

January 7, 2022

Dean L. Cameron  
President  
National Association of Insurance Commissioners

Michael Consedine  
CEO  
National Association of Insurance Commissioners

Jennifer Gardner  
Manager  
National Association of Insurance Commissioners

Dear Director Cameron, Mr. Consedine, and Ms. Gardner:

We are writing to express our support for the [Proposed Redesigned NAIC Climate Risk Disclosure Survey](#) which would update the Survey to reflect the recommended disclosures of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). Based on our experience in insurance regulation and policy research and expert outreach at the intersection of insurance, financial risk, and climate change, we believe that the TCFD disclosure framework is an essential standard for insurers to meet in their climate risk-related reporting.

Our team at the [Center for Law, Energy & the Environment](#) (CLEE) channels the expertise of the Berkeley Law community into pragmatic, creative policy solutions to critical environmental and energy challenges. CLEE's [Climate Risk Initiative](#), led by former California Insurance Commissioner Dave Jones, researches and develops market based, regulatory, and public policy tools to assist the insurance and financial industries in recognizing, addressing, and responding to the risks caused by climate change. During his term as Insurance Commissioner (2011-2019), former Commissioner Jones was directly responsible for the implementation of the NAIC Climate Risk Disclosure Survey and led its expansion from insurers with an annual premium of \$500 million to reach all insurers with annual premium of \$100 million and from California to six other states.

In September 2020, we released the [California Roadmap](#), a comprehensive review of climate risk policy needs and opportunities facing California companies, financial institutions, insurers,

and regulators. Based on legal analysis and outreach with California state elected officials, regulators, legal experts, and financial leaders, we developed and vetted 40 recommendations for public and private actors to better prepare California's economy to address ESG- and climate-related risks.

Among our top recommendations was that insurers disclose climate risks in accordance with the TCFD framework and that the Insurance Commissioner (or state legislature) require them to do so. This recommendation was grounded in an acknowledgment that while the existing NAIC Survey was groundbreaking when adopted by the NAIC over a decade ago, there has been a substantial evolution in the understanding of climate-related financial risks and the types of disclosures necessary to enable regulators and industry to evaluate and address those risks. The TCFD Framework draws on the latest industry and other expertise with regard to climate risks and has been adopted by financial regulators across the globe as well as by insurers and other financial institutions. The TCFD framework will allow insurers and regulators to better assess climate-related risks facing insurers and the industry.

In particular, the TCFD framework's detailed inquiries on climate risk management, climate-related business strategy, and risk assessment metrics and targets represent a significant advancement beyond the existing NAIC Survey questions. In addition, the TCFD framework's rapid acceptance across multiple industries and jurisdictions will allow insurers and regulators to assess company disclosure and performance against a wider range of insurance and financial institutions, helping all of those involved in the sector to better understand the significance of the risks and opportunities disclosed in each report, the quality of the reporting itself, and the broader health of the industry.

Moreover, adopting the TCFD framework would bring state insurance regulators into alignment with insurance and other financial regulators across the globe as well as with insurance industry leaders who have increasingly recognized the TCFD Framework as the best practice for climate risk disclosure.

NAIC's proposed supplementary questions on underwriting and investment portfolios, catastrophe modeling, scenario analysis, and more demonstrate the applicability of the TCFD framework to the insurance sector and the clear benefits that responses to such questions would provide. At the same time, the extent to which these questions expand on the existing Survey—rather than presenting a wholly new set of inquiries—demonstrates how straightforward TCFD-aligned disclosure can be for insurers. As you are well aware, [a number of insurers](#) have already begun to prepare TCFD-aligned reports and submit them in response to the Survey call—clear evidence that the redesigned Survey is well within insurers' capacity.

As a result, we believe that the proposed redesign would represent a significant, but achievable, advancement for the cause of identifying insurers' climate-related risks and opportunities, sharing information, and promoting best practices.

Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Dave Jones". The signature is fluid and cursive, with the first name "Dave" and the last name "Jones" clearly legible.

Dave Jones  
Director, Climate Risk Initiative  
California Insurance Commissioner,  
Emeritus

A handwritten signature in blue ink that reads "Ted Lamm". The signature is stylized and cursive, with the first name "Ted" and the last name "Lamm" clearly legible.

Ted Lamm  
Senior Research Fellow, Climate

A handwritten signature in black ink that reads "Ethan Elkind". The signature is bold and cursive, with the first name "Ethan" and the last name "Elkind" clearly legible.

Ethan Elkind  
Director, Climate Program