


FSOC Staff Committee Releases Progress Report on Interagency Efforts on Climate-related Financial Risk


July 28, 2023

WASHINGTON– The Financial Stability Oversight Council’s (FSOC) Climate-related Financial Risk Committee (CFRC) today issued a staff progress report on a range of actions underway to support capacity building and disclosure, address data gaps, and assess climate-related financial risks. The CFRC brings together staff from the FSOC’s member agencies. The FSOC committed to forming the CFRC in the [FSOC Climate Report](#) , released in October 2021, and the committee began meeting regularly in February 2022.

In July 2022, the FSOC issued a [fact sheet detailing the progress](#)  its member agencies had made implementing the FSOC Climate Report’s recommendations. Today’s staff progress report provides a further update on these efforts. The FSOC and its member agencies have made notable progress in the past year across the major thematic areas of the FSOC Climate Report, including:

- The CFRC continues to serve as a forum for interagency information sharing, coordination, and capacity-building on climate-related financial risk; facilitating the development of common approaches and standards; and fostering communication across FSOC members, including via dedicated working groups on data, scenario analysis, and risk assessment.
- Agency staff on the CFRC are developing a robust framework to identify and assess climate-related financial risk and identify a preliminary set of risk indicators for banking, insurance, and financial markets. The risk indicators and framework deepen the agency staff’s understanding of climate-related financial risks.
- The Office of Financial Research (OFR) launched a new platform – [the Joint Analysis Data Environment \(JADE\)](#) – to integrate and analyze a broad spectrum of financial and other relevant data. Researching climate-related risk is the first use case the FSOC identified for JADE. The OFR is collaborating with the CFRC to ensure that the platform incorporates the data and analytical tools needed by FSOC member agencies.
- The Department of the Treasury’s Federal Insurance Office (FIO) issued a [request for comments on a proposed collection of data](#) from property and casualty insurers regarding current and historical underwriting data on homeowners’ insurance at the ZIP code level to assess the

potential for major disruptions of private insurance coverage in regions of the country that are particularly vulnerable to the impacts of climate change.

- The [Office of the Comptroller of the Currency](#), [Federal Deposit Insurance Corporation](#), and [Board of Governors of the Federal Reserve System](#) (Federal Reserve) each released for public comment a set of proposed principles for climate-related financial risk management for certain large financial institutions.
- FIO released a report ([Insurance Supervision and Regulation of Climate-Related Risks](#) ) that assesses climate-related issues and gaps in the supervision and regulation of insurers and provides a set of policy recommendations.
- The Federal Reserve launched a [pilot climate scenario analysis exercise for six large bank holding companies](#).

FSOC and its member agencies continue to view climate-related financial risks as a key priority and intend to advance the recommendations in the FSOC Climate Report. Staff participating on the CFRC intend to continue using it as a forum for interagency engagement, coordination, and information sharing. Staff also intend to focus on data sharing and the development of key risk indicators for risk assessment purposes, and further explore the intersection between physical risk, real estate, banking, insurance, and household finances.

The full report can be found here .