Ceres Accelerator

March 3, 2022

Jennifer Gardner, Manager III - Property & Casualty, Regulatory Services
Commissioner Andrew R. Stolfi (OR) and Superintendent Elizabeth Kelleher Dwyer (RI), Co-Vice Chairs, NAIC Climate Risk Disclosure Workstream
NAIC Climate and Resiliency (EX) Task Force members
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Dear Jennifer, Superintendent Dwyer, Commissioner Stolfi and Climate and Resiliency (EX) Task ure Workstrear materiality rest with corporations has resulted in inconsistent levels of disclosure and information that is often not comparable.

The section on assessing the financial impact of climate risks and opportunities should be very helpful to insurers. We suggest adding language to collect information about changes in coverage areas. The reduction in areas insurers will cover because of climate change has already occurred in several states, and it also represents a medium- and long-term risks to insurers' business models and growth potential, which the NAIC could track through climate survey responses.

Scope 3 GHG emissions (financed emissions) is a growing risk for insurers, as it is for investors and banks, so we would suggest adding a recommendation that insurers assess and disclose Scope 3 emissions. As evidenced from the comments submitted in June 2021 to the SEC in response to their request for public input on climate change disclosures, 65% of investors specifically cited the need for Scope 3 GHG emissions data.

The addition of specific guidance for insurers from the TCFD's 2021 report, as well as references to other TCFD reports that are helpful to insurers, are excellent additions.

Regarding making the closed ended questions voluntary for 2022, we believe the NAIC is missing an opportunity to require certain questions that are not burdensome to answer and would collect helpful baseline information for insurance regulators. We recommend that the task force consider making all or some of the following questions mandatory in 2022:

Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)

Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)

Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N)

Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.

Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.

Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.
Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)
Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)

Again, thank you very much for your consideration of our comments and for your continued leadership. It is truly appreciated.

Sincerely,

Steven M. Rothstein
Managing Director
Ceres Accelerator for Sustainable Capital Markets
Ceres, Inc.