20) Group of Finance Ministers, to the Fund for responding to Loss and Damage. However, this safety net only works for the people it reaches, and only while insurers remain solvent and willing to write cover. Climate change is weakening both sides of this equation.

1.2 A safety net under strain

As climate-related losses mount, insurers are responding the way commercial firms typically respond to rising risk. They are raising premium prices, tightening terms of risk coverage and, where neither is enough, withdrawing cover altogether. The result is that cover is becoming hardest to get in the places most exposed to climate hazards.

The price implication of insurance coverage is now visible in household budgets. In Australia, 15% of households, around 1.6 million, face home insurance premiums that cost more than four weeks of gross annual income, up from 10% two years earlier. These stressed households spend an average of 9.6 weeks of income on home insurance, seven times more than households below the affordability threshold, and they are concentrated in the flood- and cyclone-

exposed north of the country (Actuaries Institute, 2024). In the US, a Senate Budget Committee investigation covering 23 insurers and around two-thirds of the homeowners' insurance market found that climate risk is driving rising rates of non-renewal, where the insurer declines to continue the policy. More than 1.9 million homeowners were dropped by their insurers between 2018 and 2023, and the highest non-renewal rates were no longer confined to Florida, Louisiana, California and Texas but were spreading to the Carolinas, New England, Oklahoma, Hawaii and the Northern Rockies (US Senate Budget Committee, 2024).

When private cover goes, households move to insurers of last resort, which were designed as small backstops and are now carrying the most load. For example, in California, insurance companies began withdrawing coverage after severe wildfires in 2017 and 2018. By the early 2020s, thousands of residents were being forced to turn to the state's insurer of last resort, the California FAIR (Fair Access to Insurance) Plan. Its policy numbers more than doubled in four years, to over 610,000 policies by mid-2025. Its total exposure rose 289% over four years, to US$650 billion (Wingate, 2025). The January 2025 Los Angeles wildfires showed how this concentration of risk pans out in practice. The FAIR Plan faced an estimated US$4 billion in losses, more than its premiums and reinsurance could cover, so it levied a US$1 billion emergency assessment, a compulsory cash call on the private insurers who are its members, shared in proportion to their market share. Insurers are allowed to pass part of that assessment back to their own policyholders across the state, so households far from the fires will help pay for it. The state's largest home insurer was separately granted an emergency increase of 17% in premium rates to rebuild its capital after the fires (Insurance Business, 2026).

The strain therefore spreads in both directions. Households are losing affordable cover and insurers themselves are absorbing losses that threaten their capital, with reinsurance costs rising as global losses grow (Haegeli et al., 2026). Each insurer that increases premiums or withdraws can be considered to be acting rationally to protect its own balance sheet. But the collective effect is to push the risk onto others. This, in turn, lands on households, on lenders whose collateral becomes uninsurable, and on governments and residual schemes that end up carrying the risk the private market has declined. But the withdrawal of insurance coverage does not reduce climate risk; it moves it towards those least able to bear it.

This is the situation in mature, well-regulated insurance markets. In most of the world, especially in developing countries, these safety nets do not even exist in the first place.

1.3 The coverage divide: where insurance does not yet reach

Insurance coverage is concentrated in high-income markets. In 2025, about 49% of global economic losses from natural catastrophes were insured, the highest share ever recorded. But this coverage was almost entirely in the US and other advanced markets. In emerging economies, 80 to 90% of catastrophe losses are typically not covered by insurance at all (Haegeli et al., 2026). The global protection gap, the difference between total economic losses and insured losses, stood at US$181 billion in 2024 (Swiss Re Institute, 2025).

For LDCs and SIDS, this gap is close to total. Insurance penetration, measured as premiums as a share of GDP, is below 1% in many highly climate-exposed countries, including Bangladesh, the Philippines, Indonesia and Nigeria, compared with 8 to 11% in mature markets (Lloyd's, 2018). Research by the V20 Group of finance ministers found that 98% of the nearly 1.5 billion people living in V20 countries have no financial protection against climate and disaster risks, in economies that have already lost an estimated US$525 billion to climate impacts since 2000 (V20, 2022). The 2025 Myanmar earthquake illustrated the pattern. The country suffered around US$11 billion in economic losses, of which almost nothing was insured (Haegeli et al., 2026).

The consequence of this insurance protection gap runs through every level of an economy. Uninsured households absorb losses by adopting coping strategies that deepen poverty. Uninsured governments absorb them through diverted budgets and emergency borrowing, at a time when climate exposure is already raising the cost of capital. Our analysis of 30 LDCs found that a doubling of exposure to climate hazards increases the probability of sovereign debt default around tenfold, forcing cuts to social spending exactly when communities most need support (Bharadwaj et al., 2023). The absence of insurance is one of the drivers of the debt and poverty spirals that climate-vulnerable countries are trying to escape.

The international community has begun to respond. Regional sovereign risk pools such as the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Pacific Catastrophe Risk Insurance

Company (PCRIC) provide fast payouts to governments after defined events, and the Global Shield initiative launched by the G7 and the V20 is working to expand pre-arranged financial protection across vulnerable countries (Global Shield, 2026). These are important building blocks, but they remain small relative to the scale of the losses and most reach governments rather than households, farms or small businesses.

This divide can be closed. Insurance markets across the global South are growing and many governments are writing or revising their insurance laws right now. The timing gives these countries an advantage. Mature markets must repair an imbalance that is already built into their rules. Countries that are still building their markets can avoid that mistake and design regulation for both sides of climate risk from the start. But this will not happen on its own. How well the new markets serve people will depend on how they are regulated. This report addresses that question. It shows what regulation that manages both sides of climate risk looks like, where working examples already exist and how these can be adapted.

1.4 Regulation decides who insurance protects

Whether insurance works as a safety net is not decided by insurers alone. To a large extent, it is decided by regulation. Regulation determines whether insurers are required to measure and manage climate risk before it threatens their solvency. It determines what happens when an insurer wants to raise prices, refuse renewal or leave a market. It determines whether there is a backstop when private cover fails and whether households that invest in protecting their homes see any of that reflected in their premiums. The strain described in Section 1.2, and who ends up carrying it, is shaped by these rules.

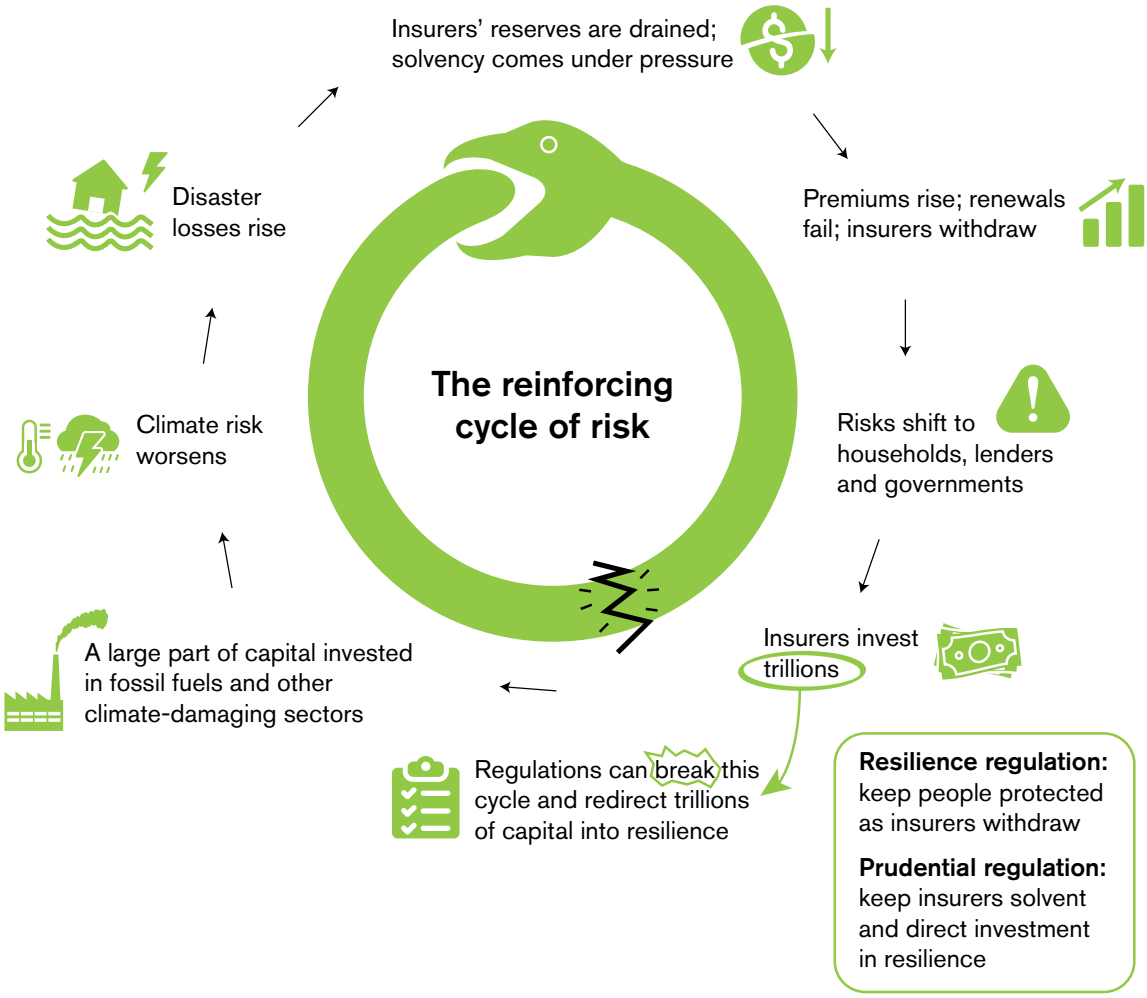
Climate risk and insurance are connected in a loop, and regulation has work to do at every point. Climate change threatens insurers: rising losses erode capital and reserves and, in the worst case, cause failures that leave policyholders unpaid. Prudential regulation manages this threat by requiring insurers to govern, measure, stress test and disclose their climate exposure. At the same time, insurers add to the very risks that are driving these losses. They invest trillions of dollars of premium income in the activities that cause climate change, so the industry is funding the disasters it will later be asked to pay for. This is the ouroboros of risk (the ouroboros is the ancient symbol of a serpent eating its own tail), which gives our wider research programme its name. The damage does not stop with insurers. As losses rise, they raise premiums, refuse renewals and pull out of high-risk areas, and the risk lands instead on households, lenders and governments. Whether people stay protected as insurers pull back depends on the second job of regulation: the rules on pricing, renewal, withdrawal, backstops and where insurers invest. Figure 1 shows the loop and the risk it pushes outward.

There is another problem. Most of the rules intended to protect people's access to insurance were not designed for a changing climate. They came about in response to particular problems, such as a flood risk that insurers were no longer willing to cover, in the aftermath of a major hurricane or a sharp increase in premiums. These measures are now being used to manage risks that are very different from those they were designed to address, for example:

- Disaster funds are often based on the cost of past events, rather than the scale of future losses
- Insurers of last resort are designed on the assumption that private insurers will eventually return to the market, and
- Restrictions on cancelling policies tend to treat a disaster as an isolated event, rather than one that may recur or intensify.

These assumptions made sense when the rules were developed, but they are no longer fit for purpose in the context of growing climate risks.

Figure 1. The reinforcing cycle of risk



In this report, we examine whether regulatory frameworks actually manage both sides of risk. We have assessed insurance regulation in seven jurisdictions: the European Union, the United Kingdom, the United States at the federal level, California, Florida, Australia and India. We scored each framework against a set of 19 features. We are carrying out this assessment now for a reason: in April 2025, IAIS, whose members supervise 97% of the world's insurance premiums, published its first comprehensive Application Paper on the supervision of climate-related risks (IAIS, 2025). Many countries are now revising their frameworks against it, which makes this a useful moment to take stock of what existing regimes do and do not deliver.

The findings of this report will be relevant for several audiences. Regulators and supervisors in mature markets can use the assessment to see where their own regime is strong, where it is weak and which instruments used elsewhere could close the gaps as climate risk rises. Regulators and finance ministries in LDCs, SIDS and emerging economies can draw on decades of regulatory experience, including expensive mistakes, as they design insurance markets able to withstand rising climate risk. Development partners and initiatives such as the Global Shield and the Fund for responding to Loss and Damage can use the findings to identify the regulatory conditions under which their investments in insurance are most likely to deliver lasting protection. Researchers and civil society organisations can use the assessment framework itself: it is transparent and replicable and can be extended to further countries over time.

In Section 2, we explain what we have measured and how. In Section 3, we present the results for each jurisdiction and how they compare. In Section 4, we explain what needs to happen and what scaling up the strongest measures would mean for the global South.

2

Measuring regulatory strength of the insurance sector

Regulatory frameworks are difficult to compare across countries. They are written in different legal traditions, use different instruments and mix hard law with softer guidance. A rule that looks strong on paper may be voluntary in practice, and a modest-looking scheme may carry a statutory guarantee. To make a fair comparison, we developed a common assessment instrument, the Regulatory Strength Index (RSI), and applied it to every jurisdiction. We built the RSI specifically for this purpose, as no existing tool measures how strongly insurance regulation responds to climate change in a way that can be compared across legal systems. We also built it in two parts, one for each side of climate risk, because a single combined score would hide exactly what we wanted to see, namely whether a jurisdiction could earn a respectable overall number by delivering one side of risk management well and the other not at all. Keeping the two indices separate makes that imbalance visible and the gap between the two scores is this study's main finding. Every jurisdiction we assessed has a gap. Some protect insurers better, others protect people better. This section describes what the two indices measure, why we selected the seven jurisdictions and how we scored them.

2.1 Regulatory Strength Index: what the two indices measure

The RSI consists of two sub-indices, one for each direction of risk described in Section 1.4.

The first, the Prudential Climate Risk Index (which we refer to as the prudential index in the rest of the paper), measures the climate-to-insurer direction of risk. It assesses whether regulation requires insurers to manage climate change as a risk to their own solvency and financial resilience. It contains nine features (P1 to P9) covering board accountability, risk governance, scenario analysis, the assessment of transition, physical, investment and reinsurance risks, disclosure quality and supervisory review. We structured these assessment categories to align with the IAIS Insurance Core Principles, so the index assesses regulation against the same architecture that supervisors themselves use (IAIS, 2025).

The second index is the Insurability and Consumer Resilience Index (which we refer to as the resilience index in the rest of the paper). It measures the insurer-to-society direction of risk. It assesses whether regulation keeps cover available, fair and risk-reducing, rather than simply allowing an orderly exit of insurers from risky markets. It contains ten features (R1 to R10) covering continued availability of cover in high-risk areas, support for adaptation and risk reduction, premium discounts for resilience measures, protection against sudden non-renewal, residual markets, catastrophe pools, public–private risk sharing, consumer protection after disasters, monitoring of insurer withdrawal patterns, and the alignment of insurer investments with resilience. Table 1 lists all 19 features.

We did not combine the two indices into a single score because a combined average would hide what we most need to see, because a jurisdiction could earn a respectable overall number by protecting insurers strongly while doing nothing for policyholders, or the reverse. Instead, we report each jurisdiction as a pair of scores, one for each index, on a scale of 0 to 100. The gap between the two scores is the main finding of the assessment. Where the prudential index score is far above the resilience index score, regulation protects the insurer's balance sheet but not the public's access to cover. Where the resilience score is far above the prudential score, regulation protects access today without making sure the insurers behind it can withstand rising climate risk.

Table 1. The 19 features assessed under the two indices

Prudential Climate Risk Index	Insurability and Consumer Resilience Index
P1. Board accountability for climate risk	R1. Continued availability of cover in high-risk areas
P2. Climate risk governance	R2. Adaptation and risk reduction
P3. Scenario analysis and stress testing	R3. Resilience discounts on premiums
P4. Transition risk assessment	R4. Transparent and fair non-renewal
P5. Physical risk assessment	R5. Residual market design
P6. Investment portfolio risk	R6. Catastrophe pools
P7. Reinsurance risk assessment	R7. Public–private risk sharing
P8. Disclosure quality	R8. Consumer protection in high-risk areas
P9. Supervisory review	R9. Monitoring of withdrawal patterns (anti-bluelining)
	R10. Investment alignment with resilience

We also plot each jurisdiction as a point on a two-axis map, with the prudential index score on one axis and the resilience index score on the other. This places every jurisdiction in one of four quadrants: strong on both, strong on prudential only, strong on resilience only, or weak on both. A climate-ready regulatory regime would sit in the upper-right quadrant: strong on both.

Some indicators may look similar across the two indices, but they measure different things, and the scoring rules we have designed keep them apart. P6, for example, asks whether insurers must assess the risk that their climate-exposed assets pose to their own balance sheets. R10 asks whether regulation pushes insurer capital towards resilience and away from the activities driving climate risk. The first protects the insurer and the second protects everyone else. The same provision can inform both, but we scored each against its own question. This difference is important for understanding the ouroboros risk. A regulator can make insurers safe from their fossil fuel investments without ever asking whether those investments are making the underlying risk worse.

An instrument like this is only useful if it is applied across different regulatory systems. We therefore selected seven jurisdictions that differ in legal tradition, market maturity and climate risk, but which together cover the main regulatory approaches now in use. In Box 1, we set out the details of each jurisdiction and the reason for their selection.

Box 1. The seven jurisdictions and why we selected them

European Union: the most developed harmonised prudential regime, built on Solvency II, the EU law that sets how much capital insurers must hold to survive major losses. The EU therefore served as a reference point for assessing solvency-led climate regulation.

United Kingdom: a mature market whose supervisors ask insurers to do essentially the same things as EU law does, but through guidance rather than binding legislation. This made it a test of whether legally binding nature of regulation mattered.

United States (federal): insurance regulation in the US is a state function, so the federal level was assessed as a unit in its own right. What exists federally is the flood programme and disaster management system rather than insurer supervision. Assessing it showed how a national government has to contribute towards keeping insurance cover when it does not supervise insurers at all.

California and Florida: the two US states facing the most acute climate-driven market stress, wildfires and hurricanes respectively. Both have built extensive market interventions and were assessed as separate regulatory jurisdictions because in the US it is the states, not the federal government, that write and enforce insurance regulation.

Australia: a mature market exposed to cyclone, flood and bushfire risks that combines prudential supervision with a government-backed reinsurance pool.

India: a large emerging market whose regulation was built for financial inclusion and agricultural risk transfer rather than climate. The India assessment helped understand whether the learning from their framework could be used beyond high-income markets, and carries the most direct lessons for LDCs, SIDS and other emerging economies.

These seven jurisdictions cover the world's largest insurance markets, both directions of regulatory effort and one major global South regime.

2.2 How we scored the seven jurisdictions

We scored every indicator on a three-point ladder, based on what is covered in the regulation of that feature. An indicator scored:

- 0 where the regulatory framework does not address it at all,
- 1 where the framework addressed it in general terms but without specifying what insurers or supervisors must actually do, and
- 2 where the requirement is specific and operationalised, with defined elements that can be supervised.

The full scoring criteria for all 19 indicators are set out in Appendix 1. To provide one example, a framework that only encourages insurers to consider climate scenarios scored 1, while a framework that requires scenario analysis and its integration into the insurer's Own Risk and Solvency Assessment (ORSA) scored 2.

We benchmarked the assessment against international supervisory standards. The nine prudential features are based on the IAIS Insurance Core Principles, covering governance, risk management, investments, supervisory reporting, disclosure and scenario analysis, so the index measures each jurisdiction against the same standards used by IAIS. In defining the scoring criteria, we used the 2025 IAIS Application Paper on the supervision of climate-related risks as the ceiling. An indicator scored 2 where the regulation reached the level of specificity the Application Paper describes as good practice (IAIS, 2025).

We used IAIS prescribed standards as the reference point against which jurisdictions are assessed, and in Section 3, we explain both how the seven jurisdictions compare with each other and how far their regulations are from the international benchmark.

What is covered in the regulations, however, does not capture how they work in practice. The same requirement can appear as a binding statute, as supervisory guidance that firms are expected to follow but that carries no direct legal force, or as a proposal that has not yet taken effect. We have therefore recorded the legal status of every scored provision and added a small weighting for bindingness over and above the substance (what is contained in the regulation) score, with binding law receiving the largest increment, guidance a smaller one, and formally proposed rules the smallest. We kept the increments small to ensure that the substance of a rule always led the score and its legal form only refined it.

We have presented two versions of every index. The weighted version includes the bindingness increments, which we have presented in the main paper. The pure substance version, which uses the raw 0, 1 and 2 scores only, is presented in Appendix 2. Comparing the two shows whether a difference between jurisdictions comes from what their regulation requires or from how it is enforced. This becomes important for interpreting the results.

