

Draft: 4/13/22

Climate and Resiliency (EX) Task Force
Kansas City, Missouri
April 6, 2022

The Climate and Resiliency (EX) Task Force met in Kansas City, MO, April 6, 2022. The following Task Force members participated: Ricardo Lara, Co-Chair, Mike Peterson, and Ken Allen (CA); David Altmaier, Co-Chair (FL); Colin M. Hayashida, Co-Vice Chair, represented by Martha Im (HI); James J. Donelon, Co-Vice Chair (LA); Kathleen A. Birrane, Co-Vice Chair (MD); Barbara D. Richardson, Co-Vice Chair (NV); Andrew R. Stolfi, Co-Vice Chair, and TK Keen (OR); Elizabeth Kelleher Dwyer, Co-Vice Chair, and Jack Broccoli (RI); Raymond G. Farmer, Co-Vice Chair (SC); Jim L. Ridling represented by Jimmy Gunn (AL); Peni Itula Sapini Teo and Elizabeth Perri (AS); Michael Conway represented by Peg Brown (CO); Andrew N. Mais represented by Wanchin Chou and George Bradner (CT); Karima M. Woods (DC); Dana Popish Severinghaus represented by C.J. Metcalf (IL); Sharon P. Clark represented by Rob Roberts (KY); Gary D. Anderson and Rachel M. Davison (MA); Timothy N. Schott and Sandra Darby (ME); Anita G. Fox represented by Chad Arnold (MI); Grace Arnold and Peter Brickwedde (MN); Chlora Lindley-Myers represented by John Rehagen and Christie Kincannon (MO); Mike Chaney and Ryan Blakeney (MS); Troy Downing (MT); Mike Causey represented by Tracy Biehn (NC); Jon Godfread (ND); Eric Dunning and Justin Shrader (NE); Adrienne A. Harris represented by Nina Chen and Bob Kasinow (NY); Judith L. French (OH); Glen Mulready (OK); Michael Humphreys (PA); Carter Lawrence represented by Stephanie Cope (TN); Scott A. White and Eric Lowe (VA); Tregenza Roach represented by Cheryl Charleswell (VI); Michael S. Pieciak represented by Kevin Gaffney and Rosemary Raszka (VT); Mike Kreidler represented by Jay Bruns and Bryon Welch (WA); and Jeff Rude (WY). Also participating were: Brenda Johnson (KS), Travis Grassel (IA), Weston Trexler (ID), and Marianne Baker (TX).

1. Adopted its March 21 Minutes

Commissioner Altmaier said the Task Force met March 21. During this meeting, the Task Force took the following action: 1) heard reports from its workstreams; 2) adopted a proposal for the NAIC's Center for Insurance Policy and Research (CIPR) to create a catastrophe model center of excellence (COE); and 3) adopted a revised Climate Risk Disclosure Survey for state insurance departments to voluntarily use at their discretion.

Commissioner Richardson made a motion, seconded by Ms. Biehn, to adopt the Task Force's March 21 (Attachment One) minutes. The motion passed unanimously.

2. Heard a Presentation from Zurich North America and Resilient Cities Network Regarding Their Partnership to Improve Community Resilience

Ricardo Lara said Zurich North America and Resilient Cities Network formed a partnership last year to mitigate the effect of flooding on urban communities in Houston, TX, and Boston, MA. Earlier this month, they established a resilient community impact fund to facilitate investment for the projects.

Brandon Fick (Zurich North America) said Zurich North America and the Z Zurich Foundation partnered with Resilient Cities Network for a three-year commitment to help customers and communities adapt and become more resilient to the increasing frequency and severity of extreme weather events. Natural disasters are expensive and disruptive for societies, and the impact is exacerbated for vulnerable populations. Based on Zurich North America's commitment to helping communities and improving sustainability, it created the Z Zurich Foundation, which is a Swiss-based charitable foundation. Two of the pillars of the Z Zurich Foundation are climate adaptation and social equity.

Mr. Fick said insurers have an opportunity to work closely with key stakeholders, including governments and non-governmental organizations to align on key performance indicators and strategic vision, as well as identify the tools and resources available from each stakeholder. He said Zurich North America developed a flood resilience tool many years ago, which is continuously updated and expanded to include additional perils. He said Houston and Boston were selected as initial areas of focus, but they plan to develop future projects in other cities. He said the partnership identified Houston and Boston as the initial areas of focus due to several factors, including local poverty level, state and local leadership's prioritization of the vulnerable population, Zurich North America's customer base in the area, and the prevalence of natural hazards, particularly around flood and extreme temperatures in the region. Zurich North America will leverage its customer base in these areas to help educate and inform local populations and support public policy.

Stewart Sarkozy-Banoczy (Resilient Cities Network) said Resilient Cities Network is interested in building equitable resilience and focusing on the pre-event mindset rather than reactive recovery. He said Zurich North America and Resilient Cities Network started with a common language, common definitions, and a common goal, which helped the participants quickly gain trust in each other and form a collective vision. Resilient Cities Network is a leading global network focused on urban resilience, led by cities and connected to chief resilience officers. The organizations' goals are to empower, mobilize, and implement resilience strategies. The team has conducted site visits, reviewed and trained on the flood resilience tool, launched joint organization committees, hosted training and events, and announced the call for co-funding for the Resilient Community Impact Fund (RCIFund).

