

September 15, 2008

Sent Via E-Mail to Eric Nordman

Mr. Sean Dilweg
Commissioner, Wisconsin Department of Insurance
Chair, Climate Change and Global Warming (EX) Task Force
National Association of Insurance Commissioners (NAIC)
2301 McGee Street, Suite 800
Kansas City, MO 64108

RE: *Climate Risk Disclosure Proposal – August 15, 2008 Draft*

Dear Commissioner Dilweg:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to comment on the “Climate Risk Disclosure Proposal” referenced above. We object to the Proposal for a number of reasons, most of which are explained in the letter we co-authored with our colleagues at the Property Casualty Insurance Association of America (PCI), the American Insurance Association (AIA), and America’s Health Insurance Plans (AHIP). The purpose of the present letter is to share some additional thoughts with you and the members of the Task Force.

First, although the Proposal’s title gives the impression that its sole subject is *climate risk disclosure*, at least three of its nine questions (*viz.*, Questions 1, 4 and 6) have no discernable connection to insurance risk, whether related to climate change or any other factor. While Questions 1, 4 and 6 have generated less controversy than the other six questions, it is our view that these questions are well beyond the purview of insurance regulators, and certainly beyond the scope of the subjects covered in the Annual Financial Statement.

We consider Question 6 to be especially problematic. Far from being a risk-disclosure question, Question 6 is instead a political question. It asks each insurer to “describe any steps it has taken to engage key constituencies on the topic of climate change,” and goes on to suggest that insurers should “inform” public policymakers, “support [i.e., fund] improved research,” and “support climate awareness among [their] customers.” Read in the context of the rest of the Proposal and the Task Force’s recently-adopted white paper, this question will be construed by most companies as a directive from the NAIC to launch a Ceres-approved political lobbying and propaganda campaign. Whether or not that is the intent of Question 6, we believe that requiring companies to disclose information regarding their political lobbying activities, their financial support of research and advocacy organizations, and their public policy-oriented communication with customers will inevitably have a chilling effect on companies’ willingness to exercise their right to freely engage in political speech.

Second, judging from the discussion that took place at the interim Task Force meeting in Boulder last week, there is widespread dissatisfaction with the current Proposal among virtually all of the interested parties—albeit for different reasons. To our knowledge, none of the interested parties has expressed support for the Proposal, notwithstanding the considerable (and commendable) effort you have made to forge consensus. Some have suggested that under these circumstances, it is the responsibility of the insurance industry to come forward with a counter-proposal that is acceptable to all sides. We disagree. As far as we can tell, the impetus for this Proposal came from a small group of self-styled “consumer” and “environmental” activists. They have consistently failed to make a persuasive case that public disclosure of the information they seek would assist regulators in the performance of their duties, or that it would in any way serve the public interest. For our part, we have on numerous occasions explained why we believe that any mandatory “climate risk disclosure” requirement aimed at insurers is *conceptually* flawed. We do not regard it as our role to respond to every wrongheaded regulatory initiative by offering a less wrongheaded alternative.

We fervently hope that the Task Force accepts the recommendation put forward by PCI, AIA, AHIP and NAMIC that a joint working group that includes members of the Financial Condition (E) Committee be formed to evaluate the Proposal before a vote is taken by the Task Force. If the Task Force chooses not to accept our recommendation, NAMIC urges the Task Force to reject the Proposal.

If we have learned anything during this process, it is that the relationship between climate change and insurance is complicated, uncertain, and contentious. In our system of government, policy debates over issues of this kind are supposed to be resolved by democratically-elected legislators and governors, who are publicly accountable for their actions. At the Boulder meeting, some supporters of mandatory climate risk disclosure suggested ominously that if the NAIC failed to adopt a disclosure requirement, the climate-risk disclosure issue would move to the states. We are unfazed by the prospect of allowing this issue to be addressed by the elected branches of state government rather than through regulatory fiat.

Sincerely,

A handwritten signature in black ink that reads "Robert Detlefsen". The signature is written in a cursive, flowing style with a long, sweeping underline.

Robert Detlefsen, Ph.D.
Vice President, Public Policy