

Climate Risk Gap Analysis & Remediation - Insurers

The PRA's SS5/25 introduces tighter climate-risk expectations, giving insurers six months to identify gaps including materiality assessments, and produce a credible plan across governance, risk management, scenarios, data, and disclosures. Many insurers still lack decision-useful metrics, robust scenarios, and effective oversight and this Climate Risk Gap Analysis provides a clear, evidence-based view of current readiness and the proportionate actions needed to meet PRA standards and enhance resilience.

What is Climate Risk for Insurers?

Climate change impacts insurers through interconnected channels, some of which are:

- **Physical risks** - Damage from acute events (storms, floods, heatwaves) and chronic changes (rising temperatures, sea level rise) that affect claims patterns, capital needs, and long-term solvency.
- **Transition risks** - Shifts in policy, regulation, technology, and market behaviour that affect asset values, underwriting strategy, and exposure to stranded assets when moving towards a low-carbon economy.
- **Litigation risks** - The risk of financial loss, legal liability, or operational impact arising from lawsuits that allege responsibility for contributing to climate change, mismanaging climate related risks, or providing misleading information about environmental impacts or resilience.
- **Market & Macro risks** - Wider economic disruption leading to pricing shocks, asset volatility, and changes in reinsurance availability and cost.



Insurers must now demonstrate that these risks are identified, quantified, integrated into decision making, and governed effectively.

Why is a Gap Analysis needed?

A formal assessment is essential because the PRA now requires **clear evidence** that climate risk is embedded proportionately across:

- Governance
- Risk management
- Scenarios
- Data
- Disclosures

Regulatory scrutiny is increasing on Board oversight, scenario use, data quality, and consistency and insurers have only **six months** to **identify and develop remediation plans to address gaps**.

What our solution offers?

A focused, collaborative assessment of your climate risk capabilities – using targeted data collection, light-touch training and joint discussions, focusing on the relevant areas culminating in two deliverables:

Gap Analysis (What's Missing) – a concise summary of gaps across governance, risk, scenarios, data and disclosures.

Remediation Plan (How to Fix It) – a prioritised roadmap outlining governance updates, policy changes, possible ORSA integration, scenario improvements, data enhancements and strengthened disclosures.

What can I do in the first instance?

Get in touch with the Broadstone team who will arrange a session to better understand your situation and needs and determine how best we are able to assist.

Gap Analysis & Remediation Plan

Areas assessed and practical, prioritised roadmap

We support Insurers in establishing a structured monitoring process — ensuring that climate-risk capabilities remain proportionate, up-to-date, decision-useful, and aligned with PRA expectations over time. This can also be forward looking to prepare for additional elements such as Nature Risk.



Governance gaps – unclear roles, weak oversight, limited Board awareness and shortcomings in relevant skills/competence frameworks and Board's ability to provide challenge.

Governance upgrades – clearer roles, improved reporting, targeted Board/ExCo training, support in documenting Board competence, materiality assessments and oversight challenge. Integrate strategy.



Risk-management omissions – climate not embedded in underwriting, reserving, investments, climate risk appetite.

Policy & framework updates – refreshed risk-management policies, underwriting or reserving guidance, revised risk appetite including integration of climate risk within capital policy.



ORSA weaknesses – missing climate inputs, weak scenario integration, limited solvency impact analysis.

ORSA integration – climate annex, stronger scenario use, capital/solvency action triggers.



Scenario analysis limitations – narrow coverage, insufficient hazards/business lines, limited decision-usefulness.

Scenario enhancements – broader scenarios, clearer business impacts, improved decision-use for capital setting, valuation, or strategic planning. (minimum foundational CSA capability with justification for scenario selection and proportionality)



Data & modelling gaps – proxy reliance without justification of data proxies or explanation of limitations, incomplete hazard/exposure data, weak investment emissions data.

Data & modelling improvements – better data, refined models, clearer uncertainty management, clear documentation of proxy use (if appropriate), prudence, and model limitations. Enhanced Management Information.



Disclosure inconsistencies – unclear narrative, incomplete alignment to PRA.

Disclosures & transition planning – Updated wording, consistent reporting, stronger transition-plan structure.

Working with Broadstone

We combine deep regulatory insight with industry leading climate analytics to ensure insurers are able to understand the areas impacted by Climate Risk and address any shortcomings, to ensure regulatory compliance. Our approach allows for a modular, practical, transparent, and cost-effective solution. This is made possible due to our data and analytics partnership with Ortec Finance and our experienced and knowledgeable Actuarial and ESG teams.

Measure your Climate Change Risk. Monitor it and find ways to Manage it.

Contact Broadstone to discuss your Climate Change, ESG and Sustainability needs and discover how we might help:

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