Mr. Sarkozy-Banoczy said to involve and empower local communities, the team works with local leaders to create a multi-hazard, multi-shock, and stress testing tool to identify the resilience of the city and the local communities. Zurich North America created the tool for flood risk, and as a partnership with Resilient Cities Network, they are working to expand it to include other perils, including extreme heat. The tool can be used to pinpoint vulnerabilities, as well as support their goal to identify return on resilience value. In addition to the tool, a key driver is identifying communities that are already receiving public assistance. Mr. Sarkozy-Banoczy said they are looking into resilience in terms of affordable housing, community facilities, and nature-based solutions. They are considering the role of community development financial institutions (CDFIs), investors, and other stakeholders in delivering better outcomes and co-benefits resulting in resilience dividends and return on investment.

Mr. Sarkozy-Banoczy said Resilient Cities Network has operations in cities across the country and plans to take the key learnings discovered through its work in Boston and Houston to benefit projects in other regions. Future work has already been slated for Charleston, SC; New Orleans, LA; and Chicago, IL.

Director Farmer expressed gratitude to the Z Zurich Foundation for its Post-Event Review Capability (PERC) following South Carolina's historic flooding in 2015. He asked Mr. Fick and Mr. Sarkozy-Banoczy to elaborate on the collateral benefits of the partnership. Mr. Fick and Mr. Sarkozy-Banoczy said through the partnership, they continually learn and grow to expand the benefits into additional communities.

Commissioner Anderson asked what it would look like for other companies to participate in the program. Mr. Fick said other companies could invest in the fund and bring knowledge and expertise to the table to maximize the benefits for vulnerable communities.

Mr. Bradner expressed interest in connecting Resilient Cities Network with the local network in Connecticut for a future resilience project. Mr. Sarkozy-Banoczy said a good way to start is building out the resilience tool to identify return on resilience value, working with CDFIs and Green Banks, and identifying the greatest needs, including the effect on broader sectors in the area.

Commissioner Lara asked how Resilient Cities Network is approaching extreme heat. Mr. Sarkozy-Banoczy said two years ago, it began working with chief resilience officers, through their communities of practice, to discuss issues and develop best practices regarding extreme heat.

Commissioner Donelon asked if any other insurers expressed interest in joining the partnership. Mr. Fick said Zurich North America looks forward to partnering with others in the industry to circumvent issues with insurability. Mr. Sarkozy-Banoczy said Resilient Cities Network is having conversations with potential partners to add expertise, knowledge, and funding to the identified projects.

Commissioner Woods expressed interest in engaging with Resilient Cities Network for a future project in the District of Columbia.

3. Hear a Presentation from Munich Re Regarding Solutions to Improve Community Flood Mitigation

Raghuveer Vinukollu (Munich Re) said Munich Re has taken a top-down approach to risk mitigation to develop an understanding of the impact on coverage. He said Munich Re views climate risk as systemic, and it includes multiple components; i.e., the hazard, the vulnerability, and the exposure. Over time, and as extreme weather events occur at greater frequency and severity, local communities will need to adapt to their identified risk. Mr. Vinukollu said Munich Re collaborated with The Nature Conservancy and the University of California, Santa Cruz to develop a technical paper, “Financing coastal resilience by combining nature-based risk reduction with insurance” to identify the trade-off between risk reduction and risk transfer. By linking mitigation action to risk reduction, they were able to monetize the risk reduction and calculate the savings to be passed through to the customer in premium reduction. Mr. Vinukollu said insurance is a feedback loop with two variables that influence the premium based on the value at risk, the average annual loss, and the standard deviation. In periods of increasingly frequent and severe storms, the value at risk and the standard deviation increase, creating market disruptions. The market disruption plays out in issues with affordability and rate adequacy.

Mr. Vinukollu said drawing upon its learnings in the technical paper, Munich Re again worked with The Nature Conservancy, this time on a study of inland flooding along the Missouri River in the southern part of Nebraska and the northwest region of Missouri. Through this effort, they identified a community-based solution to increase take-up rates and drive down the cost of coverage.

Mr. Vinukollu said in Missouri and Nebraska combined, there were only 15,967 National Flood Insurance Program (NFIP) policies in 2018, and the average premium was \$942. In the area affected by the failed levee system, there were only 142 NFIP policies, and the average premium was \$1,166. Because damages from inland flooding and extreme precipitation are rarely a total loss, the average claim was only \$15,000, so the cost of coverage was high relative to the loss experience. Multiple flooding events occurred in 2019, including the Missouri River. Total flood losses in 2019 were estimated to be \$20 billion, but only \$200 million was insured.

Munich Re worked with the U.S. Army Corps of Engineers and The Nature Conservancy to develop a pricing model, accounting for the levee setback. The levees needed to be rebuilt; by acquiring land adjacent to the river, they were able to set back the levees, reduce the risk for nearby properties, and provide a nature-based solution. The Nature Conservancy worked to acquire the land, and the U.S. Army Corps of Engineers was able to set back the levees, allowing the river to expand. Munich Re calculated the risk reduction from the levee setback and used the modeling to develop pricing for a community-based solution. The risk reduction from the levee setback provides savings on the flood insurance coverage for residents. Spreading the risk and increasing the penetration through a community-based product drives down the price even further. The original cost of an NFIP policy in the identified area near the levee was \$1,166. The cost of coverage with the levee setback in place decreased to \$581. If purchased on a community, mandated basis with the levee setback in place, the cost of coverage decreased to

\$313. Reducing the policy limits to match the average claim amount, the cost of coverage can become even more affordable.