The scoring was based on the assessment of the primary sources only: statutes, directives, regulations and the supervisory instruments issued by regulators themselves. Secondary material, such as law firm briefings and think tank analysis, was used only to locate provisions and not as a basis for a score. For every score, we have cited the specific instrument and section it is based on, and we recorded the in-force status of every instrument, scoring only what was in force on 20 June 2026. Provisions that had been announced, stayed or revoked by that date were scored accordingly. This rule has an impact on our analysis and scores, most visibly in the US, where the federal climate financial architecture built between 2021 and 2024 had been revoked or was in rescission by the assessment date.

Because the scores involve judgement, we logged an explicit decision rule for every borderline case and applied the same rule wherever the same situation recurred across jurisdictions. In Box 2, we summarise the methodology for assessment and scoring.

Box 2. Summary of the scoring method

Each of the seven regulatory frameworks was scored against 19 indicators: nine prudential (P1 to P9) and ten resilience (R1 to R10). The approach adopted for assessment and scoring is as follows:

1. Substance: every indicator is scored 0 (absent), 1 (present but unspecific) or 2 (specific and operationalised) against their criteria (more details in Appendix 1).

Score	Meaning	Test to apply
0	Absent	The regulation is silent on the theme or mentions it only as an aspiration with no expectation attached to any firm.
1	Present but unspecific	The regulation expects firms to consider or address the theme, but sets no defined method, threshold, metric, named owner or check.
2	Specific and operationalised	There is a defined requirement, method, metric, threshold, allocated responsibility or supervisory consequence the firm must meet.

2. Benchmark: the prudential features follow the IAIS Insurance Core Principles and the scoring anchors use the IAIS Application Paper on climate-related risks (IAIS, 2025) as the ceiling for a top score.

3. Bindingness: each scored provision is classified as binding law, regulatory guidance or a formal proposal, and receives a small additive weight in that order.

Class	Increment	Means
Binding	+1.0	Statute, directive, regulation or enforceable rule.
Guidance	+0.5	Supervisory expectation, practice guide or application paper; not itself enforceable.
Proposed	+0.25	Consultation, draft or recommendation not yet in force.

4. Aggregation: scores are summed within each index and normalised to 0 to 100. Each jurisdiction is reported as a pair of scores and plotted on a two-axis map.

Index	Indicators	Substance	Weighted	Normalised
Prudential Climate Risk Index (does regulation make insurers manage climate as a solvency risk?)	9 (P1–P9)	0–18	0–27	0–100
Insurability and Consumer Resilience Index (does regulation keep cover available, fair and risk-reducing, rather than only permitting orderly exit of insurance companies?)	10 (R1–R10)	0–20	0–30	0–100

5. Evidence: scores are dependent on primary legal texts only, cited by instrument and section, and reflect what was in force on 20 June 2026.

3

What the scores show

In this section, we present the analysis and scoring of each jurisdiction's regulation on the two indices. For each jurisdiction, we first describe how the insurance sector is regulated, which instruments matter and what has changed in recent years, because readers who are not familiar with insurance regulation need this context to make sense of the scores. We then explain what we found when we scored the regulations on 19 indicators, and summarise each jurisdiction profile with the overall result and its position on the quadrant map. In Section 3.2, we bring the results from the seven jurisdictions together. In Section 3.3, we identify the regulatory designs that are working well and, in Section 3.4, the gaps that no jurisdiction has yet closed.

3.1 Jurisdiction profiles

3.1.1 European Union

How insurance is regulated in the EU: insurance regulation in the EU works through a layered system. The foundation is the Solvency II Directive (Directive 2009/138/EC), adopted in 2009 and applied across the Union since January 2016. Solvency II is a prudential regime. Its purpose is to make sure that insurers hold enough capital and manage their risks well enough to pay claims, even after severe losses. It is built on three pillars. Pillar 1 sets quantitative capital requirements. Pillar 2 sets governance and risk management requirements, including the ORSA, a regular self-assessment in which each insurer must examine all the risks it faces and judge whether its capital is adequate for them. Pillar 3 requires public disclosure through the Solvency and Financial Condition Report. The Directive is supplemented by Commission Delegated Regulation (EU) 2015/35, which turns the Directive's principles into detailed, directly binding rules for every insurer in the Union. Supervision is shared, where national supervisors apply the rules to their own markets, while the European Insurance and Occupational Pensions Authority (EIOPA) coordinates them, issues guidance and monitors how consistently the framework is applied.

The EU has no equivalent framework for protecting people's access to insurance. Union law sets general conduct standards for selling insurance, through the Insurance Distribution Directive, but the rules that decide whether a household can actually obtain and keep cover, such as contract law, cancellation and non-renewal rules, national catastrophe schemes and insurers of last resort, remain the responsibility of individual member states. France's Cat-Nat regime and Spain's Consorcio are national schemes, not EU law. This division of competence is covered in our scoring and is explained below.

What has changed: climate risk entered this framework in stages. In 2021, EIOPA issued an Opinion (BoS-21/127) setting out its expectation that insurers analyse climate change risk in the ORSA using at least two long-term scenarios, one below 2°C of warming and one significantly above it. In August 2022, the more consequential change took effect. Delegated Regulation (EU) 2021/1256 amended the 2015/35 rules to make sustainability risk, which includes climate risk, a mandatory part of insurers' risk management. The same regulation spells out where this must happen. Since that date, EU insurers have been legally required to identify, assess and manage sustainability risks in their underwriting

and reserving policy, in their investment risk management, in the work of the risk management and actuarial functions and in their remuneration policy. In parallel, the Corporate Sustainability Reporting Directive extended mandatory climate reporting to large insurers. Further change is legislated. The Solvency II review (Directive (EU) 2025/2) inserts a new Article 45a, which will make long-term climate scenario analysis a binding requirement, not just a supervisory expectation, from 30 January 2027. A proposal for an EU-level public–private climate reinsurance scheme is also under discussion but is not yet law.

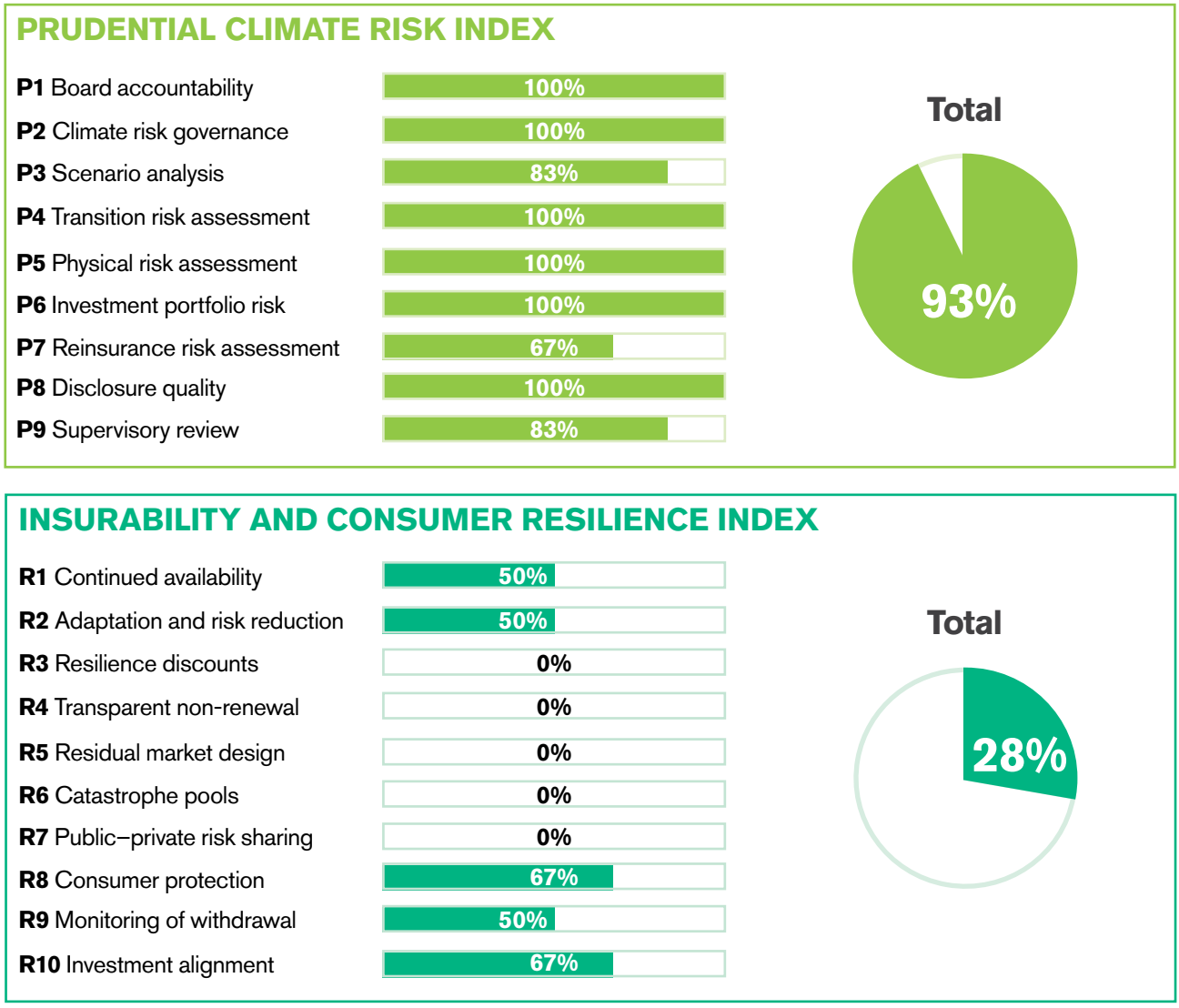
What we found and how we scored it: on the prudential index, the EU scored highly on almost every feature, and the scores get additional uplift because of the binding nature of the law. Board accountability, climate risk governance, transition risk assessment, physical risk assessment, investment risk assessment and disclosure (P1, P2, P4, P5, P6, P8) all scored 2 with a binding weighting, anchored to specific articles of the amended Delegated Regulation and the Directive. Our verification against the article texts revealed further insights. We had initially treated the underwriting and investment climate duties as EIOPA guidance, but the text of Articles 260 and 275a of the amended Delegated Regulation (EU) 2015/35 shows they are binding, and the score increased as a result. Two features scored 2 with only a guidance weighting — scenario analysis (P3) and supervisory review (P9) — because the requirement to run climate scenarios in the ORSA, and the supervisory review of that analysis, is currently based on the 2021 EIOPA Opinion rather than on the Directive. Reinsurance risk assessment (P7) scored 1, because Solvency II regulates reinsurance counterparty risk in general terms but sets no climate-specific test of reinsurance dependence. The prudential index totalled 92.6 out of 100.

Looking at the resilience index, the picture reverses. We scored the EU at Union level only, so the question each indicator covered was whether EU law itself keeps cover available, affordable and risk-reducing. For most features, the answer is no, because that aspect is mostly covered at the national level. There is no EU-level catastrophe pool, no EU insurer of last resort, no must-write requirement, no non-renewal protection, and no mitigation-linked pricing rule, so features R3 to R7 scored 0. Consumer protection in high-risk areas (R8) scored 1 because the Insurance Distribution Directive provides general conduct rules, but nothing targeted at climate-exposed policyholders. Continued availability and adaptation (R1, R2) scored 1 on guidance: EIOPA's natural catastrophe protection gap dashboard maps where cover is missing, and its impact underwriting work explores whether adaptation should reduce premiums, but neither creates any obligation on insurers. Anti-bluelining monitoring (R9) scored 1 for the same reason. The dashboard maps coverage gaps geographically, but no one monitors insurer withdrawal against social vulnerability with any enforcement behind it. Investment alignment (R10) scored 1 as Article 275a(2) binds insurers to consider the long-term impact of their investments on sustainability factors, which is a genuine double materiality assessment, but it is not binding, and we have reserved a score of 2 for rules that require capital allocation to change. The resilience index score totalled 28.3 out of 100.

The EU-level scoping needs to be interpreted carefully. The low resilience score means that EU law does not do this work. It does not mean that no European scheme exists. Several member states run substantial national schemes. What the score shows is that the Union has chosen to harmonise the solvency side of insurance regulation fully while leaving the availability side to national discretion, so the protection an EU household enjoys depends on which member state they live in.

The result: the EU coordinate is prudential 92.6, resilience 28.3, a gap of 64 points, the largest positive gap of any jurisdiction we scored (see Figure 2). The EU sits at the far corner of the high prudential, low resilience quadrant and is at one extreme end of our assessment as a framework that comprehensively protects the insurer's solvency against climate risk while leaving the policyholder's access to cover largely unaddressed at Union level. The reforms expected in 2027 will widen rather than narrow this gap, as the proposed Article 45a would strengthen the prudential side while the resilience side will remain almost unchanged. One proposal could, however, change this situation. An EU-level public–private reinsurance scheme for climate risks is under discussion and, if adopted, it would give the EU its first real resilience instrument. But it is still a proposal and not yet a law. In our assessment, we have only scored regulation in force as of 20 June 2026, so while we have covered it in our assessment as proposed developments, we have not included it in the EU's score.

Figure 2. European Union scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments.

3.1.2 United Kingdom

How insurance is regulated in the UK: the UK regulates insurance through two authorities with different oversight. The Prudential Regulation Authority (PRA), part of the Bank of England, supervises the safety and soundness of insurers on capital, governance and risk management. The Financial Conduct Authority (FCA) regulates how insurance is sold and administered, including the conduct rules that govern renewals and dealings with policyholders. The prudential rulebook is derived from the EU's Solvency II regime, which the UK retained and adapted as its own framework after leaving the EU, so UK insurers operate under the same basic architecture of capital requirements, the ORSA self-assessment and supervisory review described in the EU profile. The important difference we analysed was how climate expectations are delivered. Where the EU has climate obligations as directly binding regulation, the PRA delivers them through supervisory statements, which set out in detail what the regulator expects but which are not enforceable rules. The UK also has one instrument the EU lacks at Union level, namely Flood Re, a statutory reinsurance scheme created by Part 4 of the Water Act 2014 and operating since 2016, whose legal purpose is to promote the availability and affordability of household flood insurance.

What has changed: the PRA was an early mover on climate. Its first supervisory statement on climate-related financial risk, SS3/19, was issued in 2019 and made the UK one of the first jurisdictions to set formal climate expectations for insurers. In December 2025, the PRA replaced it with SS5/25, a substantially more detailed statement covering governance, scenario analysis, risk management, disclosure and the supervisory process, with a chapter specific to insurers. In relation to disclosure, climate reporting became mandatory for large UK companies, including insurers, in

April 2022 through the Companies (Strategic Report) (Climate related Financial Disclosure) Regulations, which require narrative reporting aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Two further disclosure changes are scheduled but not yet in force. The current regime requires companies to describe their climate risks in narrative terms, but it does not require them to report numbers, such as their emissions or the results of scenario analysis, in any standard form. A new set of UK Sustainability Reporting Standards, based on the international standards issued by the International Sustainability Standards Board (ISSB), would change that by requiring quantitative, comparable climate reporting. The standards were published in February 2026 for voluntary use and the FCA has consulted on making the climate standard, UK SRS S2, mandatory for listed companies from January 2027. In relation to resilience, the Water Act contains a must-write power (Section 70) that would let government oblige insurers to provide flood cover, but it has never been commenced. Flood Re is not permanent. Its statute requires it to plan a transition back to risk-reflective pricing, meaning premiums that reflect each property's actual flood risk rather than the scheme's subsidised rates, and the scheme is due to wind down in 2039. The transition is gradual and managed by the scheme itself over the years before exit, but there is no separate start date for the pricing change.

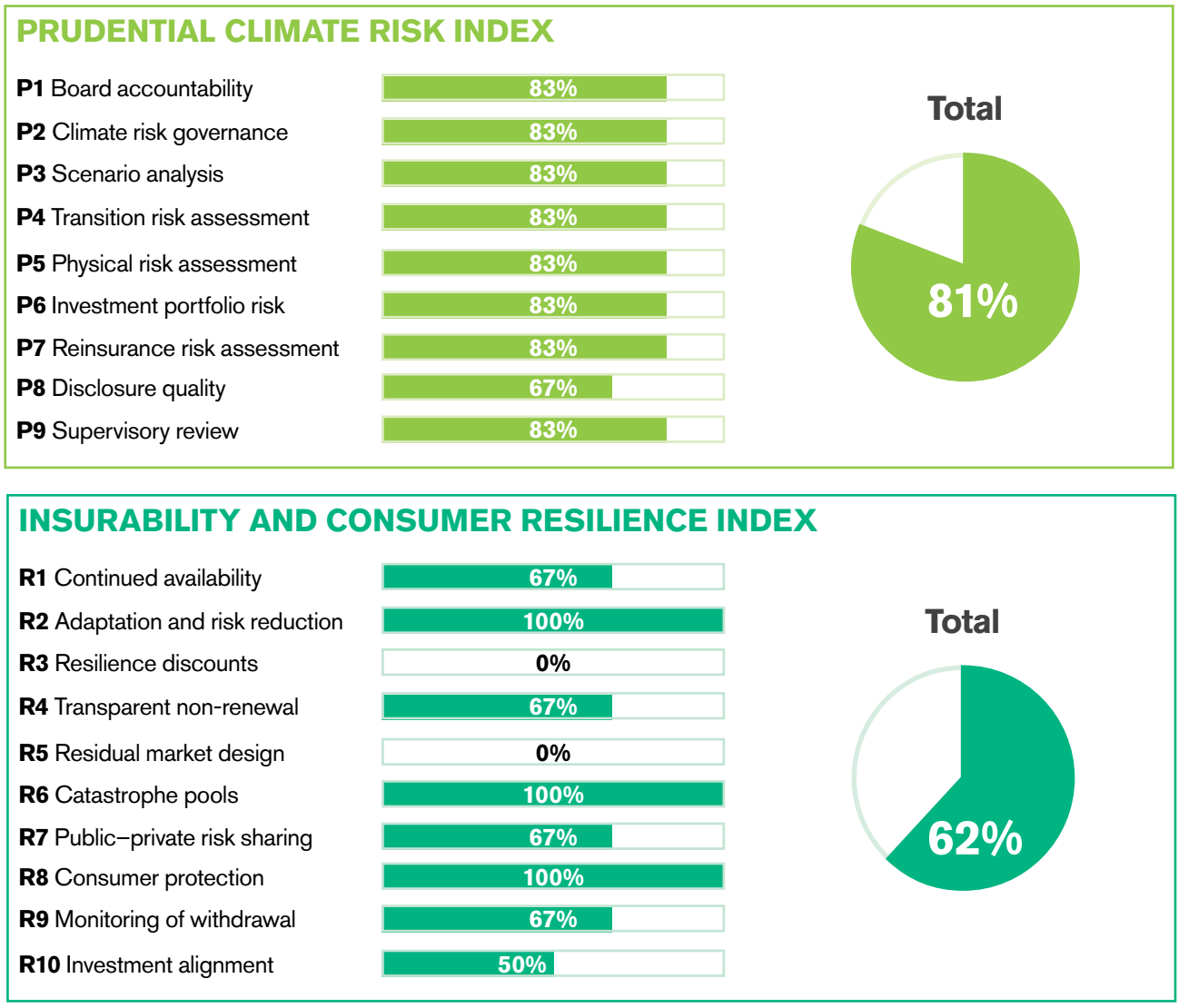
What we found and how we scored it: on the prudential index, the UK's substance matches the EU exactly, at 94.4, but the weighted score is 81.5 because nearly all the prudential regulations are guidance rather than binding. SS5/25 sets specific, checkable expectations on board accountability, governance, scenario analysis, transition and physical risk, investment risk and supervisory review, so features P1 to P6 and P9 score 2, each with the guidance weighting. On one feature, the UK is stronger than the EU, namely reinsurance risk assessment (P7), which scored 2 because SS5/25 expects insurers to test the availability and price of reinsurance under systemic climate stress and to engage their major reinsurers on climate exposure, something that the EU framework does not include. Disclosure (P8) scored 1 despite being the one binding prudential feature, because the in-force TCFD regime is narrative and qualitative and not yet mandatory. In our scoring, we have kept qualitative-only disclosure at 1. It is important to note a key difference with the EU here. The two frameworks ask insurers to do the same things, yet their weighted prudential scores differ by 11 points. The entire difference comes from their legal form. The EU delivers the requirements as binding law, the UK as supervisory expectation. This is exactly what the bindingness weighting is designed to reveal.

