Overview of the Report on "Recent Developments of Practices on Management of Storm and Flood Risks and Support for Clients in the Financial Sector" (July 17, 2026)

■ **This report aims to present a range of practices among financial institutions in managing financial risks arising from storm and flood damage (storm and flood risks) and providing support for their clients.**

- The FSA surveyed recent developments on the **management of storm and flood risks among major banks, regional banks and insurers, as well as support for their clients.** This survey covers 17 financial institutions in total.
- The financial institutions widely **recognize climate-related financial risks, including storm and flood risks, as key risks**. Their risk management has advanced through risk analyses based on more refined data and more sophisticated analytical methods, as well as through enhanced investment and lending decision.
- Banks and insurers provide support for their clients, including financial products for disaster-related repayment relief and products for adaptation investments, as well as services for storm and flood risk assessment and other management services.
- Drawing on the lessons learnt from past disasters, **financial institutions have reviewed and enhanced their own business continuity plans (BCPs) and adaptation measures**.

01 Risk Recognition and Past Cases of Risk Materialization

- Financial institutions generally consider climate-related financial risks, including storm and flood risks, as key **risks/top risks.**
- They observe that actual losses from storm and flood damage have, to date, remained a manageable level relative to their financial condition and operations.
  - Internal ratings of some borrowers in banks were downgraded due to storm and flood damage, but such cases were limited in number.

02 Refinement of Risk Analysis: Examples and Issues

- **Financial institutions refined storm and flood risk analyses** by using various assessment methods and data.
  - Examples include (i) analyses of clients' business interruption risk that reflects impact on clients' supply chain and damage to clients' major business premises and facilities, (ii) the use of refined damage prediction data, and (iii) the use of risk models that reflect recent increases in precipitation.
- **However, some issues for further consideration remain. These include difficulties in identifying clients' major premises and facilities beyond their headquarters, reflecting an impact from storm and flood damage on clients' supply chain, and developing a methodologies to analyze compound disasters (e.g., simultaneous storm and flood damage).**

03 Risk Management and Examples of Client Support

- When financial institutions make investments or provide loans that are exposed to storm and flood risks, **they assess insurance coverage for those risks and reflect such risks in collateral valuations and other lending or investment terms**. In additions, **non-life insurers transfer part of their risks** through reinsurance.
- **Financial institutions provide their clients with financial support** through financial products for disaster preparedness and risk mitigation and disaster-related repayment relief products, as well as **non-financial support** such as assistance in developing business continuity plan (BCP) and visualizing risks.
- **Financial institutions are also improving operational resilience** by reviewing their BCPs for their own business locations and infrastructure for disaster responses.

The FSA will keep monitoring developments in financial institutions on management of climate-related financial risks including storm and flood risks and client support, taking into account the size, characteristics and risk profile of individual financial institutions.