4. Heard a Federal Update

Brooke Stringer (NAIC) said on March 21, the U.S. Securities and Exchange Commission (SEC) voted 3-1 to issue a proposal for comment, which would require publicly traded companies to disclose their direct and indirect climate change contributions. In its proposed ruling, the SEC cited the work of the Financial Stability Board's (FSB's) Task Force on Climate-Related Financial Disclosures (TCFD) and the Greenhouse Gas (GHG) Protocol.

Ms. Stringer said the Federal Insurance Office (FIO) is expected to complete its report assessing climate-related issues or gaps in insurance supervision and regulation by the end of 2022. The NAIC submitted a comment letter in November 2021, in response to the FIO's request for information.

Ms. Stringer said the NAIC supports the Disaster Mitigation and Tax Parity Act (S.2432/H.R.4675) introduced by U.S. Sen. Dianne Feinstein (D-CA) and U.S. Rep. Glenn Thompson (R-PA). The Act would ensure that state-based disaster mitigation grants receive the same federal tax exemptions as federal mitigation grants. Ms. Stringer said in the week leading up to the meeting, the U.S. Senate (Senate) Committee on Homeland Security and Governmental Affairs approved the Community Disaster Resilience Zones Act of 2022 (S. 3875), advancing it to the full Senate. Chairman Gary Peters (D-MI) and Ranking Member Rob Portman (R-OH) sponsored the bill, and the Reinsurance Association of America (RAA) has been a strong proponent. The bill would amend the Stafford Disaster Relief and Emergency Assistance Act to make permanent the National Risk Index, or a similar tool, and utilize its data to identify and designate community disaster resilience zone communities that are the most at risk to natural hazards. This would allow the Federal Emergency Management Agency (FEMA) to identify communities in need of assistance for mitigation projects.

Having no further business, the Climate and Resiliency (EX) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/2022 Spring National Meeting/Executive (EX) Committee/Climate and Resiliency (EX) Task Force

MEMORANDUM

TO: Judy Weaver, Chair of the Financial Analysis Solvency Tools (E) Working Group

FROM: Commissioner Birrane, Co-Chair of the Climate Resiliency (EX) Task Force leading the Solvency Workstream

DATE: May 23, 2022

RE: Referral on Proposed Climate Risk Enhancements

The NAIC's Climate Resiliency (EX) Task Force is charged with evaluating financial regulatory approaches to climate risk and resiliency in coordination with other relevant committees, task forces and working groups, including those under the Financial Condition (E) Committee. As part of its efforts to address this charge, the Task Force designated a Solvency Workstream to explore potential enhancements to existing solvency monitoring processes in this area.

During 2021, the Solvency Workstream held a series of public panels on various climate solvency related topics which included among other things, a high-level summary of existing regulatory tools in the space. Near the end of 2021, the Solvency Workstream released a series of questions intended to solicit input on potential enhancements to the existing regulatory tools. As a result of comments received, and general support for enhancements to the NAIC's Financial Analysis Handbook, the workstream suggests the Working Group consider modifications to incorporate particular concepts as it pertains to climate risk. Specifically, the Workstream suggests the Working Group consider modifications to incorporate procedures for utilizing the Property Casualty RBC Cat reporting data, any investment stress scenario results available from the NAIC Capital Markets Bureau, and Climate Risk Exposure Survey results (if available) in conducting ongoing financial analysis.

The proposed enhancements are presented as high-level principles for the Technical Group to consider and develop as appropriate for inclusion in the Handbook. If there are any questions regarding the proposed referral, please feel free to contact me or NAIC staff (Dan Daveline at ddaveline@naic.org) for clarification. Thank you for your consideration of this request.

MEMORANDUM

TO: Susan Bernard, Chair of the Financial Examiners Handbook (E) Technical Group

FROM: Commissioner Birrane, Co-Chair of the Climate Resiliency (EX) Task Force leading the Solvency Workstream

DATE: May 23, 2022

RE: Referral on Proposed Climate Risk Enhancements

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During 2021, the Solvency Workstream held a series of public panels on various climate solvency related topics which included among other things, a high-level summary of existing regulatory tools in the space. Near the end of 2021, the Solvency Workstream released a series of questions intended to solicit input on potential enhancements to the existing regulatory tools. As a result of comments received, and a general support for enhancements to the NAIC's *Financial Condition Examiners Handbook*, the following list of proposed enhancements to the NAIC's *Financial Condition Examiners Handbook* is being referred to the Technical Group to consider.

