



**Testimony of Carly Fabian, Policy Advocate, Public Citizen
For the Insurance and Real Estate Committee
March 2, 2023**

**On S.B. 1115, an act establishing a surcharge on insurance companies in this state that
underwrite fossil fuel companies**

On behalf of Public Citizen, a national public interest advocacy group with more than 500,000 members and supporters, including nearly 10,000 in Connecticut, I welcome the opportunity to testify in support of S.B. 1115, an act establishing a surcharge on insurance companies in this state that underwrite fossil fuel companies.

Two years ago, the General Assembly established itself as a leader on addressing climate risks in the insurance sector by requiring the Insurance Commissioner to incorporate state emissions reduction targets into insurance supervision and regulation. The General Assembly should now take the next logical step by protecting the public from the costs created by insurers that continue to engage in risky behavior.

While the insurance industry often touts its role as an expert in understanding weather and climate-related risks, this understanding has not translated into sufficient action. Like the fossil fuel industry, the insurance industry understood climate change decades before the general public. But despite the advance warning – and now additional guidance from the state in managing these risks – property and casualty insurers are [dragging their feet](#) on phasing out coverage for fossil fuel projects.

Instead of managing these climate-related risks, insurers are quietly transferring the costs to ordinary people. Even as the costs from climate-related disasters grow, insurers have protected their profits by raising homeowner insurance premiums and deductibles; carving out coverage for climate-related hazards; delaying, denying and underpaying post-disaster claims; and in some

of the most vulnerable communities, simply withdrawing. The industry has also left taxpayers on the hook for the [multi-billion dollar cost](#) of adapting Connecticut's coastal regions to rising sea levels.

By establishing a surcharge on fossil fuel premiums, this bill uses a concept that both the industry and every consumer is familiar with: "you break it, you buy it." If insurers continue to cover risky projects that fuel climate-related disasters at the expense of policyholders and the public, it's only fair to ask these insurers to pay their share of the repair costs.

Without intervention, low-income communities will bear the brunt of these costs. Due to the [legacy](#) of red-lining and other racist practices, low-income and minority communities are [more likely](#) to live in flood-prone areas and less likely to be able to afford to pay for or to qualify for credit for mitigation steps for their homes or repair costs in the aftermath of disasters. In addition to the 70% of the funds provided to the Department of Energy and Environmental Protection for resilience projects, we strongly recommend that the Insurance Department use the additional 30% of funds to support low-income policyholders in climate-vulnerable areas who are struggling to afford insurance premiums.

As the committee considers testimony from the industry, it should remember that these same associations were [grievously concerned](#) about the law on climate risk guidance before it passed. In fact, when this already enacted law was mistakenly presented as a new bill earlier this month, the industry did not hesitate to cry wolf about the [risk and burden](#). Additionally, most insurers and many fossil fuel companies are at least paying lip service to the need to reduce carbon emissions. For insurers and fossil fuel companies with serious commitments, this surcharge will provide a competitive advantage. Insurers that have made empty promises should keep in mind that, while the sky will not fall for them, sea levels are rising and, without a surcharge, Connecticut communities are the ones currently paying the price.