On the resilience index, the UK scored 61.7, more than double the EU, and almost all of the difference is because of Flood Re. The scheme is a statutory flood reinsurance pool funded by a compulsory levy on insurers of £160 million a year, with public interest duties, National Audit Office examination and accounts laid before Parliament. As a result, catastrophe pools (R6) scored 2. It delivers affordability, as the premiums insurers pay to cede a policy into the scheme are capped and banded by council tax band, which keeps cover affordable for high-flood-risk households, so consumer protection in high-risk areas (R8) also scored 2. Its Build Back Better feature adds up to £10,000 to eligible flood claims for resilient reinstatement, a specific, operationalised adaptation measure, so R2 scored 2. Public–private risk-sharing (R7) scored 1; this is a score we gave after careful assessment. The indicator asks whether the government formally shares in the losses. Flood Re was established by statute, its levy on insurers is compulsory and it answers to government and Parliament. But the money in it is entirely that of the industry. If a flood year ever exhausted the scheme's levy income, reserves and reinsurance, there is no legal promise that public funds would step in to provide the cover. Other countries/jurisdictions we covered in our assessment provide such a backing with the government's own budget or an explicit guarantee. This is the reason we scored this as 1. Continued availability (R1) also scored 1. Flood Re's founding legislation states its purpose as: to keep flood insurance available and affordable for households. What is missing is any duty on insurers themselves. The Water Act contains a power that would let government require insurers to provide flood cover, but it has never been activated, so availability in the UK rests on the scheme's incentives rather than on any obligation. That is why we have kept that score as 1 rather than 2.

Two structural gaps further lower the scores. Flood Re is a reinsurer, not a direct insurer of last resort, so residual market design (R5) scored 0, and nothing in UK regulation requires insurers to recognise property-level mitigation in pricing, so resilience discounts (R3) scored 0. Non-renewal transparency (R4), withdrawal monitoring (R9) and investment alignment (R10) all scored 1 for the same reasons as elsewhere; in other words, general conduct rules and market monitoring exist, but no rule restricts climate-driven non-renewal, tracks withdrawal against social vulnerability or requires investment allocation to move.

The result: the UK weighted score is prudential 81.5, resilience 61.7, a gap of 20 points (see Figure 3). The UK sits in the same high prudential quadrant as the EU but much closer to balance, and it is one of the two most balanced jurisdictions we have analysed. However, this balance may not last. The resilience score depends heavily on a single scheme with a statutory exit date. If Flood Re winds up in 2039 as planned and nothing replaces it, the regulatory features assessed by R2, R6, R7 and R8 will no longer be in place, and the UK's resilience score will drop sharply. Meanwhile, the prudential score is set to rise. If the proposed disclosure requirement comes into force in 2027, the prudential score would rise into the mid-80s. The two sides of the UK framework are therefore heading in opposite directions. Prudential strength is being added while the main resilience scheme is moving towards its exit. Unless Flood Re is renewed or replaced, the UK's gap will widen over time.

Figure 3. UK scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments

3.1.3 The United States (at federal level)

How insurance is regulated at the federal level: the US is unusual among major economies in that the federal government does not regulate the business of insurance. Under the McCarran-Ferguson Act of 1945, prudential supervision of insurers, including licensing, solvency, capital and market conduct, is a state function. Each of the 50 states has its own insurance department and its own insurance code, and the states coordinate voluntarily through the National Association of Insurance Commissioners (NAIC), which develops model laws and shared tools that states can choose to adopt. There is no federal prudential supervisor of insurers. The federal bodies that touch insurance have narrower roles. The Federal Insurance Office, created in 2010 within the Treasury, monitors the sector and has a statutory mandate to monitor access to insurance for traditionally underserved communities, but it has no supervisory powers. The Financial Stability Oversight Council can analyse systemic risks and make recommendations to regulators, and the Securities and Exchange Commission (SEC) regulates disclosure by listed companies, which include the large insurance groups. Where the federal government does act directly is as an insurer itself through the National Flood Insurance Program (NFIP), created by the National Flood Insurance Act of 1968 and run by the Federal Emergency Management Agency (FEMA). The federal government writes flood insurance for around 4.7 million policyholders, since flood is a peril the private market largely abandoned decades ago. Because we have scored the federal level as its own unit, we have excluded state instruments, including the NAIC's climate disclosure survey and the state schemes profiled under California and Florida, here.

What has changed: federal climate financial policy has gone full circle in five years. In 2021, Executive Order (EO) 14030 directed federal financial agencies to assess climate-related financial risk, and the Financial Stability Oversight Council (FSOC) responded with a report making 153 recommendations to regulators. As part of the same effort, the Federal Insurance Office (FIO) worked with state regulators to collect data from large home insurers at the postcode level on premiums, claims and non-renewals, so that, for the first time, the federal government could see where climate risk was making home insurance costlier or harder to keep. In March 2024, the SEC adopted a climate disclosure rule for listed companies, the closest the US has come to a federal climate reporting requirement. None of this remained in place for long. The SEC rule was stayed by the courts within weeks and never took effect. EO 14148 of 20 January 2025 revoked EO 14030, removing the mandate behind the FIO and FSOC climate work, and the FIO data collection was wound down. In May 2026, the SEC formally proposed to rescind its own climate rule. The resilience side has not been reversed in the same way, but it has its own weakness. The NFIP moved to a modernised actuarial pricing approach (Risk Rating 2.0) in 2023, but the programme depends on Congress renewing its authorisation every few months; it actually lapsed for 43 days in late 2025 and it is currently authorised only to 30 September 2026.

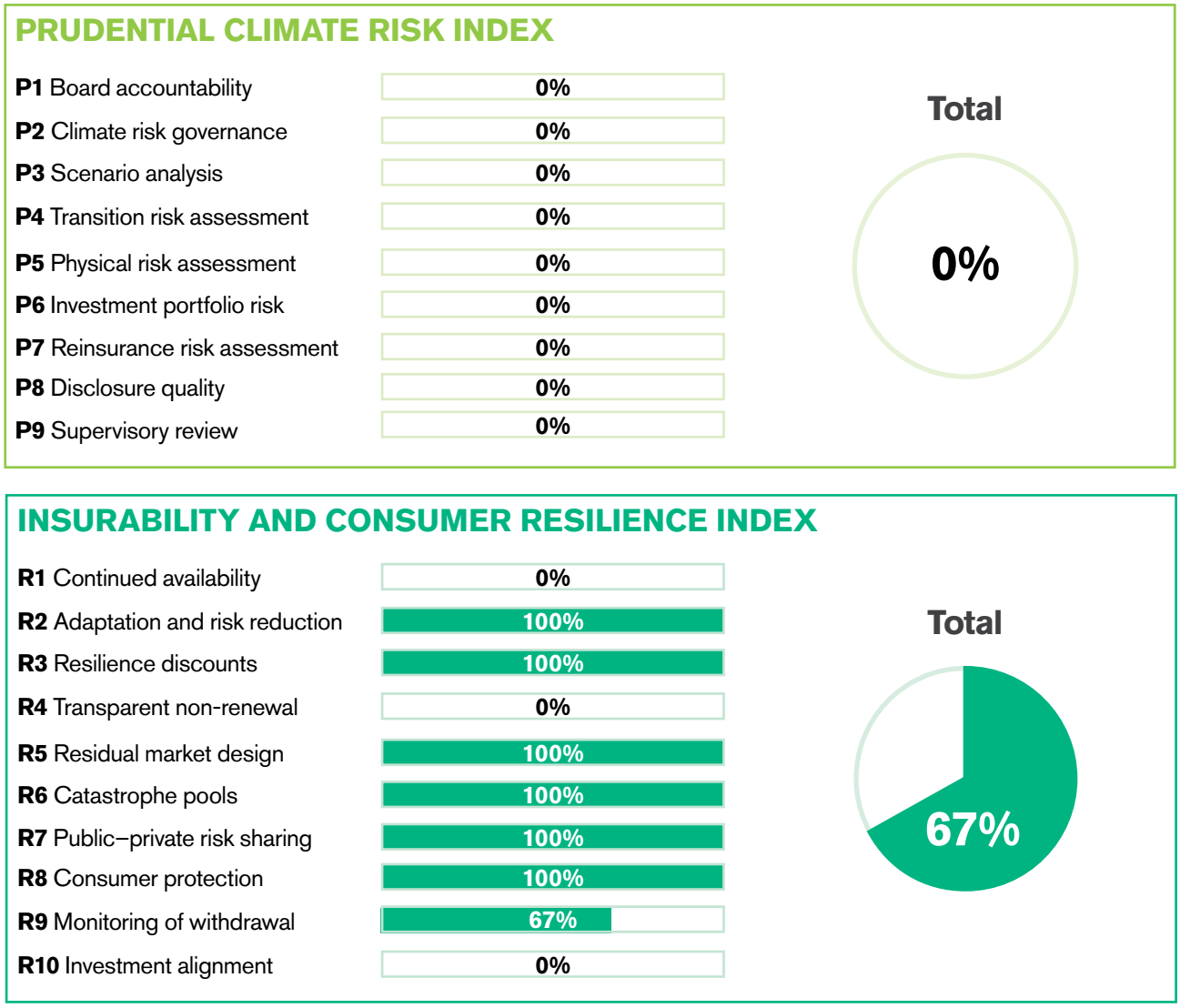
What we found and how we scored it: the US federal unit produced the most extreme result in the study. Every one of the nine prudential indicators scored 0. There is no federal prudential supervisor of insurers to impose climate requirements. The bodies that were examining climate risk in the financial system lost their mandate when the 2021 executive order was revoked in January 2025. The SEC rule that would have created a federal disclosure requirement never took effect and is being withdrawn. Under our assessment criteria, we have not scored reports and studies because they place no requirement on any firm. The federal prudential score was therefore kept at 0 and it is unlikely to change as current federal policy shifts away from climate regulation.

The resilience side shows the opposite, and nearly all of it is represented by one programme. The NFIP scored on six of the ten indicators because it combines functions that are usually spread across separate institutions. To join the NFIP, a community must adopt and enforce federal floodplain management standards and can be suspended if it does not. This ties access to insurance directly to real-world risk reduction, so adaptation (R2) scored 2. The Community Rating System grants premium discounts of 5 to 45% depending on how much a community does to manage its flood risk, measured against a published classification, and the pricing approach recognises measures taken on individual properties, such as elevating a house, so resilience discounts (R3) scored 2. The NFIP is a direct federal insurer of last resort with coverage limits set in statute (R5, scored 2). It is a national flood catastrophe pool that passes part of its risk to reinsurers and capital markets (R6, scored 2). And it is a public–private scheme with government money behind it, since it can borrow from the US Treasury when losses exceed its funds, while private insurers sell and service the policies on its behalf (R7, scored 2). Consumer protection in high-risk areas (R8) scored 2 on the statutory 18% annual cap on premium increases for primary residences and the standardised claims and appeals process. Monitoring of withdrawal patterns (R9) scored 1 as the FIO has a statutory duty to monitor whether underserved communities have

access to insurance. But it carries no enforcement powers, and the data collection that gave it climate content has been wound down; therefore, we gave it a score of 1 instead of 2. Continued availability (R1) scored 0 as no federal rule requires private insurers to keep writing cover. The NFIP does make flood cover available, but it does so by providing it directly, which we scored under R5 rather than here. Non-renewal protection (R4) and investment alignment (R10) scored 0 because both are governed by state law. The total weighted score for resilience is 66.7.

The result: the US federal weighted score is prudential 0, resilience 66.7, a gap of minus 67 points (see Figure 4), the largest negative gap in our assessment and the reverse of the EU's plus 64. The two jurisdictions are mirror opposites. The EU fully harmonises the rules protecting insurer solvency and leaves availability of cover to its member states. The US federal government leaves insurer solvency entirely to its states and puts its effort into public risk sharing for a single peril. The federal government runs one of the largest public insurance schemes in the world. But its effort is almost entirely on the resilience side and for flood alone. Two qualifications apply to this score. The resilience result rests on a single programme whose authorisation expires within months of our assessment date, and which already lapsed once during the scoring period, so the score is high but not secure. And because the NFIP covers only flood, an American household facing wildfire, hurricane or any other climate peril gets nothing from the federal protection layer. Whether that household is protected depends on which state it is in, which is why we have also assessed California and Florida.

Figure 4. US (federal) scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments

3.1.4 California

How insurance is regulated in California: under the state-based system described in the US federal profile, California regulates its own insurance market and does so through an unusually strong consumer protection framework. The California Department of Insurance is led by an elected Insurance Commissioner and, since Proposition 103 — a ballot initiative passed in 1988 — property insurance rates have required the Commissioner's prior approval, with public participation in rate review. California is the largest insurance market in the US and one of the largest in the world, so its regulatory choices carry weight well beyond the state. The market context is dominated by wildfire. After the severe fire years from 2017 onwards, insurers raised prices, restricted new business and non-renewed policies in high-risk areas at scale, and a growing share of households fell back on the FAIR Plan, the state's insurer of last resort. The FAIR Plan, established in statute in 1968, is an association that every licensed property insurer in the state must belong to. It writes basic cover for applicants who cannot find it in the open market, and when its losses exceed its funds, the shortfall is shared out among its member insurers. It is an industry mechanism and not a state-funded one.

What has changed: California's response to the availability crisis is the Sustainable Insurance Strategy, a package of regulations phased in through 2024 and 2025 that reworked how wildfire risk enters insurance prices. At its heart is an exchange that is new in US regulation. Insurers may now use forward-looking catastrophe models when setting rates and may pass the cost of their reinsurance into rates; both were long prohibited under the Proposition 103 framework. In exchange, an insurer using these tools must commit to writing policies in wildfire-distressed areas at no less than 85% of its statewide market share. Alongside this is the Safer from Wildfires regulation, a 2022 regulation that requires every insurer's pricing to recognise defined mitigation measures, both what a community does and what an individual household does, and gives consumers the right to see the wildfire risk score an insurer has assigned to their property and to appeal it. Earlier statutes added non-renewal protection. Since 2019, insurers cannot cancel or non-renew residential policies in or adjacent to a declared wildfire emergency for one year, and from January 2026, this protection extends to commercial property. On the disclosure side, California requires its insurers to complete the climate risk survey developed by the National Association of State Regulators, and requires insurers with more than US$100 million in premium income to disclose their investments in coal, oil and gas, alongside a voluntary request to sell their thermal coal holdings. Bills that are under consideration would tighten FAIR Plan standards and expand mitigation grants, but none of these measures were law at our assessment date of 20 June 2026.

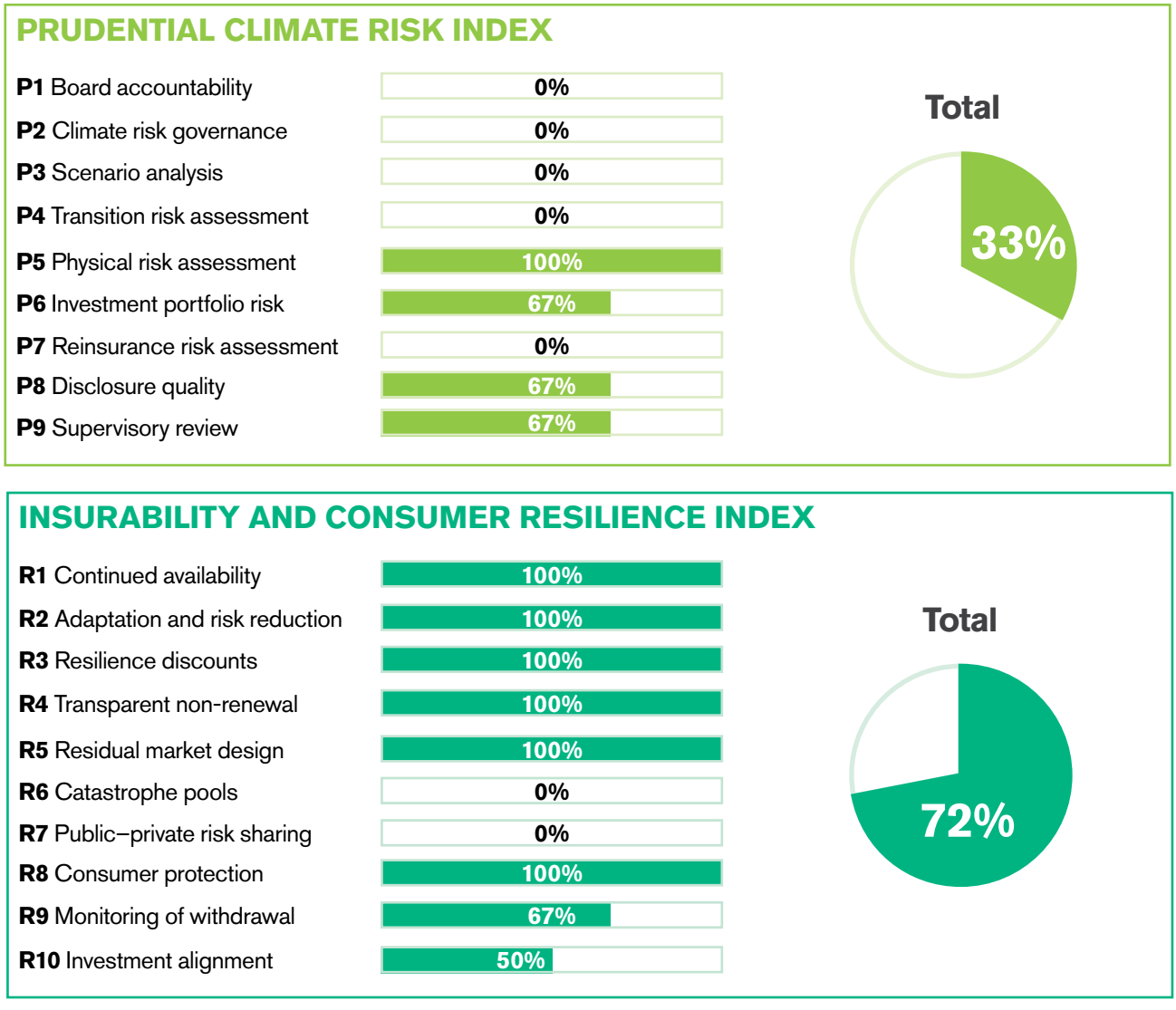
What we found and how we scored it: California's prudential score is 33.3, low in absolute terms but the highest of the three US jurisdictions in our study (the federal level, California and Florida). Four features scored higher in California. Physical risk assessment (P5) with a binding statute scored 2, and this is the feature that separates California from Florida. The catastrophe modelling regulation requires any wildfire model used in rates to reflect the best available scientific information on fire frequency, severity and mitigation. That makes the assessment forward-looking. Traditionally, insurers set prices from historical losses, but climate change means past fires understate future risk. California now requires the models used in pricing to project how the risk is changing. Investment portfolio risk (P6) scored 1. Insurers must report their fossil fuel investments, but nothing requires them to manage the risk those investments carry, and the reporting has no capital consequences. Disclosure (P8) scored 1. The survey is compulsory and standardised, but every question asks for a description in words rather than numbers (in our scoring criteria, we have rated qualitative-only disclosure at 1, where the same rule kept the UK at 1). Supervisory review (P9) scored 1 because the regulator now reviews climate science as part of approving rates, but there is no supervision of how climate change threatens an insurer's own financial position. The remaining five indicators scored 0. Nothing in California regulation makes insurer boards accountable for climate risk, requires climate risk to be included in the risk management framework, mandates scenario analysis or requires insurers to assess transition risk or their dependence on reinsurance under climate stress. Like Florida, California regulates how climate risk is priced far more than how it threatens the insurer's own balance sheet.

The resilience score is 71.7, and is driven by binding statute and regulation across six features. The 85% commitment to keep writing in wildfire-distressed areas is a defined must-write standard, so continued availability (R1) was scored 2, the strongest availability mechanism that we have assessed in this study. The modelling rules require models to recognise risk reduction at landscape scale, and Safer from Wildfires ties prices to mitigation, so adaptation (R2) and resilience discounts (R3) both scored 2. The wildfire moratoria, together with a rule protecting renewal for 24 months after a household loses its home entirely, give non-renewal protection (R4) a 2. The FAIR Plan is a residual market defined in statute, with rules for how shortfalls are shared among insurers and a mechanism for moving policies back to the open market, so R5 scored 2.

Consumer protection in high-risk areas (R8) scored 2 on the right to see and appeal one's risk score and the post-disaster protections. What holds California's score below Florida's relates to the structural side. California has no catastrophe pool for a climate peril. The California Earthquake Authority pools earthquake risk, which is not driven by climate change, and flood is covered by the federal NFIP, so R6 scored 0. There is also no scheme in which the state shares losses. When the FAIR Plan's losses exceed its funds, the shortfall falls on private insurers, not the government. We have scored the FAIR Plan as a residual market for which California got a score of 2 for R5, but it is not a public–private risk-sharing mechanism, so R7 scored 0. Monitoring of withdrawal patterns (R9) scored 1. The Department of Insurance collects non-renewal data by area and the test for wildfire-distressed areas takes household income into account, but no rule requires anyone to check whether insurers are withdrawing from socially vulnerable places, or to act if they are. Investment alignment (R10) scored 1 because the request to sell coal holdings is voluntary.