Financial Condition Examiners Handbook

Planning Phase of the Examination:

- Exhibit B – Exam Planning Questionnaire: Consider updating the information requested at the onset of an exam to gain an understanding of the insurer's exposure to and management of climate change risks
- Exhibit Y – Examination Interviews: Consider additional sample interview questions related to climate change risks for the various "C-Level" executive and board member positions
- Implement a means to ensure that climate-related risks are considered as part of every financial condition examination, which may be achieved through the addition of "Climate Change" as a new critical risk category in Exhibit DD

Fieldwork Phase of the Examination:

- Investments Repository: Consider enhancements to repository risks to encourage consideration of both energy transition and physical risks on an insurer's investment portfolio and strategy (generally related to all lines of insurance)
- Underwriting Repository: Consider enhancements to existing repository risks to encourage consideration of both energy transition and physical risks in underwriting processes, as well as a new risk focused on the medium and longer-term impacts of climate change on the insurer's prospective underwriting and business strategy (generally related to Property and Casualty lines of insurance)
- Reinsurance Assuming Repository (Only Applicable to Assuming Reinsurers): Consider enhancements to repository risks to address the extent to which reinsurers are measuring and monitoring their exposure to climate change risks and using that information to set risk exposure limits and make retrocession decisions
- Reinsurance Ceding Repository: Consider enhancements to repository risks to address how the insurer has integrated climate change assumptions into its catastrophic modelling processes and how the results of modelling are used in making reinsurance coverage decisions

The proposed enhancements are presented as high-level principles for the Technical Group to consider and develop as appropriate for inclusion in the Handbook. In addition to these high-level principles, attached are comments received from the New York Department of Financial Services, American Property Casualty Insurance Association, American Council of Life Insurers and Public Citizen. If there are any questions regarding the proposed referral, please feel free to contact me or NAIC staff (Dan Daveline at ddaveline@naic.org) for clarification. Thank you for your consideration of this request.

MEMORANDUM

TO: Kathy Belfi and Mike Yanacheak, Co-Chairs of the ORSA Implementation (E) Subgroup

FROM: Commissioner Birrane, Co-Chair of the Climate Resiliency (EX) Task Force leading the Solvency Workstream

DATE: May 23, 2022

RE: Referral on Proposed Climate Risk Enhancements

The NAIC's Climate Resiliency (EX) Task Force is charged with evaluating financial regulatory approaches to climate risk and resiliency in coordination with other relevant committees, task forces and working groups, including those under the Financial Condition (E) Committee. As part of its efforts to address this charge, the Task Force designated a Solvency Workstream to explore potential enhancements to existing solvency monitoring processes in this area.

During 2021, the Solvency Workstream held a series of public panels on various climate solvency related topics which included among other things, a high-level summary of existing regulatory tools in the space. Near the end of 2021, the Solvency Workstream released a series of questions intended to solicit input on potential enhancements to the existing regulatory tools. As a result of comments received, and a general support for enhancements to the NAIC's *ORSA Guidance Manual*, the following list of proposed enhancements to the existing guidance is being referred to the Subgroup to consider.

ORSA Guidance Manual

- Provide guidance indicating that the insurer should include a description of how climate change risk is addressed through the risk management framework (e.g., driver for credit, market, underwriting risks)
- Provide guidance indicating that if climate change has the potential to materially impact the insurer's asset portfolio, the exposure of assets to transition/physical risks should be presented, discussed, and assessed in a quantitative and qualitative manner, noting that a qualitative assessment may be appropriate if quantitative methods are not well established
- Provide guidance indicating that if climate change has the potential to materially impact the insurer's insurance liabilities, the exposure of liabilities to transition/physical risks should be presented, discussed, and assessed in a quantitative and qualitative manner, noting that a qualitative assessment may be appropriate if quantitative methods are not well established
 - Clarify that the assessment of the impact to the insurer's near-term asset portfolio and insurance liabilities should be performed over the time horizon covered in the ORSA (i.e., current business plan)
- Provide guidance encouraging qualitative discussion of the material medium and long-term impacts of climate change risk on the company's near-term risk appetite, asset management, underwriting, and business strategy, as well as efforts to limit the impact on near-term solvency (e.g., diversification efforts, use of enhanced modelling in ratemaking and underwriting, increased incentives for policyholder mitigation efforts)

The proposed enhancements are presented as high-level principles for the Subgroup to consider and develop as appropriate for inclusion in the Guidance Manual. In so doing, the Subgroup might consider whether additional guidance or considerations regarding ORSA materiality concepts are necessary. If there are any questions regarding the proposed referral, please feel free to contact me or NAIC staff (Dan Daveline at ddaveline@naic.org) for clarification. Thank you for your consideration of this request.

WILDFIRE PREPARED

— A PROGRAM OF IBHS —



Roy Wright | President & CEO

Insurance Institute for
Business & Home Safety

**PARCEL +
COMMUNITY**

ROOF

- ✓ Choose a Class A fire-rated roof maintained clear of debris
- ✓ Choose noncombustible gutters & downspouts

WILDFIRE PREPARED HOME + PLUS

ADDITIONAL MITIGATION

- ✓ Remove back-to-back fencing
- ✓ Eliminate combustible siding
- ✓ Enclose eaves
- ✓ Enclose under bay windows
- ✓ Upgrade to a wildfire-resistant deck
- ✓ Upgrade windows & doors
- ✓ Cover gutters
- ✓ Move outbuildings at least 30 feet away

BUILDING FEATURES

- ✓ Install ember- & flame-resistant vents
- ✓ Ensure 6-inch vertical noncombustible clearance at base of wall

DEFENSIBLE SPACE

- ✓ Create & maintain the home ignition zone (0-5 ft) including the removal of branches that overhang this area
- ✓ Clear & maintain the underdeck area; enclose low-elevation decks
- ✓ Maintain yard clear of debris
- ✓ Replace combustible fencing within 5 ft of the home

