March 3, 2021

To the NAIC Climate Risk and Resilience Task Force,

On behalf of the Insure Our Future campaign and its millions of members and supporters, we

Unfortunately, American insurers are mostly preparing to follow the dinosaurs. In the latest Insure Our Future Insurance Scorecard, only one major American insurer was among the leaders on coal exit, while six major American insurers brought up the rear.<sup>5</sup> Many major US insurers continue to underwrite coal and oil and gas without any restrictions, and every US insurer assessed in the scorecard supported lobby organizations that oppose climate actions.<sup>6</sup> This behavior exposes US insurance companies to ever-increasing physical and transition risks, making it even more important that regulators and the public obtain full disclosure of all their climate-relevant information.

disclosure framework that provides this information. Individual states, like California, have already shown leadership by requiring periodic disclosure of investments in fossil fuels.<sup>7</sup> With the threat of climate catastrophe continuing to increase, even as the transition to green energy accelerates, now is the time for regulators to assess the threats to the insurers they oversee and make s

As the Climate Disclosure Workstream revises its survey framework, it should take this opportunity to start fresh. The analysis of the current NAIC survey by the American Academy of Actuaries showed that the current Yes/ No framework with optional survey responses yields only the bare minimum reply from insurers that are not otherwise engaged in this effort. Adding more multiple choice questions will not adequately reveal the extent to which an insurer is taking climate risk seriously.

Any new reporting framework needs to allow regulators and the public to understanely reveal the ex

often lack a consistent methodology. Given these difficulties, some insurers may object that reporting on this information in a standardized way is not feasible today.

We agree that existing metrics leave something to be desired. The accuracy of these metrics will improve as climate science develops, and the framework should be flexible enough to accommodate that development. But with climate risk rapidly evolving, regulators cannot afford to wait. In the meantime, we recommend inclusion of related metrics that all insurers can measure and that provide insight into both future emissions pathways and exposure to climate

Standardized, comprehensive, and public disclosure is a key first step in assessing and encouraging the appropriate level of preparation for climate-related risk. We encourage you to take this opportunity to revise the survey in line with the gravity of the situation and the centrality of insurance companies and regulators to addressing it.

For questions, please contact Yevgeny Shrago at <u>yshrago@citizen.org</u> and David Arkush at darkush@citizen.org.

Sincerely,

Insure our Future Public Citizen Americans for Financial Reform Education Fund Automotive Education & Policy Institute CCAG Center for International Environmental Law Consumer Watchdog Earth Action. Inc. Earth Guardians Friends of the Earth U.S. Institute for Agriculture and Trade Policy MAHA National Whistleblower Center New York Communities for Change Rainforest Action Network Revolving Door Project Sierra Club Sunrise New Haven Sunrise Project U.S. Texas Campaign for the Environment U.S. PIRG 350 Charlotte 350 New Orleans 350 Hawaii

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