The result: the California weighted score is prudential 33.3, resilience 71.7, a gap of minus 38 points (see Figure 5). California sits in the same low prudential, high resilience quadrant as Florida and the US federal jurisdiction, but the pattern is less extreme than either. It scores higher on the prudential side than the other two US jurisdictions because it requires forward-looking modelling and mandatory disclosure, which they do not. It scores slightly lower on resilience than Florida because it has no catastrophe pool and no state money behind its schemes. What California contributes to the study is an understanding of a set of tools that keep cover available without public money: the FAIR Plan, the market share requirement for wildfire-prone areas and the post-emergency cancellation bans. All of these work by obliging private insurers, through regulatory bargains and losses shared across the industry, but they are not backed by public capital. Whether that holds as wildfire losses grow is the open question and one that may force regulators to reassess how risk is shared in future.

Figure 5. California scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments

3.1.5 Florida

How insurance is regulated in Florida: Florida regulates its insurance market through the Office of Insurance Regulation (OIR) and it does so for the most hurricane-exposed property market in the US. Florida's regulatory architecture was built in response to a disaster. Hurricane Andrew in 1992 bankrupted insurers and drove others out of the state, and the response created the institutions that still define the market. The Florida Hurricane Catastrophe Fund (FHCF), created in 1993, is a state-run reinsurance pool. Every residential property insurer must buy a reimbursement contract from it, under which the fund repays a defined share of the insurer's hurricane losses once those losses pass an agreed threshold. The fund is financed by the premiums insurers pay it, and the balance it has built up over the years. It has the power to issue bonds and collect further contributions from insurers if a severe season exhausts its resources. Citizens Property Insurance Corporation, the state's insurer of last resort, writes cover directly for households who cannot find a private policy at a price within 20% of the Citizens premium. In other words, a household qualifies for Citizens cover when every private insurer offer costs at least a fifth more than the state policy would. It runs a programme that moves policies back to private insurers when the market can absorb them. Rate filings for residential property must use hurricane loss models certified by an independent state commission.

What has changed: recent years have brought both market crisis and repair. Between 2020 and 2022, a wave of insurer insolvencies, driven substantially by claims litigation, pushed premiums up sharply and swelled enrolment in Citizens Property Insurance Corporation, the state insurer of last resort described above. The legislature responded with a series of reforms. SB 2-A in December 2022 restructured claims litigation and created temporary state reinsurance programmes for insurers who could not buy private reinsurance, and SB 7052 in 2023 added accountability measures, including the authority to examine how insurers handle claims after a hurricane. The temporary reinsurance programmes are on their way out. One was repealed in June 2025, and the other is winding down as its multi-year contracts expire, leaving the permanent FHCF as the state's backstop. On the mitigation side, the My Safe Florida Home programme funds free wind inspections and matching grants for strengthening homes, tied directly to the premium discounts insurers must offer for those measures, and a pilot extended it to condominiums. However, one thing has not changed: Florida has never required its insurers to disclose their climate risks, even though its own former Commissioner co-chaired the national task force that built the climate risk survey now used by other states. Florida is absent from the list of states administering it.

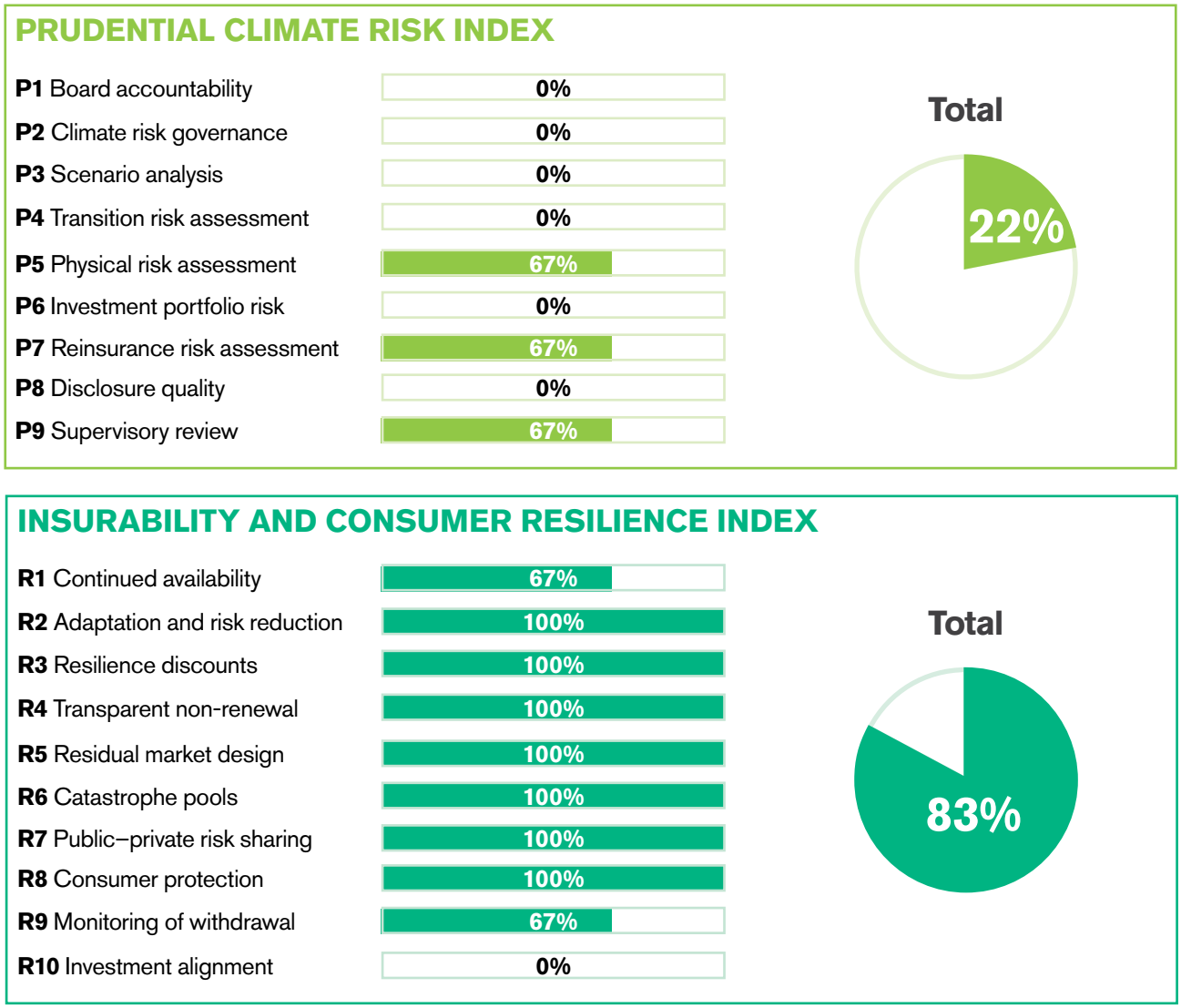
What we found and how we scored it: Florida's prudential score is 22.2. Physical risk assessment (P5) scored 1. The Florida regulator assesses hurricane hazard more thoroughly than almost any regulator anywhere, with certified catastrophe models and explicit hurricane loadings in every rate filing. But this whole system prices hurricane risk on historical records alone. Insurers are not required to assess how climate change is shifting that risk, so we scored it as 1. Reinsurance risk assessment (P7) scored 1 on similar grounds. Whether insurers have bought enough reinsurance for hurricane risk is closely examined, and the law lets OIR act against an insurer whose hurricane reinsurance is inadequate, but it is not tested on availability or price of reinsurance based on climate risks. Supervisory review (P9) scored 1 for the post-hurricane examination system, which is real supervision of a physical hazard but does not cover climate risks. Everything else scored 0. Florida's governance and risk management rules are generic and never name climate; the investment rules contain no climate, carbon or transition language at all; and there is no disclosure requirement, so P1 to P4, P6 and P8 are all absent.

The resilience score is 83.3, the highest in the study, and every feature is binding. Florida is the only jurisdiction to score 2 on seven of the ten features. The FHCF earned two of them. It is an established catastrophe pool for a climate peril (R6), and its reimbursement contracts divide hurricane losses between the state and insurers at thresholds and limits fixed in advance, which is a formal public–private sharing arrangement (R7). Citizens Property Insurance Corporation is a well-designed residual market, with defined coverage, clear rules on who is eligible, and the power to collect contributions from insurers and policyholders across the market if its own funds run out (R5). Mitigation is built into pricing from both ends. Insurers must give premium discounts for wind mitigation measures, at levels set by the regulator (R3), and the My Safe Florida Home programme funds the inspections and home strengthening that earn those discounts (R2). Non-renewal protection (R4) is the strongest we found across jurisdictions in this study. Insurers must give 120 days' notice before non-renewing a residential policy, cannot cancel or non-renew a damaged home until 90 days after it has been repaired following a declared hurricane, and cannot non-renew a household only because it made a claim for storm damage, or a single claim for water damage. Consumer protection in high-risk areas (R8) scored 2 on the post-hurricane claims

examinations and the accountability measures added in 2023. Monitoring of withdrawal patterns (R9), however, scored 1, as OIR collects non-renewal and market data, but no rule requires anyone to check whether insurers are withdrawing from socially vulnerable locations. Investment alignment (R10) also scored 0, as the investment rules do not mention climate.

The result: the Florida weighted score is prudential 22.2, resilience 83.3, a gap of minus 61 points (see Figure 6). Florida and the EU are the two poles of the study, and they mirror each other. The EU protects the insurer's solvency but does nothing at the Union level for the policyholder's access to cover. Florida, on the other hand, protects access through binding statutes but does not treat climate as a risk to insurers themselves. The comparison with California is equally useful. Florida's resilience lead over California comes entirely from the FHCF, which gives Florida a catastrophe pool and the state-backed risk sharing that California lacks. California's prudential lead over Florida comes from requiring forward-looking science in pricing models and mandatory disclosure, which Florida does not. One caution applies to reading Florida's high resilience score. All of its regulations and systems share hurricane losses after they happen. None reduce the losses Florida is expected to face and none ask whether the losses are growing. A regulatory regime that does not require insurers to look forward is assuming that the hurricanes of the past are a reliable guide to the hurricanes of the future. Whether the pool, the contributions and the last resort insurer can carry what climate change is adding to them is something Florida regulators will be forced to ask in future.

Figure 6. Florida scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments

3.1.6 Australia

How insurance is regulated in Australia: Australia divides insurance regulation between two national bodies. The Australian Prudential Regulation Authority (APRA) supervises the safety and soundness of insurers, and the Australian Securities and Investments Commission (ASIC) regulates conduct and disclosure. Like the UK's PRA, APRA works through a two-layer rulebook. Binding prudential standards set enforceable requirements for risk management and governance in general terms, and prudential practice guides explain in detail how APRA expects firms to meet them. The binding standards do not mention climate. The climate content is in a practice guide. The pressure driving Australian resilience policy is cyclone risk in the north of the country. Premiums in northern Australia rose to several times the level in the south, affordability became a sustained political issue, and the government directed the Australian Competition and Consumer Commission (ACCC), the national consumer and competition regulator, to monitor insurance prices and availability in the region over several years. The Australian Reinsurance Pool Corporation (ARPC) was created in 2003 to backstop terrorism risk, and in 2022 its governing statute, the Terrorism and Cyclone Insurance Act 2003, was amended to add a cyclone reinsurance pool.

What has changed: Australia's climate framework was assembled quickly, over four years. In November 2021, APRA issued Prudential Practice Guide CPG 229, its practice guide on climate change financial risks, setting detailed expectations for governance, risk management and scenario analysis, and in 2022, it ran a Climate Vulnerability Assessment across the largest insurers. On 1 July 2022, the cyclone reinsurance pool began operating. Every general insurer writing eligible cyclone risk must pass all of it to the ARPC. The Commonwealth government guarantees the pool's cyclone liabilities up to A$10 billion per year, with a stated procedure for raising that limit if a severe season requires it. The third component is disclosure. In September 2024, Australia legislated mandatory climate reporting. The new standard, AASB S2, issued by the Australian Accounting Standards Board (AASB), is the Australian version of the international ISSB climate standard, and it applies to the largest companies and financial institutions for financial years beginning on or after 1 January 2025. Unlike reporting regimes that ask only for description in words, it requires numbers, in other words, greenhouse gas emissions, the results of scenario analysis and climate-related metrics, with independent checking of the reported figures being phased in. Smaller entities are expected to follow in later years, and a statutory review of the cyclone pool has been announced. Both of these changes are pending developments and therefore not included in the scores.

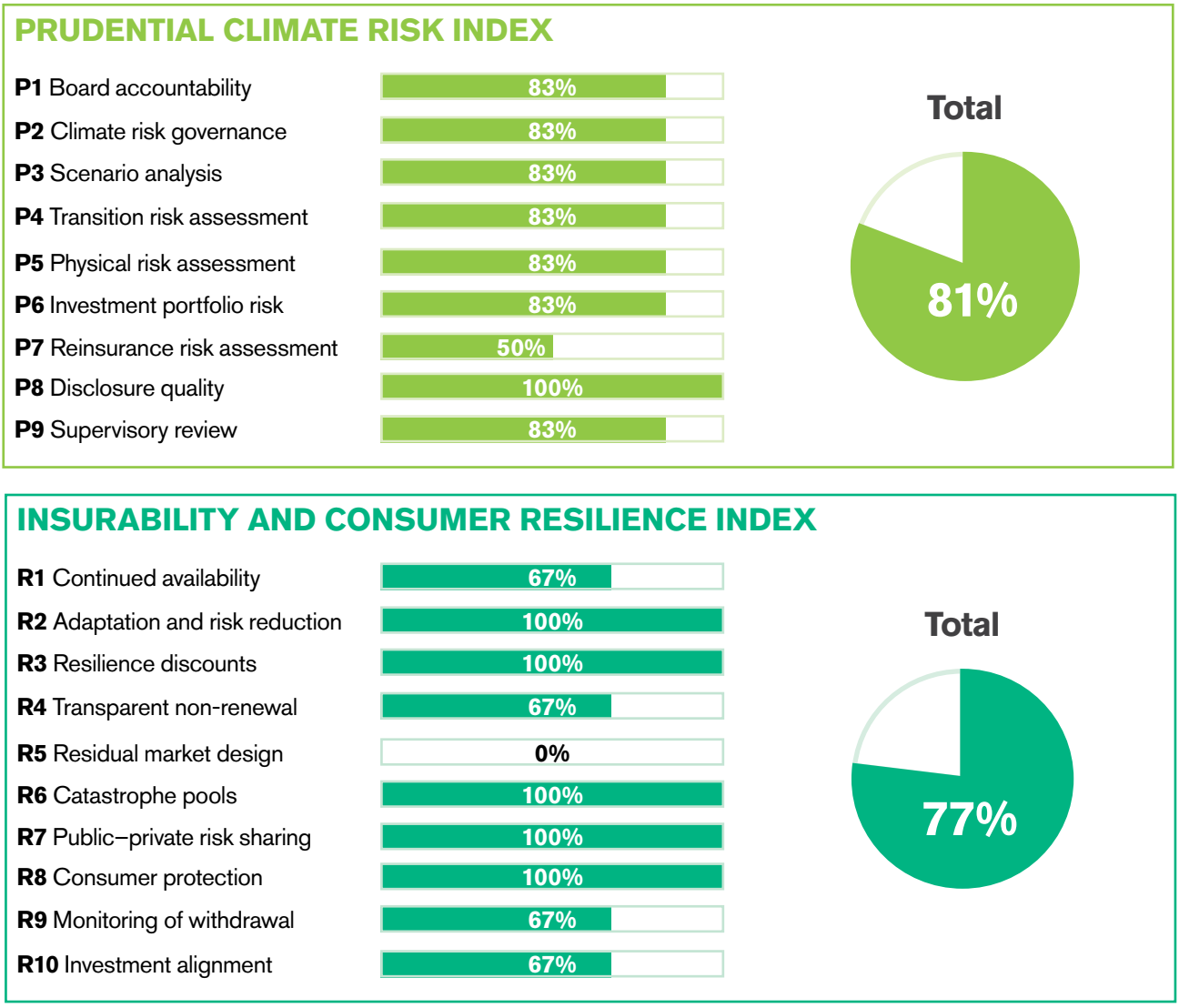
What we found and how we scored it: on substance, Australia's prudential framework is the equal of any in the study. 94.4 on the pure substance version of the index, identical to the EU and the UK. CPG 229 sets specific, checkable expectations across the board. Boards must assign responsibility for climate risk to named senior managers and hold them to it (P1). Climate must be built into the components of the risk framework, including the risk appetite statement and the business plan (P2). Scenario analysis must use multiple defined scenarios, spanning warming above 3°C and well below 2°C, orderly and disorderly transitions and horizons out to 2050 and beyond (P3). Transition risk, physical risk and the climate exposure of investments must each be assessed, with the scope of each defined (P4, P5, P6). Supervisory review (P9) scored 2 because APRA has a defined process for checking all of this through its vulnerability assessment, self-assessment surveys of firms and its ordinary supervision. All of these features carry the guidance weighting, because they are guidance rather than binding, so the weighted prudential score came to 81.5. These features are identical to the UK, but two features differentiate the two jurisdictions. Reinsurance risk assessment (P7) scored 1, below the UK, because nothing in CPG 229 asks insurers to test what happens to the availability or price of their reinsurance as climate risk grows. Disclosure (P8) scored 2 with binding force, above the UK, because AASB S2 is mandatory, quantitative and scenario-based for large insurers, the strongest disclosure requirement that we found across jurisdictions in the study, alongside the EU's.

The resilience score is 76.7, and its core is the cyclone pool, which we scored across five features on the same logic we applied to the UK's Flood Re. The pool is an established statutory catastrophe pool for a defined climate peril, cyclones and the flooding and storm surge that follow one, with participation compulsory for insurers (R6, scored 2). The Commonwealth guarantee means the national government has promised its own money, up to a stated limit and under stated conditions, so public–private risk sharing (R7) scored 2, the same level as the US's NFIP and Florida's FHCF and above Flood Re, which has no such promise. The statute directs the pool when setting premiums for properties with medium and high cyclone exposure to keep them as low as possible while keeping incentives to reduce cyclone risk, and the pool's pricing gives credit for defined mitigation measures, such as strengthening a roof or protecting windows and doors. Both adaptation (R2) and resilience discounts (R3) therefore scored 2, and this is the only place across all jurisdictions in our

study where a duty to reward mitigation in prices is written directly into primary legislation. The pool's affordability purpose for high-exposure areas, reinforced by the ACCC's monitoring of northern Australia, is specific enough to disaster-exposed households to earn consumer protection (R8) a score of 2. The remaining features mark the gaps. There is no insurer of last resort, since the ARPC reinsures insurers rather than selling policies to households, so R5 scored 0. Continued availability (R1) scored 1 because keeping cover accessible is part of the pool's statutory purpose, but no rule requires any insurer to write cover. Non-renewal protection (R4) scored 1, with no protection specific to disasters. Monitoring of withdrawal patterns (R9) scored 1. The ACCC tracks availability and affordability by region, which is closer to real monitoring than most jurisdictions manage, but nothing examines whether withdrawal falls in socially vulnerable places, and no rule allows action if it does. Investment alignment (R10) scored 1, since AASB S2 makes insurers disclose how climate affects their strategy and their use of capital, but does not require them to change where their money goes.

The result: the Australia weighted score is prudential 81.5, resilience 76.7, a gap of just under 5 points (see Figure 7). Australia is the most balanced jurisdiction in the study and the closest jurisdiction to strong on both corners of the quadrant map, though still short of the IAIS benchmark on both axes. The comparison with the UK is important because the two regulatory frameworks have the same structure. However, three differences take Australia from the UK's 20-point gap to 5. Australia's climate disclosure is mandatory and in numbers, whereas the UK's remains a description in words. The cyclone pool carries an explicit government guarantee, but Flood Re has none. And the duty to reward mitigation in pricing is written into Australian statute, while the UK has no such rule. One further point is worth noting: Australia asks a great deal of its insurers on the prudential side but delivers it through guidance, while its resilience framework is binding law.

Figure 7. Australia scorecard on insurance regulation strength on the two indices



Source: authors' scoring of primary legal instruments

3.1.7 India

How insurance is regulated in India: India regulates insurance through the Insurance Regulatory and Development Authority of India (IRDAI), established by statute in 1999 when the market was opened to private and foreign participation after decades of state monopoly. The legal foundation is older, however. The Insurance Act 1938 remains the principal statute, and IRDAI exercises its powers under that Act and its own founding legislation, including the power to issue binding directions and the master circulars through which much of its rulebook is delivered. The regulator's name signals something important about its design. IRDAI's mandate pairs regulation with development. It is responsible not only for the solvency and conduct of insurers but also for extending insurance to populations the market would not otherwise reach. That mandate is written into hard law. Under the Insurance Act, every insurer must write specified minimum percentages of its business in rural areas and among defined social sector groups, such as agricultural workers and the unorganised workforce. These obligations date from the opening of the market and are enforced through IRDAI regulations. India's solvency regime is factor-based; in other words, capital requirements are calculated by formula from an insurer's volumes of business, rather than from the insurer's own assessment of the risks it faces. This becomes important because in a formula-based regime, integration of climate scenario analysis becomes difficult. The most important resilience instrument is partly outside insurance regulation altogether. The Pradhan Mantri Fasal Bima Yojana (PMFBY), the national crop insurance scheme launched in 2016, is designed centrally and implemented by the states. The government subsidises the premiums farmers pay and shares the losses with participating insurers under defined rules.