**WILDFIRE
PREPARED**
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Wildfire Mitigation and Property Insurance

NAIC Climate and Resiliency Task Force
Summer Meeting, Portland, OR
Thursday, August 11, 2022

About United Policyholders (UP)

- A 501(c)3 not-for-profit organization with a Platinum Guidestar rating and a national corps of professional and disaster survivor volunteers
- 31 years of advocating for fair sales and claims practices and helping solve problems that impede consumers' ability to be indemnified in case of loss through insurance products.
- Working in coordination with insurance regulatory agencies, public officials and stakeholders
- A trusted information resource and respected voice for insurance consumers in all 50 states
- Funded by donations and grants

Our Three Programs

- Roadmap to Recovery[®]
 - *Helping individuals and businesses solve insurance coverage and claim problems.*
- Roadmap to Preparedness[®]
 - *Increasing disaster preparedness by promoting savvy shopping, inventorying and insuring property to value, and mitigation*
- Advocacy and Action
 - *Advocating for insurance consumers in courts of law, legislative and other public policy forums, and in the media.*

“This changes everything”

- Climate change is profoundly impacting the P/C marketplace, coverage, claims and loss recovery financing
- Regulators and consumers face challenges related to the availability, affordability and quality of property insurance
- Predictive technology (modeling and risk scores) is both helping and hurting.
- Institutionally supported risk reduction is imperative
- Significant progress related to wildfire mitigation in 2022

Reference: Naomi Klein, *This Changes Everything: Capitalism and The Climate*, Simon & Schuster, 2015

United Policyholders

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United Policyholders Wildfire Risk Reduction and Asset Protection Project ("WRAP")

A regular convening of public and private stakeholders, firefighting pros, community-based risk reduction advocates, public officials and agency reps, fire scientists working together to:

- 1) Reduce wildfire risk and restore home insurance availability and affordability in WUI and other regions
- 2) Establish “official” standards for wildfire risk reduction
- 3) Build financial and technical assistance options for homeowners to make risk reduction improvements
- 4) Incentivize homeowners to pro-actively reduce wildfire risk by making it easier for them keep their homes insured.

Rewards to incentivize mitigation

- Premium discounts
- Improved risk score = more options
- Non-renewal protections/guarantees
- House less likely to burn

Wildfire Mitigation Progress



United Policyholders 2022 © ALL
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www.uphelp.org/wrapchart

Comparison of IBHS's newly released "Wildfire Prepared Home" with United Policyholder's "WRAP" Initiative's "Mitigated Dwelling Measures"		
IBHS (Basic)	United Policyholders	State Agency Partnership
Class A fire rated roof	Class A fire rated roof	Class A fire rated roof
Ember Resistant Vents	Ember Resistant Vents	Ember Resistant Vents
Cleared 5 foot Home Ignition Zone	Cleared 5 foot Home Ignition Zone	Cleared 5 foot Home Ignition Zone
6 inches noncombustible clearance at base of exterior	6 inches noncombustible clearance at base of exterior	6 inches noncombustible clearance at base of exterior
Enclosed underdecks / clear combustible materials from underneath decks	No combustible materials underneath deck	No combustible materials underneath deck
Maintain trimmed trees/maintain yard clear of debris	Limb up branches, maintained and irrigated landscape	Defensible space compliance - trimming of trees, removal of brush and debris
Replace combustible attached fencing	Last 5 feet of any fencing attached to home must be noncombustible materials	Upgraded windows or defensive shutters
No outbuildings near home	If other combustible structure is within 25 feet of dwelling, facing walls of dwelling must include tempered glass in dual pane window and noncombustible, fire rated cladding	Removal of sheds or combustible outbuildings to at least 30 feet from the dwelling
(IBHS + Plus) set for later rollout, will require additional standards including, in addition to the above, noncombustible siding, enclosed eaves, upgraded windows or shutters, wildfire resistant deck		Enclosed eaves



RICARDO LARA
Insurance Commissioner



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[Consumers](#) / [Types of Insurance](#) / Home/Residential Insurance

Home/Residential Insurance

Shop Around

Whether you are interested in purchasing, reviewing or replacing homeowners, renters, condominium or mobile home insurance, it is important to shop and compare insurance products just like you would when shopping for any other important consumer purchase. Since residential insurance often protects your largest financial investment, plan on spending some time to conduct a search of the insurance marketplace.

The California Department of Insurance (CDI) provides several information guides, tips and tools to help you understand home/residential insurance so that you can make the best decision for your situation. If you do not find the information you need, we invite you to call our [Consumer Hotline](#) for assistance. Our dedicated insurance experts are available to assist you.

[Top Ten Tips for Finding Residential Insurance](#)

[Residential Insurance Company Contact List](#)

[Companies Offering Discounts for Fire Hardened Homes](#)

[Compare Premiums](#)

[Homeowners Coverage Comparison Tool](#)

[Home Insurance Finder](#)

[List of Carriers Offering DIC Policies](#)

[Consumer Complaint Study](#)

[Insurance Company Profiles](#)

[Residential Informational Guides](#)

What If I Can't Find Insurance?

