

# Conning Climate Risk Analyzer™

*Insurers and pension plans are facing increased scrutiny and pressure to understand the impact of climate risk on both sides of the balance sheet. While the concept is quite well developed on the liability side, Chief Risk Officers and the actuarial function are now also seeking to address climate risk on their asset allocations. The Conning Climate Risk Analyzer™ takes climate risk analysis to the next level, providing critical insights and helping clients get ahead of regulatory requirements.*

## Beyond Stress Testing

Stress testing using climate change scenarios is becoming the tool of choice for central banks and regulators. However, deterministic stress tests provide few actionable insights into climate impacts on asset portfolios. Insurers and pension plans need to understand how different climate change scenarios might affect the financial markets and their holdings over a range of time horizons.

Conning Climate Risk Analyzer™ brings climate stress testing to life, providing insurers with new tools to explore the impact of climate change for strategic planning and regulatory reporting. Conning Climate Risk Analyzer™ combines stochastic projections from the award-winning<sup>1</sup> GEMS® Economic Scenario Generator with the latest thinking on climate change effects within financial markets. This transparent approach to modeling makes exploring the impact of different climate scenarios on a given asset allocation truly implementable. Functionality includes:

- » Scenarios of varying severity, including an orderly transition scenario, a disorderly transition scenario, and a failed climate policy, as well as many others.
- » Attribution between transition and physical risk and other risk sources.
- » Exploration of the different possible timings of market impacts that a scenario may cause.
- » A rich set of portfolio risk analytics, including VaR and Excess Climate Risk, as well as graphical representations of the risk through time.

The Conning Climate Risk Analyzer™ is a cost-effective alternative to large consulting engagements for mid- to large-sized institutions needing to satisfy regulatory requirements, including those for ORSA reporting. Conning Climate Risk Analyzer™ takes stress testing to the next level, creating deeper insights into the meaning of the stress in the short, medium and long term.



**Climate mitigation  
investment initiative  
of the year**



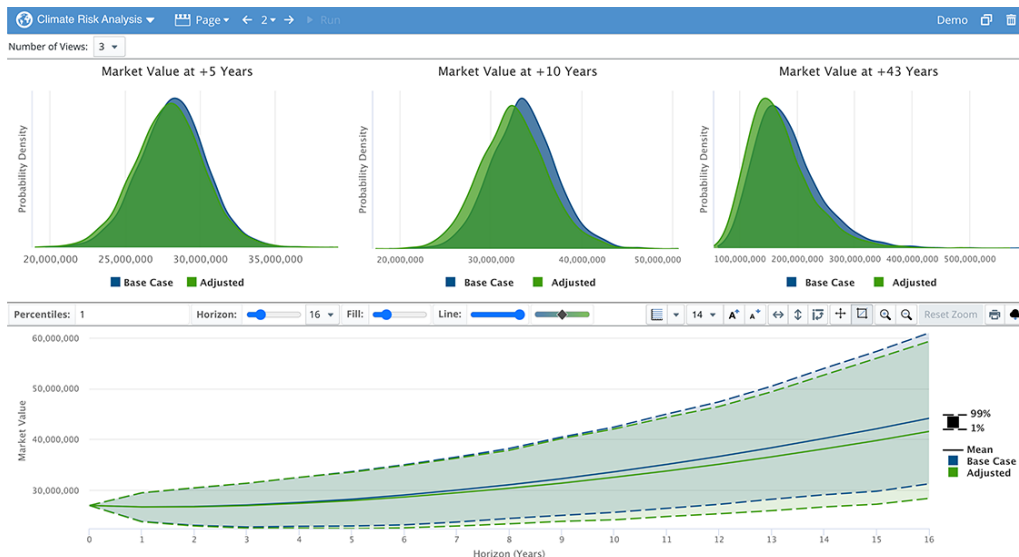
## Comprehensive and Customizable Modeling

Conning Climate Risk Analyzer™ is a software-as-a-Service (SaaS) tool which includes stochastic scenarios covering over 20 currency regions with diverse asset class coverage, including:

- » Government Bonds of different durations
- » Corporate Bonds of different ratings and durations
- » US Municipal Bonds of different ratings and durations
- » Global Equity and Equity Environmental Social Governance Indices
- » Real Estate
- » Inflation-Linked Bonds
- » US Mortgage-Backed Securities
- » Multiple alternative asset classes

The framework is designed to be flexible enough to adapt to changing regulatory requirements, and users can define custom stress tests that they consider most appropriately represent the climate risk of their holdings.

Contact us to see how Conning Climate Risk Analyzer™ can help you explore the impact of climate change on your asset portfolio.



Conning Climate Risk Analyzer enables users to view the entire risk distribution of the asset allocation conditional on a given scenario (green) and compare this to the current view of risk (blue). The through-time impact of the climate scenario on the market value and risk of the asset allocation can be quantified, explored and visualized (bottom).<sup>2</sup>

## About Conning

Conning ([www.conning.com](http://www.conning.com)) is a leading investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including insurers and pension plans, with investment solutions, risk modeling software, and industry research. Conning’s risk management software platform provides deeper insights for decision making, regulatory and rating agency compliance, strategic asset allocation, and capital management. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

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<sup>1</sup>Market Scenario Generator of the Year, Risk.net Markets Technology Awards 2021. <sup>2</sup>Hypothetical data, for illustrative purposes only.

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