What has changed: climate has begun to enter Indian insurance regulation, but only at the margins. The Reinsurance Master Circular of 2024 requires the Indian branches of foreign reinsurers to establish a climate risk management framework with board-level oversight. This is the first climate-labelled requirement anywhere in the Indian insurance rulebook, but it applies only to that segment of the market, not to the insurers who sell policies to Indian households and firms. The Corporate Governance Master Circular of 2024 introduced a stewardship code, which requires insurers, as investors, to consider environmental, social and governance (ESG) risks in the companies they hold. On disclosure, the requirement comes from the securities regulator, the Securities and Exchange Board of India (SEBI), rather than from IRDAI. SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework requires large listed companies, including listed insurers, to publish sustainability reports, and since 2023, a core set of figures, including greenhouse gas emissions, must be reported in numbers and independently checked. On the crop scheme, PMFBY's operational guidelines were consolidated in 2023, and from the 2024 crop season, insurers must pay farmers 12% annual interest on claim payments they delay. Larger reforms are under way but not in force at our assessment date of 20 June 2026. A risk-based capital regime, which would calculate capital from an insurer's actual risks and so create the structure into which climate scenarios could fit, is at consultation stage. A national catastrophe pool is at the design stage, with United Nations Development Programme (UNDP) support. And a new PMFBY cover for paddy crops damaged by flooding, the scheme's first explicitly climate-responsive extension, was approved in late 2025 for rollout from the 2026 season.

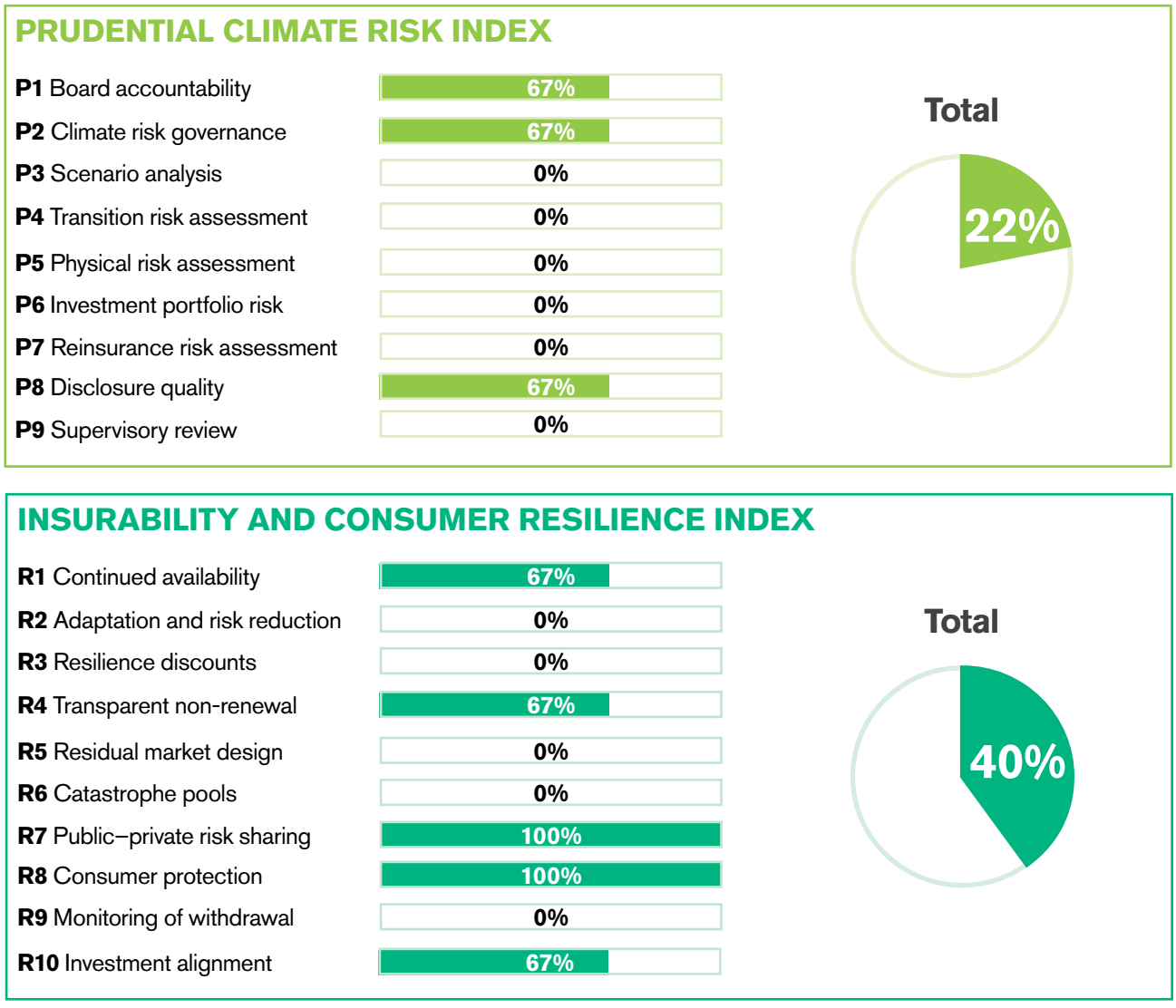
What we found and how we scored it: India's prudential score is 22.2, resting on three features. Board accountability (P1) and climate risk governance (P2) each scored 1 on the Reinsurance Master Circular. The requirement is binding and places responsibility at board level, but it asks only for a framework to exist, without naming what it must contain or how the risks must be assessed, and it covers only branches of foreign reinsurers rather than the market. Disclosure (P8) scored 1 on BRSR, which is mandatory, partly in numbers and independently checked, but is a general sustainability report rather than climate disclosure with scenario analysis, so the same rule that held the UK and California at 1 applies here. The remaining six features scored 0. The formula-based solvency regime contains no scenario analysis, no duty to assess transition or physical risk, no climate requirement on investments and no climate-specific supervisory process. The references to catastrophe models in the reinsurance rules are about pricing today's reinsurance placements, not about assessing how climate change is shifting the risk. India's prudential score therefore matches Florida's in level but differs in origin. Florida has a mature prudential system that ignores climate. India's prudential system is itself still being built, with its risk-based foundations at draft stage.

The resilience score is 40.0, and the score is carried by instruments built for financial inclusion and agricultural development, not for climate adaptation. Continued availability (R1) scored 1 on the rural and social sector obligations. This is a binding requirement to serve populations the market would neglect, the only inclusion mechanism that we found across jurisdictions in the study, but it is not aimed at areas of high climate risk, which is what the score of 2 requires. Public–private risk sharing (R7) scored 2 on PMFBY. Government and insurers share crop losses under rules fixed in advance. Insurers carry losses up to a stated multiple of the premiums they collected, and government carries what lies beyond it, alongside the premium

subsidy it budgets each year. The backing rests on a government scheme rather than on a statute, but the sharing rules are formal and defined. Consumer protection (R8) scored 2 on the 12% interest insurers must pay farmers for delayed claims, a defined and enforceable claims standard for disaster-exposed policyholders, though it covers a single product line. Non-renewal protection (R4) scored 1 on general policyholder protection regulations, and investment alignment (R10) scored 1 on the stewardship code, which asks insurers to consider these risks in the companies they hold but not to move their money. Everything else scored 0. There are no rules linking insurance to adaptation, no mitigation discounts, no insurer of last resort, no catastrophe pool in force and no monitoring of where insurers withdraw. One absence is worth underlining: nothing anywhere in India's market rules connects insurance to reducing climate risk. PMFBY and its weather index counterpart pay out after crops are lost. Nothing in either scheme rewards a farmer or a state for reducing the losses beforehand.

The result: the India-weighted score is prudential 22.2, resilience 40.0, a gap of minus 18 points (see Figure 8). India sits in the low prudential, moderate resilience quadrant and adds a third pattern to the study. The EU pattern is solvency-led and the US pattern is disaster scheme-led. India's is development-led. Its resilience scores reflect inclusion mandates and agricultural risk transfer built for development reasons decades before climate entered the regulatory discussion, and now functioning as resilience infrastructure without ever having been designed as such. This mandate is important beyond India because it is likely to be the starting position of many LDCs and SIDS, and it can be read two ways. The encouraging reading is that development-led machinery can become a real foundation. A binding duty to serve excluded populations, a national risk-sharing scheme and an enforceable claims standard are exactly the components a climate resilience regime requires, and adapting them to climate risk, as the new paddy flood cover is proposed to do, is a positive outlook. The cautionary reading is that there is no link to adaptation, no forward-looking risk assessment, and a solvency regime is still at draft stage. India's system shares losses without reducing them, which is something policymakers need to consider.

Figure 8. India scorecard on insurance regulation strength on the two indices

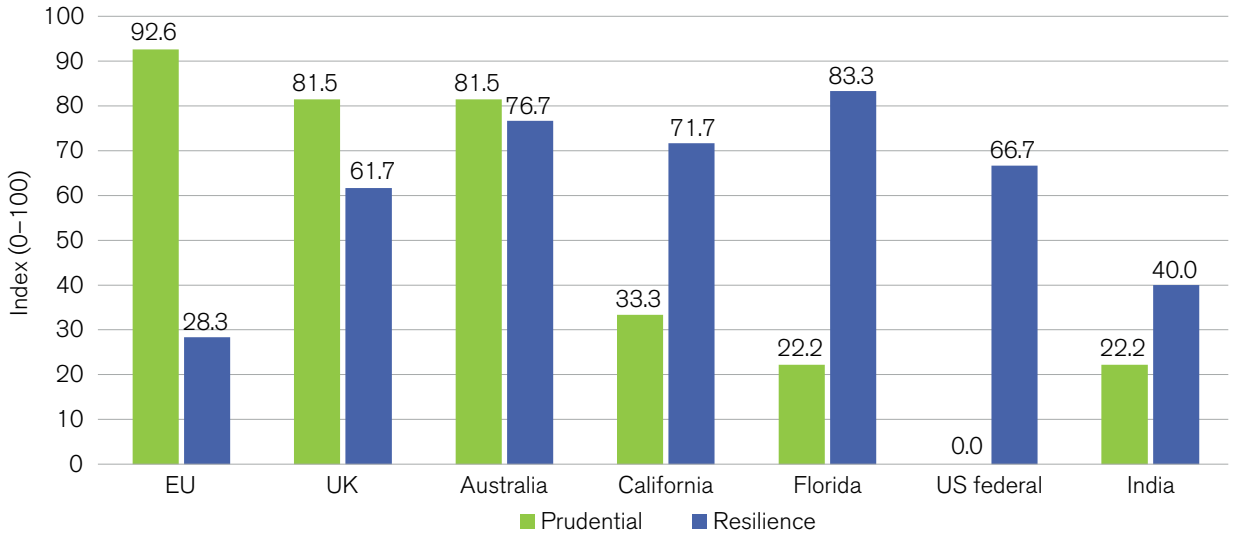


Source: authors' scoring of primary legal instruments

3.2 The cross-jurisdiction assessment

To analyse how each jurisdiction compares to the others, we have presented each jurisdiction's weighted score on the two indices side by side in Figure 9. As is clear from the graph, in every jurisdiction except Australia, a huge gap exists on either the prudential or resilience side of regulatory features. The EU and UK score high on prudential regulation and lower on resilience. California, Florida, the US federal level and India show the reverse.

Figure 9. The two index scores for the seven jurisdictions (weighted, 0 to 100)



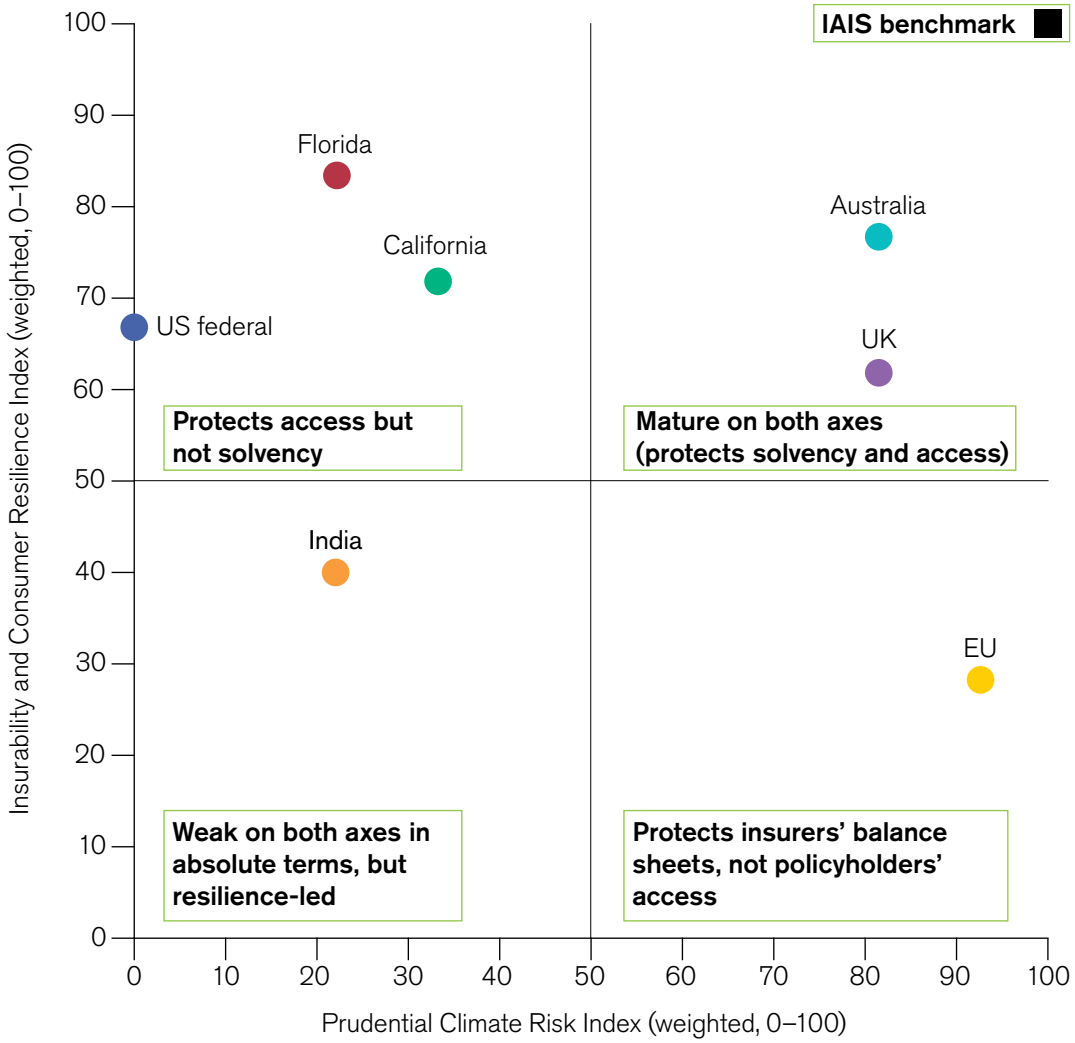
Source: authors' scoring of primary legal instruments. Scores without the bindingness weighting are in Appendix 2.

In Figure 10, we present the same scores on the quadrant map introduced in Section 2.1, with the IAIS benchmark shown as a reference in the top right corner. The gap between each jurisdiction's two scores, calculated as the prudential score minus the resilience score, is ranked in Figure 11, from the most prudential-led to the most resilience-led.

The first thing to note is what is missing. No jurisdiction is currently in the top right corner where the IAIS benchmark sits. In other words, no regulatory system in our set of seven jurisdictions currently matches the standards the international supervisory community has itself described. Australia comes closest, and the distance between Australia and the benchmark is a fair measure of how far even the best current practice falls short. Every other jurisdiction is well below on one axis or the other.

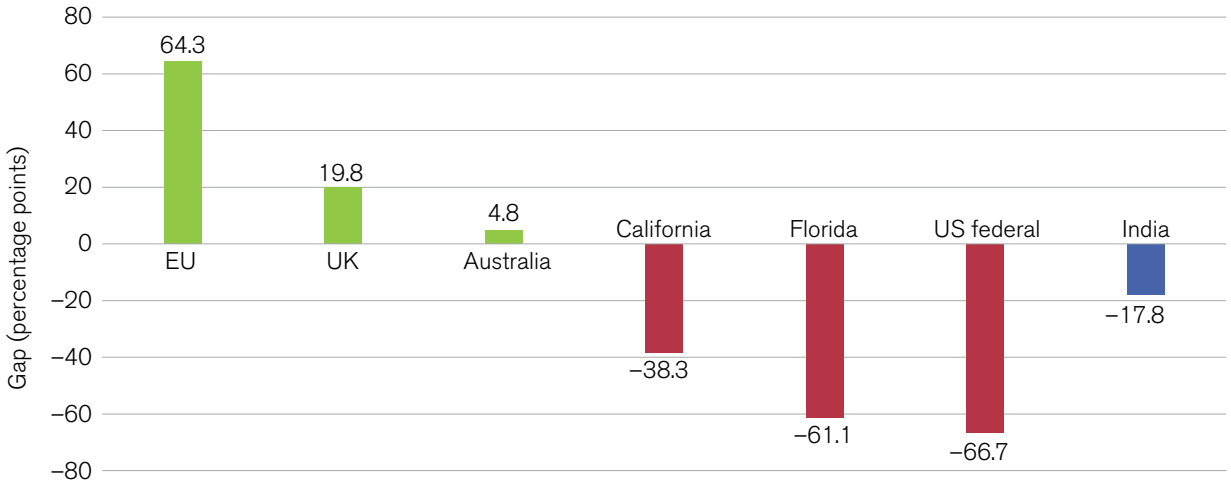
The second thing the comparison shows is that regulatory strength is not the only issue. If it were, the seven points in Figure 10 would line up from weak to strong along a diagonal. Instead, they are scattered across the map, and the gap ranking in Figure 11 arranges them along a single line running from the prudential extreme to the resilience extreme. The EU is at one end, at +64, with near-complete protection of the insurer's solvency and almost nothing at the Union level for the policyholder's access to cover. The US federal government is at the other end, at −67, with no prudential climate regulation of insurers at all, alongside one of the most complete public risk-sharing schemes. These two gaps are nearly equal in size and opposite in direction. The EU and the US federal government have each built roughly half of a complete regulatory response, and they have built opposite halves. Between these two extremes are the remaining five jurisdictions. The UK at +20 and Australia at +5 near the balanced centre, then India at −18, California at −38 and Florida at −61 on the resilience-led side. This imbalance is the main finding of our assessment. In some jurisdictions regulation is prudential-led, in others it is resilience-led. This shows that the imbalance does not reflect an intrinsic bias in insurance regulation; it is a choice.

Figure 10. Two-index quadrant map of seven jurisdictions and the IAIS benchmark



Note: the IAIS benchmark is shown as a reference standard, not a scored jurisdiction. Source: authors' scoring of primary legal instruments

Figure 11. The prudential and resilience gap ranked across seven jurisdictions



Note: positive values mean the prudential score exceeds the resilience score; negative values mean the reverse. Source: authors' scoring of primary legal instruments.

When we read the map by groups rather than by axis, three patterns emerge. The first is the solvency-led pattern, with the EU at its extreme and the UK as a less pronounced case: strong, comprehensive prudential regimes built on the Solvency II tradition, in which climate enters through risk management and disclosure, while availability of cover is left to other layers of government or to the market. The second is the disaster scheme pattern, covering the three US jurisdictions: regulation organised around catastrophe experience, with binding pools, residual markets, mitigation pricing and non-renewal protections, and little or no forward-looking climate regulation of insurers. The three US units differ in degree, with California adding more prudential substance than Florida and the federal layer adding none, but they share the same basic design: institutions are typically built after disasters to keep cover available through the next one. The third pattern is India's, and it is distinct from both: development-led resilience, in which the resilience score rests on inclusion mandates and agricultural risk transfer created for development reasons long before climate policy existed. India's system was not built after climate disasters or around climate risk at all, and that is what makes it a separate pattern rather than a weaker version of the US one. Australia does not fit any of the three patterns so much as it combines them, with prudential substance at the EU's level alongside a pool with the kind of government backing found in the US schemes, which is why it lands nearest to the IAIS benchmark.

Where each jurisdiction's scores come from can be seen feature by feature in Figure 12, which shows all 19 indicators for all seven jurisdictions in a single heatmap. Each cell is a jurisdiction's weighted score. Green marks strong and binding provisions; red marks absences. Beyond the cross-jurisdiction pattern that we have already discussed, the heatmap also shows at a glance the two rows that stay pale everywhere, namely monitoring of withdrawal patterns (R9) and investment alignment (R10), which no jurisdiction scores fully. We discuss this further in Section 3.4.

