

Appendix 10: Make Significant Contribution and Do No Significant Harm criteria

Financial and insurance activities sector

10.1. Non-life insurance

Sector classification and activity	
Macro-Sector	Financial and insurance activities
KeSIC Code	6512
Description	<p>Non-life insurance for activities and/or assets that are covered by the EU Taxonomy. Insurance against climate-related hazards identified as:</p> <p>Temperature related</p> <ul style="list-style-type: none"> • Heat stress, heat wave • Cold wave, frost • Temperature variability • Permafrost thaw • Wildfire <p>Wind related</p> <ul style="list-style-type: none"> • Changing wind patterns • Cyclone, hurricane, typhoon • Storm, including blizzard, dust and sand storm • Tornado <p>Water related</p> <ul style="list-style-type: none"> • Changing/Heavy Precipitation patterns and types (Rain, Hail, Snow / Ice) • Hydrologic variability • Ocean acidification • Saline intrusion • Sea level rise • Drought • Flood (Coastal, Fluvial, Pluvial, Groundwater) • Glacial Lake Outburst <p>Solid Mass related</p> <ul style="list-style-type: none"> • Coastal Erosion • Soil degradation • Soil erosion • Solifluction • Avalanche

	<ul style="list-style-type: none"> • Landslide • Subsidence <p>Such insurance represents an important element for climate change adaptation since it does not only support risk sharing but is also working throughout the risk management cycle (identify, analyse, plan, implement and evaluate) and the disaster management cycle (prevent and protect, prepare, respond and recover).</p> <p>Non-life insurance undertakings and activities potentially eligible for EU Taxonomy alignment include classes of non-life insurance set out in Annex I of the Solvency II Delegated Regulations and any future amendments. The Groups of non-life insurance lines of business potentially eligible are:</p> <ul style="list-style-type: none"> • Motor vehicle liability insurance • Other motor insurance • Marine, aviation and transport insurance • Fire and other damage to property insurance • General Liability insurance
Make Significant Contribution criteria	
Climate change mitigation	
N/A	
Climate Change Adaptation	
<p>Metrics and thresholds</p> <ul style="list-style-type: none"> • Leadership in modelling and pricing of climate risks: <ul style="list-style-type: none"> ○ The insurance activity uses state-of-the-art modelling techniques that: properly reflect climate change risks; do not only rely on historical trend; integrate forward-looking scenarios. ○ The insurer publicly discloses how the climate change risks are considered in the insurance activity. ○ With the exception of legal restrictions on contractual conditions and insurance premiums, the insurance activity provides incentives for risk reduction by setting out the (pre)-conditions for the insurance coverage of risk and by acting as a price signal of risk. For the purpose of this point, reduced premiums or deductibles, possibly based on supportive information on existing/possible actions, to policyholders who protect an asset or activity against natural catastrophes damages may be considered an incentive for risk reduction. ○ After a climate risk event, the insurer provides information on the conditions under which coverage under the insurance activity could be renewed or maintained and in particular the benefits of building better in that context. • Product design: <ul style="list-style-type: none"> ○ Insurance products sold under the insurance activity offer risk-based rewards for preventive actions taken by policyholders. For the purpose of this point, where a policyholder has 	

invested in adaptation measures, lower premiums may be considered as a risk-based reward for preventive actions taken by policyholders. By way of derogation from this point, where legal restrictions on contractual conditions and insurance premiums prevent the insurance or reinsurance company from providing risk-based rewards, insurance products may instead provide to customers measures in relation to an asset, an activity, or people that prevent or protect against natural catastrophes. Such measures may be provided as information or advice to customers on climate risks and preventive measures that customers could take.

- The distribution strategy for such products covers measures to ensure that policyholders are informed on the relevance of preventive measures that they could take, for the terms and conditions of the insurance coverage, including any impact of such measures on the insurance coverage or the premium level.
- Innovative insurance coverage solutions:
 - Insurance products sold under the insurance activity offer coverage for the climate-related perils where the demands and needs of policyholders require so.
 - Depending on the demands and needs of individual customers, products may include specific risk transfer solutions such as protection against business interruption, contingent business interruption, other non-physical damage-related loss factors, cascading effects and interdependencies of hazards (secondary perils), cascading impacts of interacting natural and technological hazards, critical infrastructure failures.
- Data sharing:
 - With due regard to Kenya's Data Protection Act, 2019 (DPA) and the Data Protection (General) Regulations, 2021, a significant share of loss data related to insurer's activity is made available, free of charge, to one or several public authorities for the purpose of analytical research. Those public authorities declare to use the data for purposes of enhancing adaptation to climate change by the society in a region, country or internationally and the insurer provides the data at a level of granularity sufficient for the use declared by the respective public authorities.
 - Where the insurer is not yet sharing such data with a public authority for the aforementioned purpose, it has declared the intention to make its data available, free of charge, to interested third parties and has indicated under which conditions such data can be shared. That declaration of intention to share available data is easily accessible, including on the insurer's website, for relevant public authorities.
- High level of service in post-disaster situation: Claims under insurance activity, both ongoing and those from large-scale loss events resulting from climate risks, are processed fairly with respect to customers, in accordance with high handling standards for claims and in timely fashion in line with applicable law and there has been no failure to do so in the context of recent large-scale loss events. Information as regards procedures on additional measures.

Do No Significant Harm assessment

The specific activity or activities being insured must meet the DNSH criteria for those activities.

