

# Insurance and Real Estate Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-1047

**Title:** AN ACT CONCERNING INSURANCE AND CLIMATE CHANGE.

**Vote Date:** 3/22/2021

**Vote Action:** Joint Favorable

**PH Date:** 3/18/2021

**File No.:**

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## **SPONSORS OF BILL:**

Insurance and Real Estate Committee

## **REASONS FOR BILL:**

To address concerns regarding climate change risks from the Insurance Industry. Currently there is not enough regulation on insurance companies regarding climate risks. The bill seeks to bridge the gap by having an annual report be submitted to the commissioner and having a report be sent to the insurance committee. This is all done to understand and mitigate climate risks in Connecticut as a result of insurance industries.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

None expressed.

## **NATURE AND SOURCES OF SUPPORT:**

**David Arkush, Managing Director, Climate Program Public Citizen** supports the bill as adopting the bill would establish Connecticut as a leader in managing the risks of climate change to the insurance market. Climate change already affects the insurance industry on both sides of the insurers' balance sheets and harms policy holders. Climate change is increasing the frequency and severity of catastrophic events such as wildfires, hurricanes, extreme heat, severe pour downs, and winds that strain infrastructure. U.S. state insurance regulators are behind in adapting climate risks and have a climate risk discloser survey that was designed in 2009 and has not been updated since. There is a need for climate change exposure and how to manage those risks from insurance companies.

**Samantha Dynowski, State Director, Sierra Club Connecticut** supports the bill as Connecticut has been a long-time leader in addressing climate change. Insurance companies

play a role in climate-destroying fossil fuel production by providing insurance to and investing in fossil fuel companies. A report was released in 2020 showing insurers operating in CT being some of the biggest investors with over \$220 billion investments.

**Sarah Ganong, Hartford, CT** supports the bill as the state's flagship insurance industry drives the climate crisis which needs to be mitigated. The planet is in a position where they cannot expand the production of oil and gas to stay in line with the Paris agreement of limiting global warming to 1.5 degrees Celsius.

**Arthur Helmus, CT** supports the bill and shared his perspective from 15 years of experience working with two of the national insurers in Hartford, CT. He stated insurers derive profits from the fossil fuel industry by issuing policies, excepting premiums and investing in fossil fuel companies' shares and bonds. In doing so there is the spread of risks across society which enable the emission of greenhouse gases.

**Sandy Henschel, Gales Ferry, CT** supports the bill as she is concerned about the climate crisis. There have been many impacts such as worsening natural disasters, food crisis, collapsing ecosystems and more. The insurance companies are continuing to underwrite the climate crisis and wants a smarter and mores sustainable investment.

**Peter Kochenburger, Associate Clinical Professor, UConn Law** supports the bill because the bill will provide information on how insurers are managing investments and their underwriting risks. Insurers and reinsurers are the world's risk managers and how they provide risk will provide incentives for how individuals and organizations act thus making insurance underwriting a powerful too to address climate change. He provides some suggestions for the bill such as reducing the reporting burdens on insurers to align with the NAIC climate risk disclosure survey and that the department acquire additional funding to hire outside consultants.

**Adelheid Koepfer, CT** supports the bill because she is concerned about climate change. She has had damages on her home and community from storms such as Irene, Sandy, and microbursts in 2019 which caused a lot of damage. When Isaias hit the power restoration and cleanup effort cost \$600,000 for the municipal utility. Climate change is already happening, and the impact is affecting communities. Insurance premiums are rising as the companies are not keeping up with the reimbursement after a storm damage. Insurance companies are insuring the cause of accelerated climate changes.

**Nancy Leckerling, Reverend, Madison, CT** supports the bill due to concerns about the planet's climate crisis. She wants the planet to be "livable" for her children and grandchildren and urged for a shift in extractive industries. The role of the state's flagship insurance industry must be understood and mitigated.

**Kelly O'Brien, Windsor, CT** supports the bill due to her concern for the climate crisis and the limited time to act and stop using and insuring fossil fuels.

**James Root, Danbury, CT** supports the bill as he wants to see insurance companies take a crack at the requirements of the bill. He stated it would be a smart business move for the companies and the state-in addition to be a responsible course of action.

**Charles J. Rothenberger, Climate & Energy Attorney**, Save the Sound supports the bill as the crisis that we are facing with climate change make very real impacts on the residents of CT. Example include rise in sea levels on the coastline, coastal erosion, extreme precipitation, power outages, and frequent and strong storms. He stated CT is in the position to be a leader and address climate risks.

**Kathleen Schassler, Southington, CT** supports the bill due to concerns for the climate crisis.

**Kimberly Stoner, 350 CT** supports the bill on behalf of 350 CT which has a mission that supports mitigating the risks of climate change. She stated that insurance companies make the fossil fuel industry possible because no aspect of it could be possible without insurance. She urged that CT follow the steps that NYC has taken in divesting funds from fossil fuels.

**Tom Swan, Executive Director, Connecticut Citizen Action Group** supports the bill as it will protect shareholders, policy holders and the general public.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Eric George, President, Insurance Association of Connecticut** offered comments on the bill. he mentioned that on a countrywide level through the insurance association and insurance industry there are many proactive principles for its engagement on environmental risks. He stated they are working with the NAIC to review the currently nationally uniform climate risks disclosures to best address climate risk.

**American Property Casualty Insurance Association** opposed the bill because the regulation would impose new and unproductive burdens on all companies irrespective of the differences among them. APCIA is working with the National Association of Insurance Commissioners (NAIC) to review the current nationally uniform climate risk disclosures. APCIA believes that working with the NAIC is the most cost-efficient way to address climate risk reporting and thus opposed the state mandate.

**Rory Whelan, Regional Vice President, The National Association of Mutual Insurance Companies** opposed the bill because the bill will impose new reporting mandates on all insurers doing business in CT. NAMIC does not support using the insurance industry as a lever to pursue a point a view as it relates to climate change. The NAIC adopted the Climate Risk Disclosure Survey in 2010 that has been administered annually on a mandatory and public basis. NAMIC encourages CT to understand that climate risks affect each insurer differently and urged identifying assistance with mitigation steps.

**Reported by: Christina Cruz**

**Date: 03/30/2021**