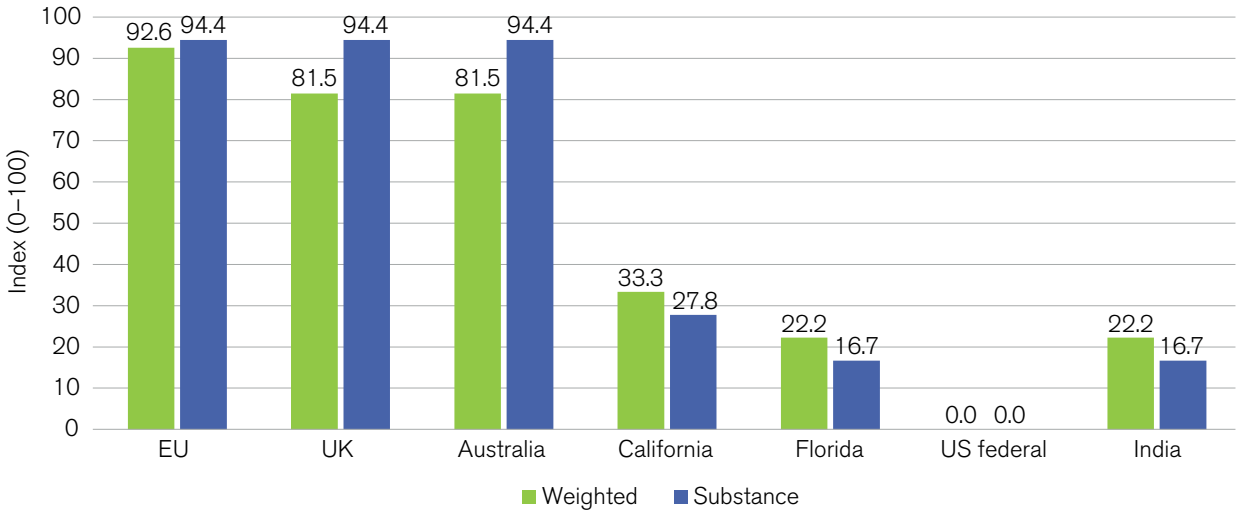
Figure 12. Regulatory heatmap: weighted scores for all 19 features across seven jurisdictions

Feature	EU	UK	US federal	California	Florida	Australia	India
P1 Board accountability	3.0	2.5	0.0	0.0	0.0	2.5	2.0
P2 Climate risk governance	3.0	2.5	0.0	0.0	0.0	2.5	2.0
P3 Scenario analysis	2.5	2.5	0.0	0.0	0.0	2.5	0.0
P4 Transition risk assessment	3.0	2.5	0.0	0.0	0.0	2.5	0.0
P5 Physical risk assessment	3.0	2.5	0.0	3.0	2.0	2.5	0.0
P6 Investment portfolio risk	3.0	2.5	0.0	2.0	0.0	2.5	0.0
P7 Reinsurance risk assessment	2.0	2.5	0.0	0.0	2.0	1.5	0.0
P8 Disclosure quality	3.0	2.0	0.0	2.0	0.0	3.0	2.0
P9 Supervisory review	2.5	2.5	0.0	2.0	2.0	2.5	0.0
R1 Continued availability	1.5	2.0	0.0	3.0	2.0	2.0	2.0
R2 Adaptation and risk reduction	1.5	3.0	3.0	3.0	3.0	3.0	0.0
R3 Resilience discounts	0.0	0.0	3.0	3.0	3.0	3.0	0.0
R4 Transparent non-renewal	0.0	2.0	0.0	3.0	3.0	2.0	2.0
R5 Residual market design	0.0	0.0	3.0	3.0	3.0	0.0	0.0
R6 Catastrophe pools	0.0	3.0	3.0	0.0	3.0	3.0	0.0
R7 Public–private risk sharing	0.0	2.0	3.0	0.0	3.0	3.0	3.0
R8 Consumer protection	2.0	3.0	3.0	3.0	3.0	3.0	3.0
R9 Monitoring of withdrawal	1.5	2.0	2.0	2.0	2.0	2.0	0.0
R10 Investment alignment	2.0	1.5	0.0	1.5	0.0	2.0	2.0

Note: each cell shows the weighted feature score from 0 to 3 (substance 0 to 2, plus the bindingness weighting). Darker green cells mark stronger, more binding provisions. Source: authors' scoring of primary legal instruments

One caution applies to this assessment. The scores in Figures 9 to 12 are weighted scores, in which we have also included the binding force of a regulatory instrument. In Appendix 2, we present the scores with the weighting removed, and that version slightly changes the picture. To illustrate this, we have presented the prudential score, weighted against pure substance, in Figure 13.

Figure 13. The prudential score, weighted against pure substance, showing the effect of bindingness



Source: authors' scoring of primary legal instruments

In Figure 13, where the weighted bar is below the substance bar, the jurisdiction asks a lot from insurers but delivers it through guidance rather than binding law. The UK and Australia show this most clearly. Both have a substance score of 94.4, the same as the EU, but their weighted scores come down to 81.5 because their climate expectations sit in supervisory guidance (SS5/25 and CPG 229) rather than in binding requirements. India shows the opposite profile. Its weighted score of 22.2 is above its substance score of 16.7, because what its regulation requires is required in binding law rather than guidance. The general point is that all three of the leading prudential regimes ask insurers to do essentially the same things and what separates them in the weighted view is only legal form.

3.3 Good examples emerging

The quadrant map shows that no jurisdiction has built the whole of a climate-ready regulatory system. In this section we have analysed four regulatory instruments that are working well. Each of these is already in force and can offer practical insights and learning for regulators in other jurisdictions to modify and adapt to their region.

3.3.1 Pools with government backing

Four types of catastrophe pools for climate perils are currently in force — the NFIP in the US for flood, Flood Re in the UK for flood, the Florida Hurricane Catastrophe Fund for hurricanes, and the Australian cyclone pool. They all have similar design features. Each pool has a defined climate peril across the whole market, each passes part of the risk onward to reinsurers or capital markets and each stands behind private insurers so that cover remains available in areas the market would otherwise abandon. They differ in the strength of the public capital or guarantee behind them. Flood Re holds industry money, so the law does not require the government to step in if it runs out. The NFIP and the FHCF can both reach beyond their own funds. The NFIP can borrow from the US Treasury. The FHCF can borrow from financial markets by issuing state-backed bonds and repay the debt over time through a charge added to insurance policies across Florida. The Australian pool is the newest of the four. The NFIP dates from 1968, the FHCF from 1993 and Flood Re from 2016, while Australia's pool was legislated in 2022. The Australian pool combines good features from earlier schemes, such as compulsory participation, an explicit government guarantee, with a stated limit of AUS$10 billion a year, and the duty to reward mitigation in premiums is written into the statute. In our assessment, we scored the regulations based on what they actually do. Flood Re reinsures insurers but does not sell policies to households, so it is not an insurer of last resort. The NFIP does both, and we scored each accordingly. A regulator designing a new pool today can choose among these features and draw on their lessons, particularly regarding what may work in their context.

3.3.2 Availability and non-renewal rules

A second set of instruments ensures that private insurers keep the cover available in high-risk areas. California provides the strongest regulation and so far the only regulation that has a must-write mandate for insurers. It requires an insurer that uses catastrophe models in its rates to write policies in wildfire-distressed areas at no less than 85% of its statewide market share. India's rural and social sector obligations are a related instrument but from a different tradition. There is a binding duty on insurers to serve populations that the market would otherwise neglect. This regulation was created for financial inclusion rather than climate impacts, but it still works for disaster-prone areas. These examples show that this kind of regulation is neither new nor unfeasible, because insurers have operated under it in India for a quarter of a century; therefore, such regulations can be scaled up in other jurisdictions.

Alongside must-write rules, there are non-renewal protections. California bars cancellation and non-renewal in and around declared wildfire emergencies for a year, and protects renewal for 24 months after a household loses its home entirely. Florida requires 120 days' notice, stops insurers from dropping a damaged home until 90 days after it is repaired following a hurricane and bars non-renewal based solely on the fact that a household has claimed for storm damage. These are simple, enforceable rules. Without them, insurance can disappear at the moment when it is most required. With these types of regulations, a household can rely on insurance cover to recover from a disaster, and regulators in other jurisdictions can emulate them.

3.3.3 Mitigation-linked pricing

A third set of instruments links the price of insurance to the effort a household or community puts towards reducing risk. Four jurisdictions have such rules in force. Australia's statute directs the cyclone pool to keep premiums as low as possible while keeping incentives to reduce cyclone losses, through defined discounts for measures like strengthening roofs. California's Safer from Wildfires regulation requires every insurer's pricing to give credit for defined mitigation measures at community level and property level. Florida requires insurers to give premium discounts for wind-resistant features, at levels set by the regulator. The state then helps households qualify. Its My Safe Florida Home programme funds free home inspections and matching grants for strengthening works, so a household can afford the improvements that can help them earn the discount. The NFIP discounts premiums by 5 to 45% depending on how well a community manages its flood risk, and shuts communities out of the programme if they do not enforce minimum floodplain standards. These rules assume significance because they are the only place in our scoring where insurance regulation changes what happens on the ground. Mitigation pricing is preventative and reduces the losses themselves, because a lower premium rewards strengthening a roof, elevating a house or enforcing building standards. This is also the component we found more clearly absent in other jurisdictions. The EU has no such rule, India has none, and the UK has none beyond Flood Re's Build Back Better payments.

3.3.4 Supervision and disclosure

The fourth set of instruments covers the prudential side: the rules that make insurers manage climate change as a risk to themselves. Working examples exist in several forms. The EU has binding climate risk management laws, which include duties to assess climate risk in underwriting and investment, written into directly applicable regulation, article by article. The UK and Australia have supervisory guidance, with detailed expectations on governance, scenario analysis and risk management that match the EU's requirements. Australia, alongside the EU, has the strongest disclosure requirement with mandatory reporting in numbers, and independent checking being phased in. This is also aligned with the international standard. The regimes in the UK, California and India only ask insurers to describe their climate risk in words. Without numbers, the size of an insurer's exposure cannot be measured. The UK adds one supervisory expectation that the others don't have. They ask insurers to assess what would happen to the availability and price of their reinsurance under severe climate stress. On that feature, every other jurisdiction, including the EU, scores below the UK.

These four sets of instruments, combined, would make a complete system; however, no single jurisdiction has built this yet. Australia currently has more of that combination in place than anyone else. What Australia lacks are the three protections found in the US jurisdictions: a must-write rule such as California's, an insurer of last resort such as Florida's Citizens Property Insurance Corporation or the US federal flood programme, and post-disaster non-renewal moratoria such as those in California and Florida.

3.4 The gaps

In this section we analyse what is missing from the regulations we assessed. Working examples exist somewhere in the world for 17 of our 19 features. This section is about the other two. For these two features, no jurisdiction in our study has built anything: the same two gaps appear in every quadrant of the map, whatever the regulatory tradition or political circumstances of the country. These are the areas where no insurance regulation anywhere has yet caught up with climate change.

3.4.1 Distance from the IAIS benchmark

The IAIS Application Paper of April 2025 describes what supervision of climate-related risks in insurance should cover, across both directions of risk, and we used it as the ceiling when writing our scoring criteria. No jurisdiction has yet reached that ceiling on both axes. The EU reaches it on one. Florida comes close on the other. Australia is the most balanced jurisdiction, but still falls short on both, being roughly 19 points below the ceiling on the prudential score and 23 points below the ceiling on the resilience score. The other jurisdictions score even further away from the ceiling. This is significant because these standards have been defined by the international association of the world's insurance supervisors, whose members include the supervisors of every jurisdiction we have covered, and who have collectively described the standards as appropriate practice. Measured against their own stated standard, all of the jurisdictions under review are incomplete and most are incomplete by a wide margin on at least one axis.

3.4.2 Monitoring of withdrawal patterns

Monitoring of withdrawal patterns, feature R9, is a weakness that we found in every jurisdiction. No jurisdiction scores 2 on this measure. Most jurisdictions already collect some of the necessary data: California gathers non-renewal data by area and applies an income test in its rules for wildfire-distressed areas; Florida requires insurers to report market data; the FCA collects UK market data, and Flood Re publishes monitoring of availability; the ACCC tracks prices across northern Australia; EIOPA maps where cover is missing across Europe; and the US Federal Insurance Office has a statutory duty to monitor whether underserved communities have access to insurance. Yet nowhere is any of this pulled together into what the indicator asks for: systematic monitoring of where insurers withdraw cover, matched against the social vulnerability of the places they withdraw from, with the power to act on discriminatory patterns. The parallel to this is redlining in banking. In the US, banks once refused credit to anyone living in neighbourhoods marked in red on lending maps. Decades passed before the law identified the practice and prohibited it. Insurance withdrawal from climate-exposed places is happening now, and the data needed to see its social pattern is mostly already collected, but no regulator under review is required to examine withdrawal patterns and prevent them. Thus, if bluelining — the insurance equivalent of redlining — is emerging, current regulation would not be able to detect it.

3.4.3 Investment alignment

The gap with the widest consequences is investment alignment, feature R10, because this is where the two directions of risk meet. Insurers hold trillions of dollars in assets and what those assets finance shapes the climate risk that insurers are covering. Regulation almost everywhere now recognises one half of this relationship. The EU, UK and Australia all require or expect insurers to assess how climate change threatens their investments. Almost nowhere does regulation address the other half of the relationship, namely how those investments affect the climate. The strongest provisions in our set are duties to consider. The EU requires insurers to take into account the long-term impact of their investments on sustainability factors. Australia's disclosure standard makes insurers report how climate shapes their use of capital. India's stewardship code requires insurers, as shareholders, to engage with the companies they invest in and to raise environmental and climate risks with the management. California asks insurers to divest from coal, but compliance is voluntary. None of these requirements is mandatory. The consequence is that insurers are increasingly required to protect themselves from climate change and almost never asked to stop financing it.

3.4.4 Resilience rules built for a past climate

The most important gap relates to regulations safeguarding resilience. Much of the resilience regulation that we found across jurisdictions was developed for reasons unrelated to climate. India's inclusion mandates and crop scheme were built for development. The NFIP was built in 1968 for a flood peril that the market had abandoned, decades before climate entered policy considerations. Florida's institutions responded to Hurricane Andrew. The FAIR Plan was put in place because of the urban insurance crises of the 1960s. UK's Flood Re was brought in due to domestic affordability

problems. Only Australia's cyclone pool and California's recent wildfire rules were designed with a climate lens, and even they respond to climate risks already present rather than future risks. The resilience element of the regulatory response is therefore largely inherited. There is scope to adapt these regulations to new purposes, and later sections show how. But inheritance also means that almost none of these regulations were designed for a risk that is rising. Each rests on assumptions that will not be fit for purpose in future climate scenarios. The pools hold funds sized for past disasters, not the larger ones expected in the future. The residual markets assume that private insurers will eventually return, when, in the riskiest areas, they may be leaving for good. The moratoria assume a disaster is a one-off event and not a pattern that will become more frequent.

3.5 Do the findings hold up?

A scoring exercise like this involves judgement, so we tested how much the findings we present in Figure 9 depend on judgements rather than on the regulations themselves. We did this in three ways. We re-ran the entire exercise under five alternative scoring rules, we tested the individual scores where our judgement carried the most weight, and we designed the scoring process so that others can verify it. The rules we used to re-check the scores are:

1. Scoring only the substance of what the regulation asks, with the binding weighting removed
2. Changing the size of the weighting
3. Removing the disclosure feature from the prudential index, to test whether prudential strength is really just reporting requirements
4. Re-scoring every borderline judgement down to the lower level, and
5. Using only the features that apply in every jurisdiction, in case the result was driven by features that simply do not exist anywhere.

Under every alternative, the overall trend of the findings held up. The EU remained the prudential extreme, the US federal unit remained the resilience extreme, the UK and Australia remained the balanced group, the gap ran from positive to negative across the set in the same order, and no jurisdiction reached the benchmark on both axes. The numbers changed, but the overall results remained the same. The approach that most altered the scores was removing the weighting, under which the UK and Australia reached the same prudential level as the EU (see Figure 13). This is exactly the type of difference the two versions of the index were designed to expose.

The second test looked at whether any single judgement mattered too much. Throughout the assessment, wherever a reasonable person could have read a provision differently, we recorded the alternative reading and calculated what it would do to the result. The examples that mattered most are the NFIP, Flood Re and California's modelling rule. Almost all of the US federal resilience score comes from a single scheme, the NFIP, so the key judgement is how many features that one scheme should be allowed to score on. As the profile in Section 3.1.3 showed, the NFIP does several jobs at once. It is an insurer of last resort, a catastrophe pool, a public–private risk-sharing arrangement and it links insurance to flood risk reduction. We scored each of these functions because each genuinely exists in the scheme's design. A stricter approach would say that one scheme should not score on so many features, however many jobs it performs. Under the strictest version we could construct, the US federal resilience score falls from 66.7 to 53.3. Under the most generous, it rises to 76.7. The finding, however, does not change in that range, whichever way the NFIP is counted. The US federal unit still gets a substantial resilience score with a prudential score of zero. For the UK, the judgement call we checked was Flood Re's public backing. We scored it 1, because the scheme has a statutory levy and public oversight but no legal promise of public funds. Had we scored it 2, or 0, the UK resilience score would move five points up or down, but the UK's position on the quadrant would not change. For California, the judgement was the forward-looking modelling requirement, the feature that separates it from Florida. We scored it 2, but a stricter reading would give it 1, because the requirement binds only those insurers that choose to use the models in their rates. On that reading, California's prudential score falls from 33.3 to 29.6, but its position on the quadrant does not change. The pattern was the same across every judgement we tested. A different reading moves a score by a few points, but that would not move any jurisdiction to a different part of the quadrant.

The third test asked whether others carrying out a similar assessment using our methodology would arrive at the same scores. The scoring was designed to be verifiable. Every score is tied to a named regulatory instrument and section, verified against the primary legal text and accompanied by a justification. We scored from primary legal texts only, never from secondary summaries, so a second reader can check every score against the same source we used.

4 Recommendations

Our recommendations follow from the gaps and good practices that our assessment and scoring revealed. The problem is not that insurance regulators are inactive. Every jurisdiction we scored is active. The problem is that most of them concentrate on regulating one direction of risk and neglect the other. At the same time, no jurisdiction needs to design its missing half from scratch. For every weakness we found in one place, we found a good example of a law or regulation working in another jurisdiction. We are not suggesting that these rules can be copied as they stand. Insurance markets, legal systems and public finances differ, and a scheme built for one context will not transfer unchanged to another. What the working examples offer is learning from real-world implementation. They show the design features that are important to consider, the conditions each one needs, and the problems that emerge in practice, and they can be adapted for different contexts. The recommendations below draw on these lessons. Section 4.1 is addressed to regulators and governments in jurisdictions that already have an established insurance framework and need to close the gaps in it. Section 4.2 is addressed to LDCs, SIDS and emerging economies that are still building or revising their frameworks, where the starting point is different and, as India shows, the approach to regulation may also need to be different.

4.1 What regulators should do

4.1.1 Identify the gaps and start from there

Most regulators, when they reform, typically expand on their existing strengths rather than address their weaknesses, because strength is where their expertise and legal tools exist. We saw this pattern in the pending/proposed developments in almost every jurisdiction. The EU is adding to its prudential rules while adding nothing on the resilience side, where the real gap exists. Florida demonstrates the same in reverse. Its pools and consumer protections are among the strongest, so improving them further will not improve much. But it currently has no rule requiring insurers to assess how climate change is increasing hurricane risk. The gap-first approach would benefit all other jurisdictions: the priority should be to focus on the weaker side to ensure that the risk management is more comprehensive. This is the pattern that needs to change, and the starting point should be an objective assessment of one's own regulatory strengths and weaknesses. To do this, we recommend that regulators use the two RSI indices (prudential and resilience) to diagnose their own regulatory instruments by self-scoring them against the 19 features set out in Appendix 1 and align their regulations to IAIS standards.

4.1.2 For prudential-led regimes, build the resilience side as a binding requirement

In prudential-led regimes, the missing half is household access to cover, especially in disaster-prone areas. The existing regulations do not require insurers to keep offering cover in high-risk areas, and no scheme, such as an insurer of last resort, protects households when insurers leave. These regimes should start with a catastrophe pool. Australia's cyclone pool is so far the only one that combines the three features a pool needs (Section 3.3): participation is compulsory, the government guarantee is explicit with a stated limit and the duty to reward mitigation in premiums is written into the statute. A new pool in another market would need its own guarantee level, its own choice of perils and its own pricing rules. But every new pool has to settle these same questions and the Australian legislation shows how each one was answered in practice. However, a pool alone is not enough. Regulators should also introduce the protections that California and Florida have already tested: rules requiring insurers to keep writing in high-risk areas, long notice

periods before a policy is dropped, bans on dropping policies until damaged homes are repaired and bans on dropping a household because of a single climate claim. These are ordinary rules for managing the market. They do not need new institutions and both US states show they can be easily enforced, although the exact thresholds would differ by market.

