



Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

SB 1047, An Act Concerning Insurance and Climate Change

March 18, 2021

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC is a state-based trade association that represents Connecticut's property and casualty insurance industry and Connecticut's life insurance and financial security industries. Among other insurance-related products, IAC members offer (i) home insurance, (ii) auto insurance, (iii) workers' compensation insurance, (iv) liability insurance, (v) group benefits, (vi) life insurance, (vii) annuities, (viii) retirement plans, (ix) long-term care insurance, (x) disability income insurance, and (xi) reinsurance.

The IAC would like to offer comments to SB 1047. This bill would require the Connecticut Department of Insurance to develop criteria for insurance carriers to annually report on matters concerning climate risk and investment in fossil fuel-based securities.

On a countrywide level through the American Property and Casualty Insurance Association, the property and casualty insurance industry has issued proactive principles for its engagement on environmental risk issues. These principles are the following:

- Risk mitigation must continue to be a shared priority;
- Insurers have a unique role in facilitating a more environmentally resilient economy by making capital and protection available to industries as they transition to a lower carbon future;

- Insurers should be proactively engaged in efforts to address long-term, weather-related losses;
- Insurers should consider what existing information can be disclosed as voluntary alternatives to regulation;
- Environmental policies and actions should be science-based, provide benefits that outweigh costs, and contribute to job creation and economic growth;
- While voluntary actions are preferred, any regulation with regard to environmental issues should be proportional and flexible (not one size-fits-all), be based on materiality and respect confidentiality;
- Environmental risk-based pricing should be protected; and
- Regulators should fully support environmental innovation and modeling for insurance.

It is axiomatic that climate issues impact the entire globe. Along with members of the overall insurance industry and our association partners, we are working with the National Association of Insurance Commissioners to review the current nationally uniform climate risk disclosures, in which Connecticut is an active participant. Uniformity in this area is the best way to address climate risk reporting.

We urge this Committee to consider the current voluntary reporting and regulatory information in the context of the underlying realities of climate risk and the feasible role of insurers as well as other sectors.

Thank you for considering the comments of the IAC on SB 1047.