

Climate Pathways Solution

Access market-leading climate scenarios, expert support, and advanced online training.

In the rapidly evolving landscape of climate risk and regulatory disclosure, climate scenario analysis is a pivotal focus for insurers, asset managers, and pension funds. This new domain demands not only new skills but also new methodologies, data, and models, representing a significant learning curve for financial institutions.

Our solution integrates Moody's market-leading scenario modeling, climate science, and insurance expertise with a strong commitment to knowledge transfer. This approach enhances our climate modeling capabilities, supports informed decision-making and helps maintain compliance with evolving regulations and financial disclosures.

Understanding the complexity of climate scenarios and their nuanced implications for different asset classes requires a blend of technology and expertise. Leveraging our experience, we make it straightforward to get started with climate scenario analysis. For advanced users, our web application delivers the tools to refine and integrate climate scenarios into multiple work processes for consistency and deeper insights.

Our commitment to knowledge transfer ensures that customers receive support from Moody's team of experts as they navigate this journey. Working with our existing customers, we know it is best to get started as soon as possible, as it takes time to develop the necessary skills and climate scenario capabilities expected by regulators.

MASTERING CLIMATE SCENARIO ANALYSIS

Moody's helps insurers, asset managers, and pension funds at various stages of their climate scenario journey, from getting started to becoming advanced users. Delivering the scenario content needed to measure the financial impact of climate risk on asset classes and market risk-factors,

Getting started

To get started, Moody's delivers an annual standard scenario set along with comprehensive onboarding, knowledge transfer, and ongoing advisory support from our scenario modeling and climate experts. In addition, customers have access to the Climate Pathways Web Application, which can be used as an interactive educational tool to understand the dynamics of economic risk factors under each climate stress scenario. The Moody's approach helps integrate climate risk considerations into your decision-making processes with ease and confidence.

Scenario type	Deterministic
Number of scenarios	Three scenario sets
Asset types	Moody's Real-World calibrations standard asset classes <i>(30+ economies, including all the major asset classes and relevant risk factors)</i>
Frequency	Annual
Climate Pathways Application	Available to use as an educational tool
Advisory Services	Onboarding, integration, and support
Training	Access to online training
Documentation	Narrative summary documentation for each scenario set

Expand and deepen understanding

After getting up and running, many customers want to extend and deepen their understanding of the impact of climate risk across their business. This may require looking beyond deterministic analysis to incorporate stochastic analysis. Running more frequently, for example, quarterly, stress testing, to analyze the short-term impacts of market re-pricing/capitalization events. and exploring a broader range of climate assumptions across the full suite of NGFS scenarios

Advanced users

As knowledge, expertise and confidence levels increase, transition towards a more bespoke, self-managed approach with full support from our advisory team. Advanced users can create their own custom scenarios using the Climate Pathways Web Application, have autonomy over their settings, and receive bespoke scenarios from Moody's that are produced to your exact specification. Utilize the Climate Pathways application for in-depth narrative exploration and diagnostics. The advisory services team also helps with bespoke asset modeling, alternative baseline assumptions, advanced portfolio and custom climate assumptions, to ensure that your specific needs are met comprehensively.

Onboarding and support

Customers benefit from access to online training and workshops led by Moody's team to build internal expertise and capacity for climate risk management. Moody's provides detailed documentation of narrative scenarios and supports customers through a series of tailored workshops and advisory services. This collaborative approach ensures that customers are well-equipped to manage climate risks and make informed decisions, fostering a deeper understanding and confidence in navigating climate scenario challenges.

APPLYING CLIMATE PATHWAYS

Moody's top-down climate modeling can be used directly in valuation/cashflow models and quantitative processes helping in areas such as own risk and solvency assessment (ORSA), strategic asset allocation (SAA), and forward-looking financial disclosures.



OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

Confidently assess and quantify the financial impacts from physical and transition risk, using different assumptions and scenarios relevant to your business. Translate long-term scenarios to short-term stresses. Build credible recommendations to the board.



