

Testimony Before the Insurance Committee 3/18/21

Arthur Helmus

Dear Insurance and Real Estate Committee Chairs Lesser and Wood, Vice Chairs Anwar and Comey, Ranking Members Hwang and Pavalock-D'Amato, and distinguished members of the Committee,

Thank you for offering me this opportunity to testify in SUPPORT of:

Senate Bill 1047
An Act Concerning Insurance and Climate Change

I offer this testimony from the perspective of my 15 years experience working with two of the largest national insurers with centers of operation here in Hartford. During that time my responsibilities included sitting on a committee that addressed climate change risk to the insurance industry, internal sustainability measures at each company, and energy-related insurance policy development and claims analysis.

I offer this testimony to emphasize the importance of SB 1047 to consumers' rights and supplement other written testimony submitted in favor of SB 1047.

First, (in an extraordinarily simplified model), insurers make money by accepting premium payments, investing those payments for profit, limiting claim payout through sophisticated risk management, and minimizing operating expenses.

Insurers derive profits from the fossil fuel industry in two main ways: first by issuing policies to and accepting premiums from entities directly or collaterally involved in the fossil fuel industry, and second by investing in fossil fuel companies' publicly offered shares or bonds.

Of critical importance, when insurers issue policies to the fossil fuel industry or invest in the fossil fuel industry, they spread industry risks across society, enable and promote the continuing emission of greenhouse gases which directly cause climate change, and detrimentally impact the lives, health, and property of their policy holders.

In the modern age, insurance is often compulsory and certainly ubiquitous. If you finance a house or car, you must purchase property or auto insurance. Health insurance mitigates against potentially crippling medical costs and is held by a majority of Connecticut residents individually or through their employer. Business owners insure virtually every aspect of their operations in one form or another.

As consumers, we often don't have a choice whether to obtain insurance but we do have the right to choose which insurers we buy policies from. Facing the generational threat of climate change, policyholders have the right to make an informed decision not to purchase policies from insurers that directly subsidize the world's worst greenhouse gas polluters.

Similarly, insurance companies themselves have long been considered safe and relatively secure investment for mutual funds, pension funds, and other large investment vehicles. Many of those have their own environmental, social and governance commitments or have dedicated fund that avoid promoting climate change. (See links below).

SB 1047 would establish a fact-based foundation upon which insurance companies' complicity in climate change can be evaluated as a factor by consumers interested in the long-term impact of their insurance and investment decisions. It would allow market forces to influence the insurers' investment strategies and ultimately reduce the impact of climate change on our personal health and property. Ultimately, this will benefit policyholders, insurers, and society as a whole.

I applaud the Committee for raising Senate Bill 1047 and urge it be passed into law.

Arthur Helmus

<https://www.kiplinger.com/slideshow/investing/t022-s002-funds-that-prosper-from-fighting-climate-change/index.html>

<https://www.cnbc.com/2020/12/16/climate-change-will-be-a-big-2021-focus-in-esg-market-analyst.html>

<https://www.insureourfuture.us/ct-insurance-report>

<https://www.nasdaq.com/articles/4-low-carbon-mutual-funds-to-help-battle-climate-change-2020-10-19>

https://www.ussif.org/files/Publications/SRI_Climate_Guide.pdf

<https://money.usnews.com/investing/funds/slideshows/great-etfs-to-invest-in-climate-change>