



Hon. Sean Dilweg  
Commissioner, Wisconsin Department of Insurance  
Chair, Climate Risk Disclosure (EX) Working Group  
National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
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December 15, 2008

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Dear Commissioner Dilweg:

Zurich-American Insurance Group (“Zurich”) appreciates the opportunity to comment on the November 26, 2008 Draft “Insurer Climate Risk Disclosure Survey.”

Zurich commends the NAIC, its staff, and other stakeholders for their efforts to reach consensus and for their work on the latest version of the Climate Risk Disclosure proposal (“Proposal”), which appears to take into account a number of the concerns previously raised by Zurich and other industry representatives. Zurich’s principal concerns with the NAIC Task Force’s August 15, 2008 draft, as set forth in Zurich’s comments submitted on September 20, 2008, were that several of the proposed disclosure questions sought confidential, proprietary or trade secret information (including, e.g., disclosure of proprietary modeling systems) and that other questions sought “forward-looking” information without providing for confidentiality and/or any enforceable “safe harbor” provision. The NAIC Task Force has addressed some of these concerns in the current Proposal by revising certain questions; unlinking the NAIC survey responses from the Annual Financial Statement; requiring “general,” non-quantitative responses to survey questions; and not requiring disclosure of forward-looking information.

Although Zurich agrees that much progress has been made, the current Proposal continues to raise concerns in several areas. First, many of the disclosure questions are potentially inconsistent with the instructions in that they appear to seek proprietary, sensitive, and/or forward-looking information, which insurers are not required to submit on a mandatory basis. In addition, contrary to the stated purpose of the Proposal, a few questions appear to seek information that is immaterial to an assessment of financial soundness. A number of the proposed questions also appear to be duplicative. Finally, some of the questions

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continue to contain ambiguities that Zurich hopes can be clarified. The following is a summary of Zurich's comments on the current Proposal.

Internal Inconsistencies in the Proposal. Many of the mandatory disclosure survey questions arguably continue to seek commercially sensitive, proprietary, and forward-looking information, yet instruction (v) states that insurers need not provide such information in their responses. Specifically, Questions 2, 3, 4, 5, 6, and 8 appear to seek sensitive, proprietary, and forward-looking information. Given that no confidentiality protection is provided for responses to any of the questions in the current Proposal, Zurich finds this inconsistency of potential concern.

Zurich presumes that the referenced inconsistency was not intended and that insurers may answer the questions in accordance with the limitations in the instructions. Such an approach would be consistent with the wording in some of the Questions; for example, Zurich notes that "generally" has been inserted in brackets in Questions 3 and 8. Similarly, Questions 2, 4, 5, and 6 now ask the insurers to "summarize" in their responses. Nonetheless, Zurich believes that further clarification on the interplay between the instructions and the disclosure questions would be beneficial. In order to be consistent with the instructions, Zurich also recommends that the NAIC Task Force revise Questions 2, 4, 5, and 6 to indicate that insurers must summarize the requested information "in general terms."

Zurich further comments that some proposed questions appear to be inconsistent with the purpose identified in the title of the Proposal, "risk disclosure." In addition, the instruction providing that insurers would not be required to "provide information that is immaterial to an assessment of financial soundness" (instruction (iv)) is contrary to the nature of some of the questions. Questions 6 and 7, for example, do not appear to relate directly to financial soundness or risk disclosure. Requiring disclosure of financial support of research and advocacy organizations and participation in policy-oriented discussions could have a chilling effect on such activities. Zurich suggests that Questions 6 and 7 should be eliminated because they do not relate to risk disclosure.

Duplicative Disclosure Questions. In the interest of achieving a climate risk disclosure process that is as streamlined as possible, Zurich comments that some of the disclosure questions, as currently phrased, appear to be duplicative. Questions 2, 3, and 8, for example, all relate to risk management policies or

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processes for the identification of risks. Questions 2 and 5 both seek information regarding investments. Thus, Zurich suggests that Question 8 be eliminated and that Questions 2 and 3 be combined to avoid duplication.

Reiteration of Prior Comments. As noted previously, the current Proposal addresses a number of the concerns raised by Zurich and other industry representatives concerning prior Proposal drafts, resulting in, we believe, significant improvements. To the extent that specific concerns identified in Zurich's September 20, 2008 comments are not reflected in the current Proposal (e.g., Zurich's comment regarding the vagueness of the term "key constituencies" in former Question 6, current Question 7, which we have suggested eliminating), Zurich once again refers them to the NAIC Task Force for consideration.

Thank you again for the opportunity to comment on the Climate Change Disclosure Survey. We look forward to working with you to complete this project successfully.

Sincerely,

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