STRATEGIC ASSET ALLOCATION (SAA)

Explore changes to your business' capital market assumptions. Quantify the financial impacts on asset classes and market risk-factors from physical and transition risk. Present credible recommendations to internal and external stakeholders.

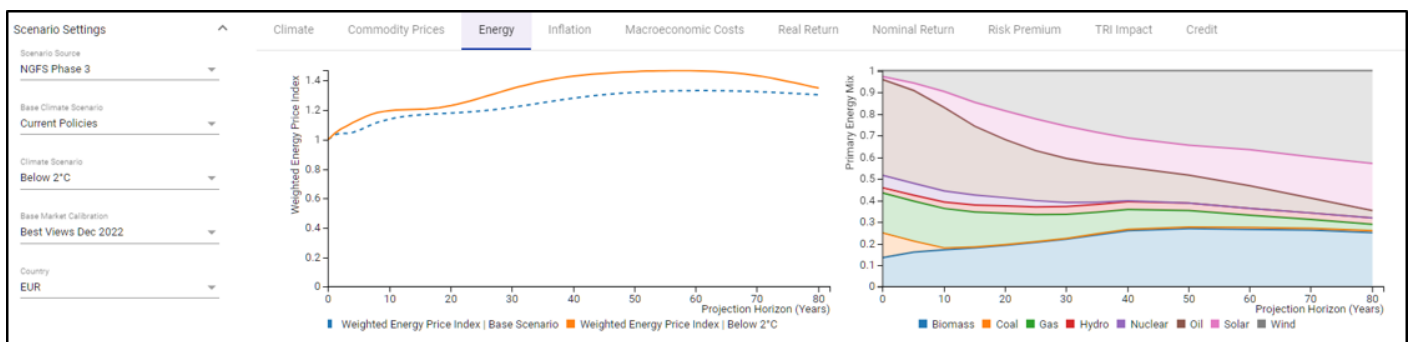


FORWARD-LOOKING FINANCIAL DISCLOSURES

Analyze your financial exposure to climate risk by navigating the impacts of different climate assumptions and scenarios relevant to your business. Identify the material financial impacts of physical and transition risk and build robust, transparent climate-related financial disclosures to respond to requirements such as those from the TCFD, ISSB, and CSRD.

THE CLIMATE PATHWAYS SOLUTION OFFERS

FLEXIBILITY	CONFIDENCE	RIGOR
→ Access all NGFS scenarios, with the option to use other recognized frameworks. Continually updated with the latest science. → Create short-term shocks from long-term climate scenarios directly in the application. → Review and modify settings such as scenario source, baseline, and currency. → Review and modify advanced model settings such as inflation model, carbon tax impact, physical damages and more. → Outputs aligned to your unique asset portfolio profile. → Easily integrate with our AXIS™ actuarial system and other core actuarial and investment systems.	→ Split out physical and transition risks to determine attribution and material impact. → Visually display the outputs from the scenario analysis and use the accompanying narrative to explain your recommendations clearly to internal and external stakeholders. → Drive faster board decisions through confidence in your scenario selection, outputs, and credible recommendations. → Experiment with different scenarios to gain a deeper understanding of the impact of different assumptions and broaden your analysis.	→ Build consistent analysis, enable internal discussion and challenge across different functions. Drive consensus on the best assumptions and scenarios to meet the unique needs of your business. → Facilitate quicker production of robust and reliable asset class returns and liability risk factors to aid decision-making. → Understand and validate assumptions with fully transparent scenarios and quarterly documentation detailing the underlying methodology. → Access to Moody's experts with insurance industry, climate, scenario, and calibration expertise.





CONTACT US

[Climate Risk in Insurance](#)

AMERICAS

+1.212.123.4567

clientservices@moodys.com

ASIA (Excluding Japan)

+852.1234.5678

clientservices.asia@moodys.com

EMEA

+44.20.1234.5678

clientservices.emea@moodys.com

JAPAN

+81.1234.5678

clientservices.japan@moodys.com