If after shopping the market you are still having difficulty obtaining residential insurance, you may want to contact the California FAIR Plan to explore your coverage options. As the insurer of last resort, the [California FAIR Plan](#) should only



About

Wildfire Prepared Solutions

Homeowner Resources

Professional Resources

Get Started

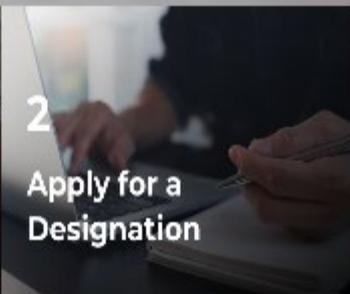
You Are Not Powerless Against Wildfire.

Based on the latest wildfire mitigation science, this program guides you through the steps necessary to protect your home and offers a designation for those who meet program requirements.

- Wildfire Prepared Home Overview
- Wildfire Prepared Home Plus Overview
- ★ Get Started

Get Started

Designation Process



Progress in 2022

- Significant increases in funding for wildfire risk reduction
- Wildfire Partnership progress in CA
- WRAP Resource Center will aggregate and disseminate
 - Info re: available risk reduction grants and technical help (Fire Safe, Firewise, COPE, etc.)
- IBHS Wildfire Prepared Home launch
- Increase in insurers voluntarily offering rewards/support
- CDI mitigation regulations pending
- More Wildfire Partners type programs developing
- Vendors offering risk reduction services

Questions?

Amy Bach, NAIC Consumer Rep since 2009

Email info@uphelp.org, amy.bach@uphelp.org

Visit www.uphelp.org

CALIFORNIA DEPARTMENT OF INSURANCE



NAIC Executive Task Force on Climate Risk and Resiliency

Mike Peterson

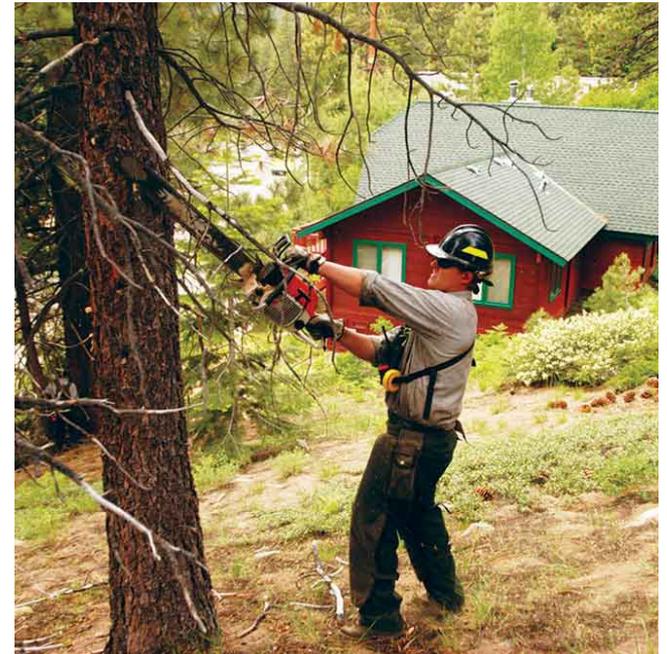
Deputy Commissioner on Climate and Sustainability

August 11, 2022

Safer from Wildfires Framework

A partnership between Insurance Commissioner Ricardo Lara and the emergency agencies in Governor Gavin Newsom's administration to protect lives, homes, and businesses by reducing wildfire risk.

- Department of Insurance
- Governor's Office of Emergency Services (CalOES)
- California Department of Forestry and Fire Protection (CAL FIRE)
- Governor's Office of Planning and Research
- California Public Utilities Commission