4.1.3 For resilience-led regimes, bring forward-looking climate risk into supervision

In resilience-led regimes, the missing half is prudential. The existing regulations do not require insurers, or their supervisors, to examine how climate change is increasing the risks they carry. Closing this gap does not require a wholesale reform and it does not mean importing the EU's rulebook. Four requirements can help bridge the gap. First, name climate change as a risk in the risk management rules and make the board responsible for managing it. Second, require insurers to test their business against at least two contrasting warming scenarios, looking decades ahead rather than one policy year at a time. Third, require the catastrophe models used in pricing to reflect where the risk is heading, not only where it has been. California has shown this can be done even within a strict rate approval system. Fourth, make climate disclosure mandatory and require numerical information, not just descriptions. None of this has to be designed from scratch. The supervisory guidance of the UK and Australia sets out these requirements in detail and is publicly available. A supervisor would need to adapt it to its own market and legal powers, but the substance and real-world experience and lessons are already available. Florida manages hurricane catastrophes as thoroughly as any regulator in the world. A regime that can do that can manage climate risk too. What it should add is the requirement to look at the risk ahead.

4.1.4 Close the two universal gaps everywhere

Section 3.4 showed that every jurisdiction fails on the same two features and both failures can be fixed. In no jurisdiction is anyone required to check whether insurers are withdrawing from socially vulnerable areas. This data mostly exists, so the requirement should be to assemble and publish it, matched against social vulnerability, with the power to act on discriminatory patterns. What counts as social vulnerability, and at what granularity, is a choice each jurisdiction can make based on the context and data availability. The main requirement will be to look at what is missing. For example, pools and moratoria protect the people who have insurance, but only monitoring can detect the people quietly losing it.

The second gap is investment alignment. Insurers invest the premiums they collect, and current rules only ask them to consider or report the climate impact of these investments. No rule requires them to actually move their money towards activities that reduce climate risk. The EU is best placed to introduce such a rule, because its law already requires insurers to consider the impact of their investments.

4.1.5 Durability must be central to scheme design

Many of the schemes that protect households today may not exist tomorrow. The US flood programme depends on Congress renewing it every few months, and it has already lapsed once. The UK's Flood Re is required by law to close in 2039. California's schemes depend on agreements with insurers, with no public money behind them. Regulators and legislators should therefore ask two questions of any scheme: a) If the scheme closes, or its renewal fails, or the agreement with insurers breaks down, what will keep the cover available to households?; and b) as climate losses grow, can the scheme still pay, given that it was built for the smaller losses based on assessments of past hazards? Regulators need to address these questions in their regulations and check whether the insurance coverage will still be there when it is most needed.

4.2 What this means for LDCs, SIDS and emerging economies

4.2.1 Design both directions of risk management from the outset

LDCs and SIDS have the least insurance cover and the greatest exposure to climate loss. Many of them are now building or reforming the rules that will govern their insurance markets for decades. For them, the evidence of this report carries a different message than for the regulators of Section 4.1. Mature systems have to repair an imbalance that is already built in. Countries still building their frameworks can avoid the imbalance altogether by designing regulation for managing both directions of risk from the start. No jurisdiction in our assessment has done this.

The value of doing so is clear from the analysis in Section 3. Every mature system we scored built one side first and will be pushed to add the other, decades later and at real political cost. A country drafting an insurance law or a capital regime today can skip that sequence, and doing so will cost little extra. The 19 features of our index can serve as a design

checklist and the seven jurisdictions show how each feature works in practice, including what to avoid. A prudential regime can name climate and require scenario analysis in the statute that creates it. A market conduct code can include non-renewal protections and mitigation-linked pricing from the outset. A catastrophe scheme can be given a mitigation mandate in its founding law, as Australia's has done, instead of adding it through amendments a generation later.

Regulators might worry that the regulations managing two directions of risk could work against each other, and that this is why no jurisdiction has built both. Our evidence across jurisdictions does not support this. Where jurisdictions score well on both sides, as the UK and Australia, the two sets of rules operate without friction or undermining each other. The imbalances we found came from sequencing and neglect, not from any conflict between the two.

4.2.2 Assess what already exists before building new

India's profile (Section 3.1.7) carries a second learning. Many low- and middle-income countries already have more resilience-side regulation than they are given credit for. Climate finance discussions often treat countries that have not climate-labelled their regulation as starting from zero. In reality, rules and schemes built for development reasons already do resilience work across much of the developing world. A rural service obligation keeps insurers serving areas they would otherwise leave. Similarly, a national crop scheme with government loss-sharing is a public–private risk transfer scheme, and a rule that penalises late claim payments is post-disaster consumer protection. These do not need replacing. They need adapting to climate risk and India's proposed reforms show what that could look like: a climate-responsive extension to the crop scheme, a catastrophe pool at design stage, and a capital regime that scenario analysis can be written into if adopted. Because these institutions are home-grown, they already fit the country's market and administration. What they lack is a climate lens. So the first exercise for a finance ministry or regulator is an audit to check what already exists under other names, work out what it would take to incorporate climate risk and only then decide what new rules or schemes must be established.

4.2.3 Use international support to meet the preconditions

The strongest instruments do have demanding preconditions, and this is where international support will be critical for LDCs and SIDS. A risk pool — a shared fund that pays out after disasters — needs a government guarantee. A government already carrying heavy debt, as many climate-vulnerable countries are, cannot provide that guarantee alone. Forward-looking supervision needs skills, models and data that many countries and their insurance regulatory authorities do not yet have. But there are international mechanisms that can help fill these gaps. Four regional risk pools already give governments pre-arranged payouts after disasters: the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the African Risk Capacity (ARC), the Pacific Catastrophe Risk Insurance Company (PCRIC) and the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). Together they serve the disaster risk insurance needs of nearly 100 countries, and CCRIF alone has made 54 payouts to 16 member governments since 2007, totalling around US$244.8 million (CCRIF SPC, no date). The Global Shield against Climate Risks arranges and finances protection for vulnerable countries (Global Shield against Climate Risks, no date).

Bilateral donors, philanthropies, multilateral development banks, the Global Shield and climate funds such as the Fund for responding to Loss and Damage should prioritise funding to help build comprehensive and resilient insurance systems in LDCs and SIDS. Until now, most of their money has gone to risk transfer, which shares losses after they happen. They should instead back schemes that also reduce risk before disasters strike, such as through pools that give premium discounts for mitigation, schemes that let countries or communities support risk reduction, as the NFIP does, and rules that keep domestic insurers serving high-risk populations. Funders should help governments design and pass such schemes, with a guarantee behind them and mitigation built into the pricing. This would do more for resilience than paying for reinsurance alone. Funders should also support capacity building for insurance supervisors. The UK and Australia show that a skilled supervisor can set strong climate rules through guidance, without waiting for new laws. Technical assistance, shared scenario tools and cooperation between supervisors in a region can therefore strengthen supervision faster than legislation can. The IAIS Application Paper gives every supervisor, large or small, the same standard to work towards.

5

Conclusion

Climate risk is growing faster than regulation is adapting. Every year that this continues, more households will be left carrying risk that no one has priced, shared or reduced. In Section 4, we have outlined what regulators, legislators, governments and funders should do. Here we look at why the next few years matter and at the two things that these actors cannot deliver on their own: momentum and coordination.

There is a window for momentum. The IAIS has just described, for the first time, what good supervision of climate risk looks like. Every supervisor now has the same standard to be measured against. Many countries are drafting or revising their insurance frameworks against the IAIS standard. What is needed now is a government willing to put insurance regulation on the international agenda. The next two years offer an opening for that.

In 2027, the UK will hold the G20 presidency and few countries are better placed to bring insurance and climate risk to that agenda. The UK built Flood Re, hosts one of the world's largest insurance markets in London, and its supervisors were among the first anywhere to set climate expectations for insurers. The UK also has direct reasons to act. London's insurance and reinsurance market earns its living by carrying the world's risk, so a world that becomes uninsurable is a direct threat to one of the UK's largest export industries, and the UK government has already committed, through the Global Shield and its climate finance pledges, to expanding protection for vulnerable countries. A G20 agenda on insurance regulation would advance both interests at once.

What could a G20 agenda on insurance lead to? The G20 is where finance ministers and central bank governors of the world's largest economies set shared priorities, and its past work shows that an agenda prioritised there can help get the action and attention an issue deserves. The Financial Stability Board's climate disclosure task force, which reshaped company reporting worldwide, began as a single G20 request. A comparable request on insurance could produce practical results such as: a shared commitment that catastrophe schemes reward risk reduction, not just share losses; coordinated support for supervisory capacity in developing countries, so the IAIS standard becomes reachable everywhere and not only in developed countries; and the redirection of international climate finance towards schemes that reduce risk.

The insurance industry does not need to wait for a G20 agenda, because it has its own reasons to act. Insurers leave markets where they carry rising risk alone. They stay where pools, guarantees and mitigation pricing share the load. If the insurance industry can help to build these schemes, it will protect its own ability to keep operating. If they resist, they will be left with the option to either underprice the risk or leave the market — either way, the industry will lose the market in the end. That is why this is not a fight between industry and regulation. What keeps insurers in business is risk that is shared, priced honestly and reduced through mitigation; it is the same thing that keeps households protected.

Finally, none of the groups we have highlighted can close the gap alone. Regulators cannot create pools. Legislators cannot undertake day-to-day supervision of insurers. International funders cannot pass national laws. And insurers will not stay in markets that the other actors have not made insurable. The lesson of the seven jurisdictions is that every part of the system exists somewhere, but the parts have never been brought together, and many of them were designed for the climate of the past rather than the risks ahead. Bringing the parts together and redesigning them for rising risk is not a task for any one actor. It will take regulators, legislators, funders and insurers working on the same agenda at the same time. Climate change is already testing insurance systems everywhere. Whether they can go on protecting households and communities depends on what these groups build now, together.

Appendices

Appendix 1. Regulatory strength index: the 19 features and their scoring criteria

This appendix explains the resilience strength index used to analyse the regulations governing the insurance sector in this study and the two indices it is composed of. We explain the 19 features across the two indices, the scoring scale, the criteria that define each score for each feature, and the weights for assessing the binding nature of the regulation. The same criteria were applied to every jurisdiction, which is what made the scores comparable. For each feature scored, we recorded four things: the substance score (0, 1 or 2), the legal force of the provision (binding, guidance or proposed), the instrument and section the score was based on and a short justification. The instruments themselves are listed in Appendix 3.

Scoring scale

Every feature was scored on the same three-step scale (see Table 2).

Table A1. The scoring scale

Score	Meaning	Test applied
0	Absent	The regulation says nothing about the theme, or mentions it only as an aspiration, with no expectation placed on any firm.
1	Present but unspecific	The regulator expects firms to consider or address the theme, but sets no defined method, threshold, metric, named responsible person or check. This includes rules a firm can opt out of by explaining why (comply or explain) and rules that ask only for description in words with no measurable content.
2	Specific and operationalised	There is a defined requirement, method, metric, threshold, allocated responsibility, or supervisory consequence that the firm must meet. Compliance can be checked.

A provision that only asked firms to "consider" or "have regard to" a theme was scored 1, not 2. In writing the score 2 criteria, we used the IAIS Application Paper on the supervision of climate-related risks as the ceiling. So a feature scored 2 when the regulation had the level of specificity the Application Paper described as good practice (IAIS, 2025).

The weighting for legal force

Substance and legal force were recorded separately and then combined. Every feature scoring 1 or 2 received an increment based on the legal force of the provision behind it, in other words +1.0 where the provision is binding (a statute, directive, regulation or enforceable rule), +0.5 where it is guidance (a supervisory statement, practice guide or application paper, which sets expectations but is not itself enforceable) and +0.25 where it is only proposed (a consultation or draft not yet in force).

Table A2. Weighted feature values

Substance score	Binding (+1.0)	Guidance (+0.5)	Proposed (+0.25)
2	3.0	2.5	2.25
1	2.0	1.5	1.25
0	0	0	0

The weights were set so that the substance-led and the legally binding nature of a regulation added further weight. The substance score spanned two points and the legal force increment spanned at most one. A demanding requirement delivered as guidance (2.5) therefore outranked a vague requirement delivered as law (2.0). So legal force separated provisions of equal substance.

How the index scores were calculated

Each index score is the sum of its weighted feature values, expressed as a percentage of the maximum. For the Prudential Climate Risk Index, the maximum is 27 (nine features at 3.0); for the Insurability and Consumer Resilience Index, it is 30 (ten features at 3.0). The pure substance scores in Appendix 2 are calculated the same way from the raw 0/1/2 scores, against maximums of 18 and 20. All scores therefore run from 0 to 100, and the two indices and the two versions of each are directly comparable. Features are weighted equally within each index.

Prudential Climate Risk Index scoring criteria

The nine features ask whether regulation requires insurers to manage climate change as a risk to their own solvency and financial resilience.

Table A3. Criteria for features P1 to P9

Feature	Score 0: absent	Score 1: present but unspecific	Score 2: specific and operationalised
P1 Board accountability	No mention of board or senior management responsibility for climate-related financial risk.	States that the board should be aware of or oversee climate risk, but allocates no named role or accountable function.	Allocates responsibility to the board and/or a named senior function, documented and open to supervision.
P2 Climate risk governance	No expectation to integrate climate into governance or the risk management framework.	General expectation to consider climate within existing risk frameworks, with no named components.	Specific expectation to embed climate into named components, such as the risk appetite, policies, internal controls or strategy, with defined elements.
P3 Scenario analysis and stress testing	No reference to climate scenario analysis or stress testing.	Encourages scenario analysis but does not specify scenarios, horizons or perils, or how the results feed into the insurer's own risk and capital assessment.	Requires or expects climate scenario analysis with defined elements: multiple scenarios, short and long horizons, physical and transition risk, integrated into the insurer's own risk and capital assessment, with supervisory review of the results.
P4 Transition risk assessment	Transition risk not mentioned.	Names transition risk as something to consider, with no method or scope.	Specific expectation to assess or measure transition risk exposures across assets and/or underwriting, potentially with capital implications.
P5 Physical risk assessment	Physical risk not mentioned.	Names physical risk as a consideration, with no method or granularity.	Specific expectation to assess physical risk with defined scope, covering both sudden and gradual change, catastrophe modelling and geographic detail, feeding into risk management or capital.
P6 Investment portfolio risk	No reference to climate risk on the investment side of the balance sheet.	General expectation to consider climate within investment risk, unspecified.	Specific requirement to assess the climate exposure of investments, such as carbon-intensive holdings across bonds, equity and property, potentially with differentiated capital treatment.

Feature	Score 0: absent	Score 1: present but unspecific	Score 2: specific and operationalised
P7 Reinsurance risk assessment	No reference to climate-related reinsurance risk.	Reinsurance named generally as relevant to climate resilience, with no method.	Specific expectation to assess dependence on reinsurance, concentration among reinsurers and the availability and cost of reinsurance under climate stress.
P8 Disclosure quality	No climate disclosure expectation.	Voluntary, comply or explain, or qualitative-only disclosure, with no independent checking.	Mandatory, standardised, quantitative disclosure, including scenario and metric reporting, ideally independently checked or supervised.
P9 Supervisory review	No supervisory review of firms' climate risk management.	The supervisor states it will consider climate in supervision, with no defined process.	A defined supervisory process, such as thematic reviews, system-wide stress tests or integration into the regular supervisory cycle, with consequences for firms.

Insurability and Consumer Resilience Index scoring criteria

The ten features ask whether regulation keeps cover available, fair and risk-reducing, rather than only allowing insurers an orderly exit from risky markets.

Table A4. Criteria for features R1 to R10

Feature	Score 0: absent	Score 1: present but unspecific	Score 2: specific and operationalised
R1 Continued availability of cover in high-risk areas	No measure addressing availability; insurers may leave the market without constraint.	States a general policy concern for availability, with no binding mechanism.	A specific mechanism requiring or incentivising insurers to keep writing in high-risk areas, such as a minimum must write share in distressed areas.
R2 Adaptation and risk reduction	No reference to adaptation or reducing physical risk.	Encourages adaptation in principle only.	Specific measures linking underwriting or pricing to adaptation, or recognising adaptation in prudential or market rules.
R3 Resilience discounts on premiums	No reference to premium credits for mitigation.	Permits or encourages mitigation discounts on a voluntary basis.	Requires defined mitigation measures to be recognised in pricing, such as mandatory discounts for home strengthening against a published standard.
R4 Transparent and fair non-renewal	No specific protections against cancellation or non-renewal.	Basic notice requirements only.	Defined protections, such as extended notice periods, moratoria after disasters, or restrictions on non-renewal for climate reasons alone, with enforcement.
R5 Residual market design	No insurer of last resort.	A residual market exists but its design is limited or static.	A well-designed residual market with defined coverage, a mechanism for returning policies to the open market and a funding backstop.

Feature	Score 0: absent	Score 1: present but unspecific	Score 2: specific and operationalised
R6 Catastrophe pools	No public or mutual catastrophe pool.	A limited or single purpose pool with narrow scope.	An established pool for a climate peril, with reinsurance backing and defined scope.
R7 Public–private risk sharing	No risk-sharing arrangement between state and market.	An ad hoc or implicit backstop only.	A formal, defined public–private scheme, such as a backstop, reinsurance arrangement or guarantee, with stated triggers.
R8 Consumer protection in high-risk areas	No protections targeted at climate-exposed policyholders.	General consumer protection rules apply, with nothing climate-specific.	Specific protections for consumers in high-risk areas, such as rate review, post-disaster claims handling standards or affordability measures.
R9 Monitoring of withdrawal patterns (anti-bluelining)	No collection or monitoring of withdrawal or non-renewal patterns.	Market data is collected but not examined against vulnerability or equity.	Specific monitoring of withdrawal and non-renewal by area and social vulnerability, with anti-discrimination enforcement.
R10 Investment alignment with resilience	No reference to the direction of insurer investment.	Encourages consideration of sustainability in investment, unspecified.	Specific requirement or incentive to align investment with resilience or the transition, such as differentiated capital treatment for fossil assets or transition plan requirements.

Rules against double counting

Some features look similar but measure different things, so we kept fixed rules to differentiate so that no provision was scored twice. P6 and R10 are the clearest pair: P6 measures the risk an insurer's climate-exposed assets pose to the insurer itself, while R10 measures whether regulation pushes insurer capital towards resilience. The same provision can inform both, but each is scored against its own question. P5 and R2 divide the same way: P5 asks whether firms must assess physical risk to their own solvency, R2 whether regulation promotes actual risk reduction in the world, and assessment is not reduction. And where one scheme served several functions, R5 (residual market), R6 (catastrophe pool) and R7 (public–private risk sharing), we awarded a score only where that element genuinely existed in the scheme's design, not automatically for the scheme's existence.

Appendix 2. Jurisdiction score tables

In this appendix, we have provided the full scores presented in Section 3: the two index scores for each jurisdiction in both versions (weighted and pure substance), and the feature-level scores from which they are built. The weighted version is the final score after assigning the bindingness weight. The pure substance version counts only the 0/1/2 substance scores. All index scores are expressed on a scale of 0 to 100. All scores reflect regulation in force on 20 June 2026.

Table A5. Index scores, weighted (0 to 100)

Jurisdiction	Prudential Climate Risk	Insurability and Consumer Resilience	Gap (P−R)
EU	92.6	28.3	+64.3
UK	81.5	61.7	+19.8
Australia	81.5	76.7	+4.8
India	22.2	40.0	−17.8
California	33.3	71.7	−38.3
Florida	22.2	83.3	−61.1
US federal	0.0	66.7	−66.7

Table A6. Index scores, pure substance (0 to 100)

Jurisdiction	Prudential Climate Risk	Insurability and Consumer Resilience	Gap (P−R)
EU	94.4	25.0	+69.4
UK	94.4	55.0	+39.4
Australia	94.4	70.0	+24.4
India	16.7	35.0	−18.3
California	27.8	70.0	−42.2
Florida	16.7	80.0	−63.3
US federal	0.0	65.0	−65.0

Table A7. Feature-level scores: substance and legal force

Feature	EU	UK	US federal	California	Florida	Australia	India
P1 Board accountability	2 B	2 G	0	0	0	2 G	1 B
P2 Climate risk governance	2 B	2 G	0	0	0	2 G	1 B
P3 Scenario analysis and stress testing	2 G	2 G	0	0	0	2 G	0
P4 Transition risk assessment	2 B	2 G	0	0	0	2 G	0
P5 Physical risk assessment	2 B	2 G	0	2 B	1 B	2 G	0
P6 Investment portfolio risk	2 B	2 G	0	1 B	0	2 G	0
P7 Reinsurance risk assessment	1 B	2 G	0	0	1 B	1 G	0
P8 Disclosure quality	2 B	1 B	0	1 B	0	2 B	1 B
P9 Supervisory review	2 G	2 G	0	1 B	1 B	2 G	0

Feature	EU	UK	US federal	California	Florida	Australia	India
R1 Continued availability of cover	1 G	1 B	0	2 B	1 B	1 B	1 B
R2 Adaptation and risk reduction	1 G	2 B	2 B	2 B	2 B	2 B	0
R3 Resilience discounts	0	0	2 B	2 B	2 B	2 B	0
R4 Transparent and fair non-renewal	0	1 B	0	2 B	2 B	1 B	1 B
R5 Residual market design	0	0	2 B	2 B	2 B	0	0
R6 Catastrophe pools	0	2 B	2 B	0	2 B	2 B	0
R7 Public–private risk sharing	0	1 B	2 B	0	2 B	2 B	2 B
R8 Consumer protection in high-risk areas	1 B	2 B	2 B	2 B	2 B	2 B	2 B
R9 Monitoring of withdrawal patterns	1 G	1 B	1 B	1 B	1 B	1 B	0
R10 Investment alignment with resilience	1 B	1 G	0	1 B	0	1 B	1 B

Each cell shows the substance score (0, 1 or 2) and, for non-zero scores, the legal force of the provision behind it: B for binding, G for guidance. No feature in any jurisdiction was on a proposed instrument at the assessment date, so the P class does not appear.

