

Comments of the Center for Economic Justice

On the 11/26/08 draft Insurer Climate Risk Disclosure Survey

December 15, 2008

The Center for Economic Justice offers the following comments on the 11/26/08 draft Insurer Climate Risk Disclosure Survey.

The current version is a major departure from previous drafts in both structure and content. Previous versions required more detailed and substantive information about insurer responses to perceived climate risk and were part of the statutory annual statement. The 11/26/08 version is now a survey and not part of the statutory annual statement. In addition, the current draft asks more general questions and instructs insurers to provide general answers with no requirement for quantitative or forward looking information. It is the forward looking information that is most valuable to consumers. Question 8 of the 9/22/08 draft stated:

Are there geographic locations or specific perils or coverages for which the company has increased rates, limited sales, limited or eliminated coverages because of sudden or longer-term catastrophic events? If yes, what were these actions in the past two years, which of these actions was influenced by your assessment of climate change impacts and what was the assessment? Are there geographic locations or specific perils or coverages for which the company expects to increase rates, limit sales, limit or eliminate coverages because of sudden or longer-term catastrophic events over the next year?

The omission of this question is a major loss for consumers as are the instructions in the current draft stating that no forward-looking or quantitative information is required.

Consequently, we view the current draft as less of a compromise between interested parties and more as a concession to industry.

We ask for the following:

First, initiate the survey in 2009 and eliminate references to “Financial Reporting Year.” The proposed survey is no longer part of the statutory annual statement. Consequently, there is no need to wait until 2010 for initial responses to the survey and no need to tie the survey to a "financial reporting year." The initial survey should go out in 2009 and request the most current information from the insurer.

Issuing the survey in 2009 will provide regulators and the public with some important information in 2009. *If the risks of climate change on insurer solvency and insurance availability and affordability are truly a serious concern for regulators, it would be illogical to wait an extra year to issue a general survey of insurer perceptions of and responses to climate risk.*

Issuing the survey in 2009 will also aid in the development of the guidance document. As regulators develop a guidance document – more detailed instructions for responding to the survey – it will be helpful to have initial survey responses to understand what types of guidance insurers need.

We suggest changing the last sentence of the first paragraph:

The objective is for initial disclosure by some insurers in for Financial Reporting Year 2009.

In the “Application and Instructions” section, make the following changes:

Change the instruction in part ii:

- ii. Disclosures can be mandatory or voluntary, depending on the premium amounts in the most immediate prior ~~and~~ financial reporting year.

Change the headings in the table in part ii from “Financial Reporting Year” to “Initial Reporting Year” and “Premium over \$500M” to “Prior Year Premium over \$500M” and “Premium over \$300M” to “Prior Year Premium over \$300M.”

Second, add language to clarify the public nature of the survey responses and the NAIC handling of the information.

We suggest adding the following after the first paragraph:

The responses to the Insurer Climate Risk Disclosure Survey are public information. In addition to any means of public disclosure an individual state may provide, the NAIC will collect survey responses and make the survey responses available through the NAIC web site.

Thank you for your consideration.