Safer from Wildfires in



1: Protecting the Structure

- Six key actions

2: Protecting the immediate surroundings

- Including 5-foot zone and defensible space

3: Working together as a community





Insurance Industry View of Wildfire Mitigation

Wildfire Mitigation Panel
NAIC Summer National Meeting

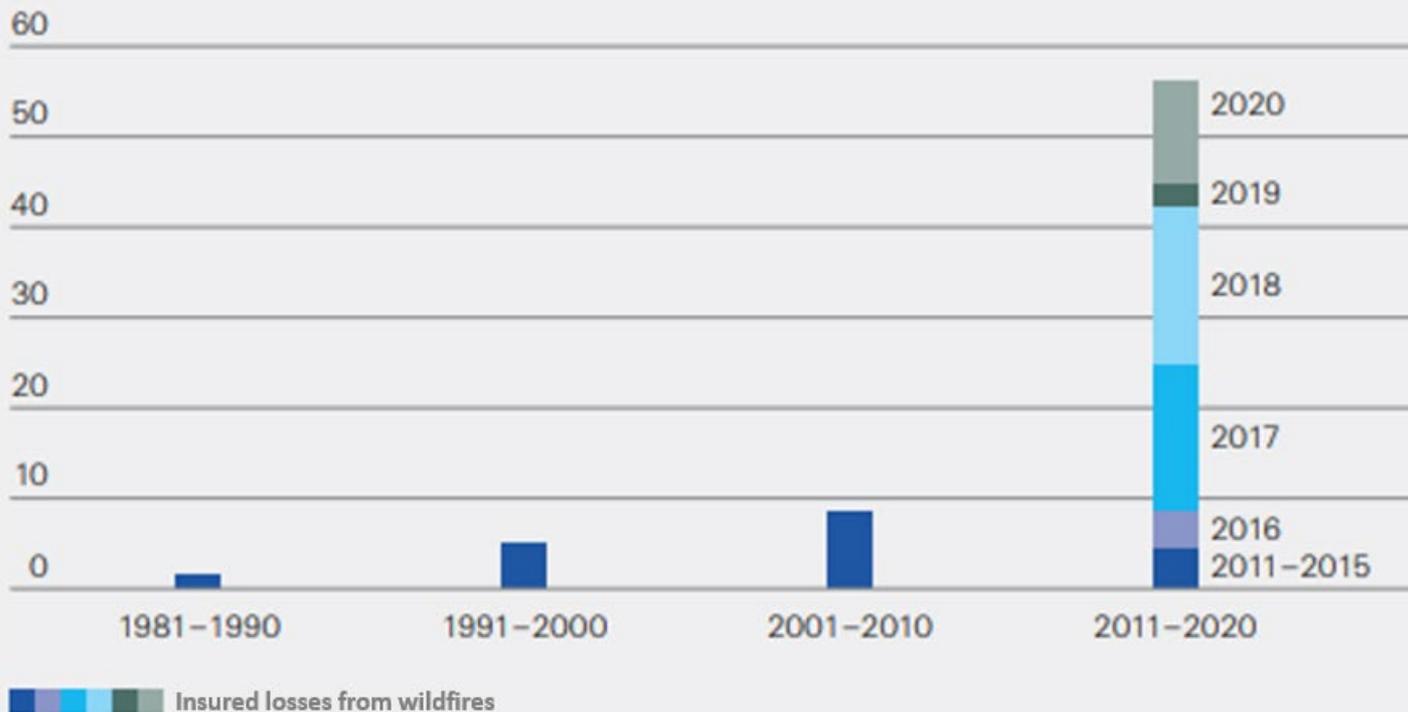
August 11, 2022

Dave Snyder, Vice President, International and Counsel, APCIA

Karen Collins, Assistant Vice President, Personal Lines, APCIA



Global insured losses from wildfires, in USD billion at 2020 prices

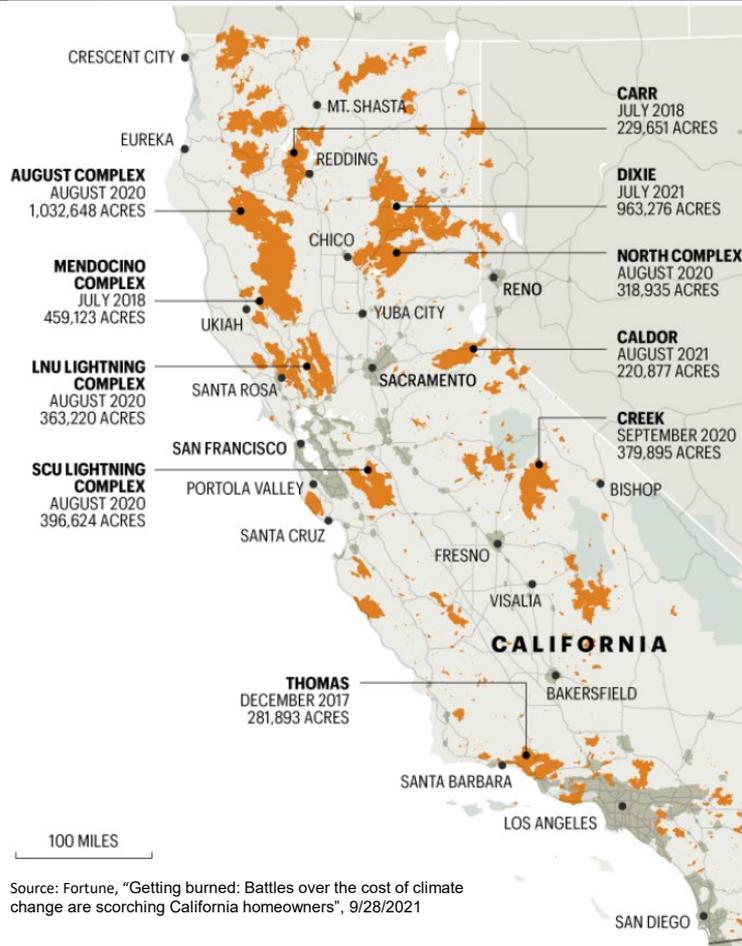


Peak insured wildfire loss years:

- 2017 (\$18 billion)
- 2018 (\$17 billion)
- 2020 (\$14 billion)

primarily due to wildfires in California.

