

To: Pam Simpson (psimpson@naic.org)
From: Paul S. Brown (AIG)
Date: 09/18/2008
Re: Draft #3 of the NAIC's Climate Risk Disclosure Proposal

Pam – The following are AIG's comments on the August 15th (3rd) draft of the Climate Risk Disclosure Proposal. If you, or Commissioner Dilweg, have any questions regarding these comments, please do not hesitate to call me.

1. We continue to believe that this disclosure proposal is unnecessary and redundant, as many companies, like AIG, already participate in other reporting efforts focused on climate change, like the Carbon Disclosure Project (CDP). Those other reports are available to the public and contain the majority of the information requested in the NAIC proposal. We would respectfully suggest, again, that those companies like ours that already file the CDP, or something similar, be permitted to simply file copies of that report with insurance regulators to fulfill any regulatory reporting requirements.
2. Having said that, we do think this 3rd Draft has come a long way since the initial proposal and the positive changes include:
 - a. the separation of this disclosure report from the Annual Statement, to a separate "supplemental" filing;
 - b. the recognition that questions 7 – 9 should be filed only with an insurer's domestic regulator, as well as the recognition that the responses to those questions must be kept confidential; and
 - c. the addition of "safe harbor" language to protect the forward looking aspects of the proposal and to protect insurers from any liability associated with those forward looking statements.
3. We believe questions 1 – 6 can be answered adequately, as most of what is requested there is already reported via the CDP (although, that does bring up the issue of redundant reporting). We do suggest, however, that question 5 be changed to read, simply, "Does the company utilize computer modeling to assess the impacts of climate change?" A description of how a company uses such models would be of little or no use to the average consumer or investor. On the other hand, the knowledge that a company is, in fact, using such tools might be helpful.
4. As far as questions 7 – 9, we have argued consistently, since the discussions of this proposal began, that these questions were inappropriate and should be removed. They have been revised a bit over time, but they still remain problematic. These questions call for information that is proprietary and confidential. Even with the newly provided confidentiality provision and safe harbor language, there is no guarantee that once this information is released each insurance department can, in fact, keep it confidential, or that insurers will not face subsequent actions brought against them based on the release of the information. Also, the draft asserts that these questions are similar to questions 1, 4, 8 and 9 of the CDP; we have reviewed the CDP and find nothing in that document similar in any way. Based upon the foregoing, we again request that these questions be removed from the draft.