That is, the non-life insurer (i.e. the primary insurance product provider) is required to validate that the activity and/or asset being insured is compliant with the relevant DNSH thresholds for the activity under cover.

A) Climate Change Mitigation

- N/A

B) Climate Change Adaptation

- N/A

C) Sustainable use of water and marine resources

- N/A

D) Ecosystem protection and restoration

- N/A

E) Pollution prevention

- N/A

F) Sustainable resource use and circularity

- N/A

10.2. Reinsurance

Sector classification and activity	
Macro-Sector	Financial and insurance activities
KeSIC Code	6520
Description	Coverage of risks stemming from climate-related perils ceded by the insurer to the reinsurer. The coverage is set out in an agreement between insurer and reinsurer specifying the insurers' products ("underlying product") from which the ceded risks originate. A reinsurance intermediary may be involved in the preparation or conclusion of the contractual agreement between the insurer and the reinsurer.
Make Significant Contribution criteria	
Climate change mitigation	
N/A	
Climate Change Adaptation	
<ul style="list-style-type: none"> Leadership in modelling and pricing of climate risks: <ul style="list-style-type: none"> The reinsurance activity uses state-of-the-art modelling techniques that: <ul style="list-style-type: none"> are used to properly reflect in the premium level the exposure, hazard and vulnerability to climate change risks as well as actions taken by the policyholder of the insurer to protect the insured asset or activity against those risks, where such information is provided by the insurer to the reinsurer; do not only rely on historical trends; integrate forward-looking scenarios. The reinsurer discloses publicly how the risks stemming from climate-related perils are considered in the reinsurance activity. Supporting development and supply of enabling non-life reinsurance products: <ul style="list-style-type: none"> The reinsurance activity's underlying products cover risks stemming from climate-related perils and reward, in a risk-based manner and without prejudice to legal restrictions on contractual conditions and insurance premiums, preventive actions taken by the insurer's policyholders. The reinsurance activity complies with one or more of the following criteria: <ul style="list-style-type: none"> where desired by the insurer, the reinsurer engages with the insurer, either directly or via a reinsurance intermediary, during the development of the underlying product by: <ul style="list-style-type: none"> discussing possible reinsurance solutions that the reinsurer is willing to offer in relation to that product. The final product is brought to market using one of the reinsurance 	

solutions that were discussed with the reinsurer during the product development phase;

- providing data or other technical advice enabling the insurer to price the coverage for risks stemming from climate-related perils as well as risk-based rewards for preventive actions taken by the insurer's policyholders;
 - the insurer would likely reduce or discontinue its coverage under the underlying product without the reinsurance agreement or a comparable reinsurance agreement in place;
 - the reinsurer provides, as part of the business relationship with the insurer or the reinsurance intermediary, data or other technical advice or both enabling the insurer to offer coverage of risks stemming from climate-related perils and the coverage allows for risk-based rewards for preventive actions taken by the insurer's policyholders.
- Where a reinsurance product applies at the level of a portfolio of underlying products, only a share of the reinsurance activity's underlying products may cover risks stemming from climate-related perils and reward, in a risk-based manner, preventive actions taken by the insurer's policyholders for the purpose of point 2.1. In that case, the reinsurer is able to identify the share of reinsurance premiums that relate to those underlying products.
- Innovative reinsurance coverage solutions:
 - Reinsurance products sold under the reinsurance activity offer coverage for risks stemming from climate-related perils where the demands and needs of the insurer's clients, based on the underlying products, require so. Such insurance products appropriately reflect risk-based rewards for preventive actions taken by the insurer's policyholders.
 - Depending on the demands and needs of the individual customers of the insurer, reinsurance products may include specific risk transfer solutions which may include protection against business interruption, contingent business interruption, other non-physical damage-related loss factors, cascading effects and interdependencies of hazards (secondary perils), cascading impacts of interacting natural and technological hazards or critical infrastructure failures.
- Data sharing:
 - A significant share of loss data related to the reinsurer's activity is made available, free of charge, to one or several public authorities for the purpose of analytical research. The public authorities declare to use the data for purposes of enhancing adaptation to climate change by the society in a region, country or internationally and the reinsurer provides the data at a level of granularity sufficient for the use declared by the respective public authorities.
 - Where the reinsurer is not yet sharing such data with a public authority for the aforementioned purpose, it has declared the intention to make its data available, free of charge, to interested third parties and has indicated under which conditions such data can be shared. That declaration of intention to share available data is easily accessible, including on the reinsurer's website, for relevant public authorities.
- High level of service in post-disaster situation:
 - Claims under the reinsurance activity, both ongoing and those from large-scale loss events resulting from risks stemming from climate-related perils, are processed fairly with respect to customers, in accordance with high handling standards for claims and in timely fashion in line with applicable law and there has been no failure to do so in the context of recent large-scale

loss events. Where appropriate, the reinsurer supports the insurer or the reinsurance intermediary in assessing the claims from the underlying product. Information as regards procedures on additional measures by the reinsurer in case of large-scale loss events is publicly available.

Do No Significant Harm assessment

A) Climate Change Mitigation

- The reinsurance activity does not cover cession of insurance of the extraction, storage, transport or manufacture of fossil fuels or the cession of insurance of vehicles, property or other assets dedicated to such purposes.

B) Climate Change Adaptation

- N/A

C) Sustainable use of water and marine resources

- N/A

D) Ecosystem protection and restoration

- N/A

E) Pollution prevention

- N/A

F) Sustainable resource use and circularity

- N/A