Table A8. Feature-level scores: weighted values

Feature	EU	UK	US federal	California	Florida	Australia	India
P1 Board accountability	3.0	2.5	0	0	0	2.5	2.0
P2 Climate risk governance	3.0	2.5	0	0	0	2.5	2.0
P3 Scenario analysis and stress testing	2.5	2.5	0	0	0	2.5	0
P4 Transition risk assessment	3.0	2.5	0	0	0	2.5	0
P5 Physical risk assessment	3.0	2.5	0	3.0	2.0	2.5	0
P6 Investment portfolio risk	3.0	2.5	0	2.0	0	2.5	0
P7 Reinsurance risk assessment	2.0	2.5	0	0	2.0	1.5	0
P8 Disclosure quality	3.0	2.0	0	2.0	0	3.0	2.0
P9 Supervisory review	2.5	2.5	0	2.0	2.0	2.5	0
Prudential sum (of 27)	**25.0**	**22.0**	**0.0**	**9.0**	**6.0**	**22.0**	**6.0**
R1 Continued availability of cover	1.5	2.0	0	3.0	2.0	2.0	2.0
R2 Adaptation and risk reduction	1.5	3.0	3.0	3.0	3.0	3.0	0
R3 Resilience discounts	0	0	3.0	3.0	3.0	3.0	0
R4 Transparent and fair non-renewal	0	2.0	0	3.0	3.0	2.0	2.0
R5 Residual market design	0	0	3.0	3.0	3.0	0	0
R6 Catastrophe pools	0	3.0	3.0	0	3.0	3.0	0
R7 Public–private risk sharing	0	2.0	3.0	0	3.0	3.0	3.0
R8 Consumer protection in high-risk areas	2.0	3.0	3.0	3.0	3.0	3.0	3.0
R9 Monitoring of withdrawal patterns	1.5	2.0	2.0	2.0	2.0	2.0	0
R10 Investment alignment with resilience	2.0	1.5	0	2.0	0	2.0	2.0
Resilience sum (of 30)	**8.5**	**18.5**	**20.0**	**21.5**	**25.0**	**23.0**	**12.0**

Each cell is the substance score plus the legal force increment (+1.0 binding, +0.5 guidance), giving a maximum of 3.0 per feature.

Appendix 3. Register of regulatory instruments used for assessment and scoring by jurisdiction

In this appendix, we list the regulatory instruments we have used in the scoring, by jurisdiction. All scores in this report reflect these instruments, as in force on 20 June 2026. Instruments marked 'pending' were adopted or proposed but not yet applicable at that date; under the in-force rule described in Section 2.2, they did not contribute to any score but have been recorded here because the paper discussed them as pending developments. Status abbreviations: B, binding (statute, directive, regulation or enforceable rule); G, guidance (supervisory statement, practice guide or application paper, setting expectations without direct legal force).

Table A9. Regulatory instruments used for scoring the European Union

Instrument	Status	In force/status of application	Official source
Solvency II Directive 2009/138/EC (Articles 36, 41–45, 51, 132)	B	In force; consolidated text of 17 January 2025	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0138
Commission Delegated Regulation (EU) 2015/35 (Articles 260, 269, 272, 275, 275a)	B	In force	https://eur-lex.europa.eu/eli/reg_del/2015/35/oj
Commission Delegated Regulation (EU) 2021/1256 (integration of sustainability risks into Delegated Regulation 2015/35)	B	Applied from 2 August 2022	https://eur-lex.europa.eu/eli/reg_del/2021/1256/oj
EIOPA Opinion on the supervision of the use of climate change risk scenarios in ORSA (EIOPA-BoS-21/127)	G	April 2021	www.eiopa.europa.eu/system/files/2021-04/opinion-on-climate-change-risk-scenarios-in-orsa.pdf
EIOPA Application guidance on climate change materiality assessments and climate change scenarios in ORSA (EIOPA-BoS-22/329)	G	August 2022	www.eiopa.europa.eu/publications/application-guidance-climate-change-materiality-assessments-and-climate-change-scenarios-orsa_en
EIOPA Dashboard on insurance protection gap for natural catastrophes (EIOPA-BoS-24/472–473)	G	2024; updated December 2025	www.eiopa.europa.eu/tools-and-data/dashboard-insurance-protection-gap-natural-catastrophes_en
Directive (EU) 2025/2 (Solvency II review; new Article 45a on climate scenario analysis)	Pending	In force 28 January 2025; applied from 30 January 2027	https://eur-lex.europa.eu/eli/dir/2025/2/oj/eng
EIOPA Final Report on the Prudential Treatment of Sustainability Risks for Insurers (EIOPA-BoS-24/372)	Pending	Published 7 November 2024; recommendation only	www.eiopa.europa.eu/publications/final-report-prudential-treatment-sustainability-risks-insurers_en

Table A10. Regulatory instruments used for scoring the United Kingdom

Instrument	Status	In force/status of application	Official source
PRA Supervisory Statement SS5/25, Enhancing banks' and insurers' approaches to managing climate-related risks (replaces SS3/19)	G	In force 3 December 2025	www.bankofengland.co.uk/prudential-regulation/publication/2025/december/enhancing-banks-and-insurers-approaches-to-managing-climate-related-risks-ss
PRA Policy Statement PS25/25 (feedback to CP10/25; contains final SS5/25)	Context	3 December 2025	www.bankofengland.co.uk/prudential-regulation/publication/2025/december/enhancing-banks-and-insurers-approaches-to-managing-climate-related-risks-policy-statement
Water Act 2014, Part 4, sections 64 to 83 (statutory basis for Flood Re; section 70 flood insurance obligation power not commenced)	B	In force (sections 64 to 69 from 1 January 2015)	www.legislation.gov.uk/ukpga/2014/21/contents
Flood Reinsurance (Scheme Funding and Administration) Regulations 2015 (SI 2015/1902)	B	In force 11 November 2015	www.legislation.gov.uk/uksi/2015/1902/contents/made
Flood Reinsurance (Scheme and Scheme Administrator Designation) Regulations 2015 (SI 2015/1875, amended by SI 2022/383)	B	In force 11 November 2015	www.legislation.gov.uk/uksi/2015/1875/contents/made
Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31)	B	In force 6 April 2022	www.legislation.gov.uk/uksi/2022/31/contents/made
Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/46)	B	In force 6 April 2022	www.legislation.gov.uk/uksi/2022/46/contents/made
Flood Re Quinquennial Review 2024 and Transition Plan (scheme operational evidence: Build Back Better, availability monitoring, 2039 transition)	Context	Published 2024	www.floodre.co.uk
UK Sustainability Reporting Standards S1 and S2 (Department for Business and Trade; ISSB-aligned, quantitative)	Pending	Published 25 February 2026 for voluntary use	https://cms.law/en/gbr/legal-updates/uk-government-publishes-final-sustainability-reporting-standards
FCA Consultation Paper CP26/5, Aligning listed issuers' sustainability disclosures with international standards (proposes mandatory UK SRS S2 for listed companies from 1 January 2027)	Pending	Consultation closed 20 March 2026; policy statement expected autumn 2026	www.fca.org.uk/publications/consultation-papers/cp26-5-sustainability-disclosures

Table A11. Regulatory instruments used for scoring the United States (federal)

Instrument	Status	In force/status of application	Official source
National Flood Insurance Act of 1968, 42 U.S.C. chapter 50 (section 4001 and following), as amended by the Biggert-Waters Act 2012 and the Homeowner Flood Insurance Affordability Act 2014	B	In force; authorisation extended to 30 September 2026 (signed 3 February 2026)	www.govinfo.gov/content/pkg/USCODE-2021-title42/html/USCODE-2021-title42-chap50-sec4001.htm
NFIP implementing regulations, 44 C.F.R. Parts 59 to 80 (section 59.24 community eligibility; section 60.3 floodplain management criteria)	B	In force (1 October 2025 edition)	www.ecfr.gov/current/title-44
FEMA Risk Rating 2.0 pricing approach and Community Rating System	B	In force (Risk Rating 2.0 fully from 1 April 2023)	www.fema.gov/flood-insurance/risk-rating
NFIP congressional reauthorization (evidence of in-force status and lapse history)	Context	Current extension signed 3 February 2026, to 30 September 2026	www.fema.gov/flood-insurance/rules-legislation/congressional-reauthorization
NAIC Climate Risk Disclosure Survey (TCFD-aligned; administered by participating states, not federally)	B (state)	In force at state level	www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/ClimateSurvey/
FIO/Treasury report on the US homeowners insurance market (January 2025), with ZIP-code level data release; analytical, non-binding	Context	Published 16 January 2025; the executive order mandate behind the data effort since revoked	https://home.treasury.gov/news/press-releases/jy2791
FSOC Report on Climate-Related Financial Risk (2021; 153 recommendations); advisory	Context	Published 2021; EO 14030 mandate since revoked	https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf
SEC climate disclosure rule (Release 33-11275, March 2024); stayed by the courts, never effective; rescission proposed	Not in force	Rescission proposed 29 May 2026 (Federal Register 3 June 2026)	www.federalregister.gov/documents/2026/06/03/2026-11091/rescission-of-climate-related-disclosure-rules
Executive Order 14148 (20 January 2025), revoking Executive Order 14030 on climate-related financial risk	B	In force	www.federalregister.gov/documents/2025/01/28/2025-01901/initial-rescissions-of-harmful-executive-orders-and-actions

Table A12. Regulatory instruments used for scoring California

Instrument	Status	In force/status of application	Official source
10 CCR section 2644.4.5, Use of Catastrophe Models	B	12 December 2024	www.law.cornell.edu/regulations/california/10-CCR-2644.4.5
10 CCR section 2644.4.8, Distressed Areas and Insurer Commitments (85% must-write standard)	B	12 December 2024	www.law.cornell.edu/regulations/california/10-CCR-2644.4.8
10 CCR sections 2644.25.1 and 2644.25.3, Net Cost of Reinsurance in rates and associated commitments	B	13 January 2025	www.law.cornell.edu/regulations/california/10-CCR-2644.25.1
10 CCR section 2644.9, Consideration of Mitigation Factors (Safer from Wildfires)	B	14 October 2022	www.law.cornell.edu/regulations/california/10-CCR-2644.9
California Insurance Code section 675.1 (SB 824, Chapter 616 of 2018), residential wildfire moratorium	B	2019	https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=675.1&lawCode=INS
California Insurance Code section 675.55 (SB 547, Chapter 544 of 2025), commercial wildfire moratorium	B	1 January 2026	https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB547
California Insurance Code sections 10090 to 10100.3, California FAIR Plan Association	B	1968; modernised 2024	https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=10091&lawCode=INS
NAIC Climate Risk Disclosure Survey (TCFD-aligned), mandatory for California-licensed insurers above the premium threshold; administered by the California Department of Insurance on behalf of participating states	B	Annual; TCFD-aligned since 2022	www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/ClimateSurvey/index.cfm
CDI Climate Risk Carbon Initiative: mandatory fossil fuel investment data call for insurers above US$100 million premium, with a voluntary thermal coal divestment request	B/G	2016	www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/ci/index.cfm

Table A13. Regulatory instruments used for scoring Florida

Instrument	Status	In force/status of application	Official source
Florida Statutes section 627.351(6), Citizens Property Insurance Corporation	B	In force	www.flsenate.gov/Laws/Statutes/2025/627.351
Florida Statutes section 215.555, Florida Hurricane Catastrophe Fund	B	In force	www.flsenate.gov/Laws/Statutes/2025/215.555
Florida Statutes section 627.0629, residential property rate filings, including mandatory wind mitigation discounts and certified catastrophe models in rates	B	In force (insurer website discount-schedule duty from 1 October 2023)	www.flsenate.gov/Laws/Statutes/2025/627.0629
Florida Statutes section 627.0628, Florida Commission on Hurricane Loss Projection Methodology (certification of hurricane loss models used in rate filings)	B	In force	www.flsenate.gov/Laws/Statutes/2025/627.0628
Florida Statutes section 627.4133, notice of cancellation and non-renewal, including the post-hurricane moratorium and claim-based non-renewal bars	B	In force	www.flsenate.gov/Laws/Statutes/2025/627.4133
Florida Statutes section 215.5586, My Safe Florida Home Program	B	In force, subject to appropriation	www.flsenate.gov/Laws/Statutes/2025/215.5586
Florida Statutes section 215.55871, My Safe Florida Condominium Pilot Program	B	In force, subject to appropriation	www.flsenate.gov/Laws/Statutes/2025/215.55871
Florida Statutes section 628.8015, Own Risk and Solvency Assessment and corporate governance annual disclosure	B	In force	www.flsenate.gov/Laws/Statutes/2025/628.8015
Florida Statutes section 624.424, annual statement and other information	B	In force	www.flsenate.gov/Laws/Statutes/2025/624.424
Florida Statutes chapter 625, Part II, investments of insurers	B	In force	www.flsenate.gov/Laws/Statutes/2025/Chapter625/All
Florida Administrative Code rules 69O-170.017 and 69O-170.0155, windstorm mitigation discounts	B	In force	www.flrules.org/gateway/ChapterHome.asp?Chapter=69O-170
SB 7052 (2023), chapter 2023-172, Insurer Accountability	B	In force 1 July 2023	www.flsenate.gov/Session/Bill/2023/7052
SB 2-A (2022), chapter 2022-271, property insurance reform	B	In force 16 December 2022	www.flsenate.gov/Session/Bill/2022A/2A
NAIC Climate Risk Disclosure Survey (TCFD-aligned, 2022); not adopted by Florida	Not adopted	Florida absent from the administering states	https://content.naic.org/article/us-insurance-commissioners-endorse-internationally-recognized-climate-risk-disclosure-standard

Table A14. Regulatory instruments used for scoring Australia

Instrument	Status	In force/status of application	Official source
APRA Prudential Practice Guide CPG 229, Climate Change Financial Risks	G	26 November 2021	www.apra.gov.au/news-and-publications/apra-finalises-prudential-guidance-managing-financial-risks-climate-change
APRA Prudential Standard CPS 220, Risk Management (binding risk management requirements; does not itself name climate)	B	In force (current compilation from 1 July 2025)	https://handbook.apra.gov.au/standard/cps-220
APRA Prudential Standard CPS 510, Governance (binding governance requirements underpinning board responsibility)	B	In force	https://handbook.apra.gov.au/standard/cps-510
APRA Climate Vulnerability Assessment (system wide supervisory exercise; banking CVA 2022, insurance CVA results published 24 March 2026 as “Mind the Gap”)	G	2022	https://www.apra.gov.au/insurance-climate-vulnerability-assessment
AASB S2, Climate-related Disclosures (mandatory for Group 1 entities, financial years from 1 January 2025)	B	In force for Group 1	https://standards.aasb.gov.au/aasb-s2-sep-2024
Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 (inserts the sustainability report obligation into the Corporations Act 2001)	B	September 2024	www.legislation.gov.au/C2024A00087/latest
ASIC Regulatory Guide 280, Sustainability reporting	G	31 March 2025	https://aasb.gov.au/pronouncements/sustainability-reporting-standards/
AUASB standard ASSA 5010 (assurance over sustainability reports, phasing from limited to reasonable assurance)	B, phasing	Made 28 January 2025; engagements from 1 January 2025	https://standards.auasb.gov.au/assa-5010-dec-2025
Terrorism and Cyclone Insurance Act 2003 (Cth), current compilation (cyclone pool at Part 2A; sections 8A, 8C, 8D and 35A)	B	Compilation of 8 November 2025; cyclone pool operating from 1 July 2022	www.legislation.gov.au/C2004A01128/latest/text
Treasury Laws Amendment (Cyclone and Flood Damage Reinsurance Pool) Act 2022 (Act 13 of 2022; created the cyclone pool and the section 35A Commonwealth guarantee)	B	Assent 31 March 2022	www.legislation.gov.au/C2022A00013/latest
Terrorism and Cyclone Insurance Regulations 2003, current compilation (defines flood, storm surge and eligible contract scope for the pool)	B	Compilation of 1 March 2024	www.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol_reg/tacir2003437/

Table A15. Regulatory instruments used for scoring India

Instrument	Status	In force/status of application	Official source
Insurance Act 1938, sections 32B and 32C (rural and social sector obligations) and section 34 (power to issue directions)	B	In force (India Code consolidated text, as on 15 April 2026)	www.indiacode.nic.in/handle/123456789/2304
IRDAI (Corporate Governance for Insurers) Regulations 2024 (ref. IRDAI/Reg/7/201/2024)	B	Notified 20 March 2024	https://irdai.gov.in/consolidated-gazette-notified-regulations
IRDAI Master Circular on Corporate Governance for Insurers 2024 (ref. IRDAI/F&I/CIR/MISC/82/5/2024; contains the stewardship and ESG framework duties)	B	22 May 2024; compliance from 30 June 2024	https://irdai.gov.in/documents/37343/365525/Master+Circular+on+Corporate+Governance+for+Insurers,+2024.pdf?download=true
IRDAI Master Circular on Reinsurance 2024 (ref. IRDAI/REIN/MSTCIR/MISC/87/5/2024; contains the climate risk management framework duty for foreign reinsurers' branches)	B	31 May 2024	https://irdai.gov.in/document-detail?documentId=4974650
IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations 2024 (ref. IRDAI/Reg/10/204/2024; the investment framework examined for P6 and R10)	B	1 April 2024	https://irdai.gov.in/web/guest/document-detail?documentId=4589093
IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations 2024, with the Master Circular of 2025 (ref. IRDAI/NL/CIR/RSS/85/07/2025, governing FY 2025-26 and 2026-27)	B	In force	https://irdai.gov.in/consolidated-gazette-notified-regulations
IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations 2024, with the Master Circular of 2024	B	In force	https://irdai.gov.in/consolidated-gazette-notified-regulations
SEBI Business Responsibility and Sustainability Reporting: founding circular of 10 May 2021 (SEBI/HO/CFD/CMD-2/P/CIR/2021/562), the July 2023 BRSR Core circular with the assurance roadmap, and the March 2025 circular	B (securities law)	Mandatory for the top 1,000 listed companies from FY 2022/23; BRSR Core assured key performance indicators (KPIs) phasing from 2023	www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html
Pradhan Mantri Fasal Bima Yojana, Operational Guidelines 2023 (effective Kharif 2023; contains the loss-sharing, escrow and 12% penal interest provisions)	B (scheme)	In force	https://pmfby.gov.in
Restructured Weather Based Crop Insurance Scheme, operational guidelines	B (scheme)	In force	https://pmfby.gov.in

Instrument	Status	In force/status of application	Official source
Ind-RBC risk-based capital framework	Pending	Consultation and quantitative impact study stage; drafting approved December 2025, not in force	No official consolidated source; status confirmed from IRDAI announcements
National catastrophe pool	Pending	Design stage, with UNDP support	No instrument exists; status from official announcements
PMFBY Paddy Inundation add-on cover	Pending	Approved November 2025; rollout from Kharif 2026	Scheme documentation via www.pmfby.gov.in when issued

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Knowledge Products

Research Report
November 2026

Climate change; Policy and planning

Keywords:
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Climate change is testing whether insurance can protect the people who need it and whether the insurance industry itself can survive. Yet insurers continue to invest trillions of dollars in the very activities driving climate change. Regulation can shape both outcomes. It decides whether insurers hold enough money to pay their claims and whether people can get and keep cover they can afford. We scored the insurance regulation of seven jurisdictions on how well it manages both sides of climate risk: protecting insurers from climate change and protecting people through insurance. No regulator in the world yet manages both sides well. Our findings show that regulation protects insurers far better than it protects people. This gap can, however, be closed by adapting what is already working well in some places. This report shows where and how.

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