



January 10, 2022

Andrew Stolfi, Chair  
Disclosure Workstream of the Climate and Resiliency (EX) Task Force  
National Association of Insurance Commissioners

Re: Proposed NAIC Climate Risk Disclosure Survey

Dear Commissioner Stolfi:

The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to  
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national trade association for home, auto, and business insurers. APCIA promotes and protects  
the viability of private competition for the benefit of consumers and insurers, with a legacy  
dating back 150 years. APCIA members represent all sizes, structures, and regions<sup>2</sup> protecting  
families, communities, and businesses in the U.S. and across the globe.

Regulators, APCIA, and its members have a long track record of adjusting to changing  
circumstances. Collectively we have created the largest, most competitive, and financially sound  
insurance market in the world. Our greatest climate-risk challenge is how we can best work  
together to mitigate the increasing climate-related losses while preserving our well-functioning  
and well-regulated insurance market that takes appropriate account of all material risks.

Purpose of Public Disclosures

APCIA believes the purpose of public climate disclosures should be for insurers to generally  
discuss their climate-related policies with regulators and other stakeholders, with adequate  
flexibility to reflect each company's unique business model. : H D U H F R Q F H U Q H G W K H 1 \$  
redesigned Climate Risk Disclosure Survey at times asks prescriptive questions that are  
inappropriate for a public report because the information being sought includes proprietary and  
trade secret information. , Q V W H D G R I S X E O L F G L V F O R V X U H V D F R P S D Q  
Assessment (ORSA) Summary Report should be the only appropriate tool for regulators to use to  
monitor how insurers are assessing and managing climate-related risks. The ORSA is an internal  
assessment conducted by an insurer or insurance group of its material and relevant risks,  
including climate risks, and the ORSA Model Act includes strong confidentiality protections for  
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Since the Solvency Workstream of the Climate and Resiliency (EX) Task Force is already considering whether the NAIC should pursue enhancements to existing solvency tools, including the ORSA, we believe the Disclosure Workstream should allow further time for consideration of whether additional public disclosure requirements are needed and the risks these additional disclosures pose to insurers. Alternatively, we suggest adding a clarification that the redesigned public disclosures are not intended to be prescriptive nor are they intended to necessitate the public disclosure of propriety information. In any event, APCA requests the deletion of question 2(B) under the Strategy section. This question asks companies to describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning; however, we believe discussion of these issues should be limited to confidential ORSA reporting, rather than a public disclosure.

More broadly, the NAIC should ensure that any changes to the Survey questions are tailored to core insurance regulatory objectives. Public disclosure requirements should not go beyond what is necessary for insurers to generally discuss their climate-related policies with regulators and other stakeholders. Disclosure requirements beyond this scope would run counter to the long-established purposes of state-based insurance regulation of protecting policyholders and facilitating a stable insurance marketplace, while not exposing insurers to increased risk.

### Materiality

7 K H 1 \$ C R 1 V The Risk Disclosure Survey should continue to be based on a materiality assessment. To be meaningful, materiality assessments must be based on a common definition of materiality, particularly since jurisdictions outside the United States have varying definitions of the term. It is critical that any disclosure requirements be flexible, limited to decision-useful information, and proportional to the relevant risk subject to disclosure. Therefore, the Survey



In addition, we recommend clarifying proposed question 1(A). This question asks companies to describe WKH ERDUG ¶ V R Y H H 0 IDJKMGRU LFVNL P D W E R S S R U W X Q L W L R Q \ R X U ERDUG RU FRPPLW H H V I L V and U I g u u u s w h e n e r t e s O H ' I R U W K question is asking companies to name the specific individual with this responsibility (e.g., Jane Doe) or just the role of the person (e.g., Chairperson of Risk Committee). We do not believe the granularity of providing the specific name of the individual is necessary for determining how climate risks are managed. Therefore, companies should be able to answer this question by providing the role of the person or people responsible for overseeing climate-related risks.

## Question 2: Strategy

APCIA recommends deleting question 2(B) under the Strategy section. This question asks companies to describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning; however, we believe discussion of these issues is more appropriate for confidential ORSA reporting, rather than a public disclosure.

More broadly, the mandatory questions contained in the Strategy section pursue highly sensitive and proprietary issues that are best not the subject of public disclosures. Rather, such questions

Furthermore, the Metrics and Targets section asks about stress scenarios at a level of granularity that not all companies have yet developed, especially smaller companies. Some companies still have an immature risk program that has not focused on climate risk to date, or the material requirement does not exist at this point for a 2-degree Celsius or lower scenario. Scenarios of this type are a large leap from the requirements of the 2020 Climate Risk Survey. Therefore, some companies will need a significant amount of time and assistance to develop these types of scenario testing capabilities.

### ClosedEnded Questions

As mentioned above, we recommend a further consultation to determine what additional closed-

casualty insurers have for many years confronted the physical risks associated with climate change in the normal course of their business, and state regulators have developed a number of well-

In conclusion, we are anxious to continue to work with regulators on the all-important joint mission of mitigating climate-related losses. At the same time, we are committed to enhancing our innovative, competitive, and financially sound insurance market. We look forward to a continuing dialogue as the NAIC proceeds with its work on climate-related disclosures. Thank you for considering the points addressed above, and please do not hesitate to contact us if you have any questions.

Sincerely,

Dave Snyder  
Vice President, International & Counsel

Steve Broadie  
Vice President, Financial & Counsel

Matthew Vece  
Manager, Financial & Tax Counsel