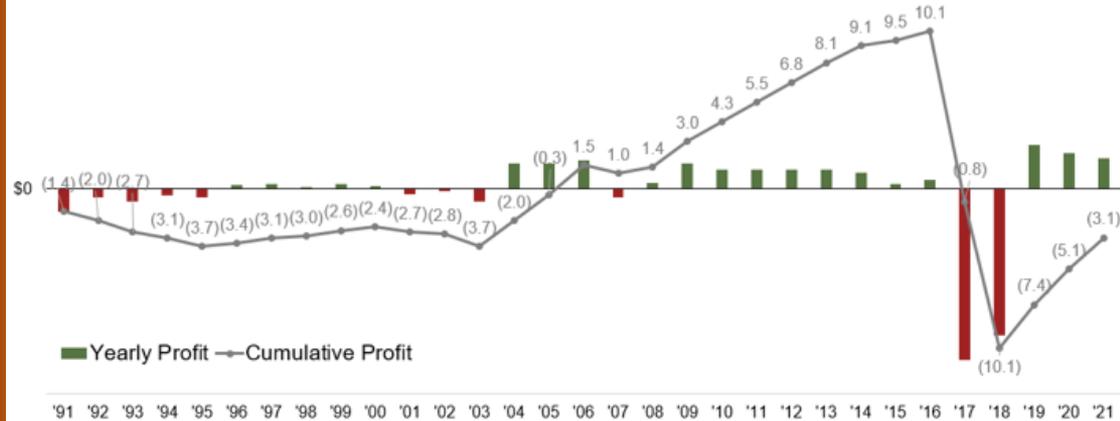
Those 3 years produced 8 of the 10 costliest individual insured wildfire events in the world ever, all in CA and costing insurers \$38.6B (in 2021 USD).



Source: Fortune, "Getting burned: Battles over the cost of climate change are scorching California homeowners", 9/28/2021

Impact on Insurers

California Homeowners Insurance Estimated Underwriting Profit (Loss), since 1991 (in billions)



Notes

1996 - 2021 data from P&C Combined Industry Annual Statement data from SNL.com.

1991-1995 Earned Premium and Loss Ratio data from the California Department of Insurance. Expense ratios for 1991-1995 are estimated as the average of 1996-1998.

Profit is based on direct industry earned premium, losses, and expenses.

Excludes impact of reinsurance and investment income.



Challenges Insurers Face

Growing Exposure

- **Land Use Policy** (*WUI expansion, Code adoption/enforcement, etc.*)
- **Environmental Conditions** (*Climate change, drought, fuel load, etc.*)

Increasing Costs

- **Rate Adequacy** (*Coverage Expansion, Inflation, etc.*)

Constraints Managing Peril of Wildfire

- **Standard Fire Policy** (*Product Design*)
- **Underwriting** (*Moratoriums*)
- **Tools** (*Reinsurance, Cat Models, Risk-Based Pricing, etc.*)
- **Mitigation Standards** (*Parcel + Community + Recurring*)





Solutions

IBHS – Wildfire Prepared Home

Federal & State Advocacy

- Increased resources for mitigation

Federal Wildland Fire Commission

- Dr. David Sampson – Property Development seat

Consumer Outreach

- Risk awareness and preparedness resources

Mitigation Services for Policyholders

NAIC Climate and Resiliency (EX) Task Force

Summer National Meeting
August 11, 2022
Steven M. Rothstein



Ceres

Sustainability is the bottom line.

Ceres Networks Overview

Through our powerful networks and global collaborations of investors, companies, and nonprofits, we **drive action and inspire equitable market-based and policy solutions** throughout the economy to build a just and sustainable future



Company Network

55+ companies, 70% in the Fortune 500, committed to driving sustainable business leadership



Investor Network

More than 220 Institutional Investors managing more than \$60 trillion in assets



Policy Network (BICEP)

75+ leading companies, with dozens of consumer brands and Fortune 500s

NAIC Climate and Resiliency (EX) Task Force deserves leadership

- Six states that have been collecting climate information
- Expanded list of 15 that have recently agreed to participate
- NAIC's support for the new TCFD climate disclosure requirement
- Continued analysis and moving discussion forward



Webinar Series

The ABCs of TCFD Reports for Insurance Companies

July 27, 2022
12pm ET

Here is a [landing page](#) where you can access the [recording](#) and [slides](#) from the presentation.



Hermelo 'Butch' Bacani

Program Leader, UN
Environment Program's
Principles for Sustainable
Insurance Initiative



David Carlin
TCFD and Climate
Risk Program Lead for
United Nations
Environment
Programme-FI



Andrew Mais
Commissioner,
Connecticut Insurance
Department



Michael Peterson
Deputy Commissioner on
Climate Sustainability, CA
Department of Insurance



Steven Rothstein
Managing Director, Ceres
Accelerator for Sustainable
Capital Markets

September 14 12-2 pm ET

Overview and Review of first Session (10 minutes)

Exploring the TCFD pillars (50 minutes)

Exploring good practices (30 minutes)

Q&A, conclusion and evaluation (30 minutes)

Phase II: Targeted Peer Support Sessions (90 minutes) /Office Hours (30 minutes) for Implementation

October 5 from 12-2 pm ET

October 12 from 12-2 pm ET

October 27 from 12-2 pm ET

Ben Carr, Analytics & Capital Modelling Director, Aviva: Special guest speaker

How Insurers are Rising to the Challenge of Climate Risk Disclosure

FREE WEBINAR | JULY 29, 1PM EST



RICARDO LARA

California Insurance
Commissioner



MIKE KREIDLER

Washington State Insurance
Commissioner



STEVEN ROTHSTEIN

Ceres Accelerator for
Sustainable Capital Markets



BUTCH BACANI

UNEP's Principles for
Sustainable Insurance Initiative



BEN HARPER

Zurich North America



JENNIFER WALDNER
GRANT

AIG

Webinar Ceres hosted July 2021 on TCFD

Includes useful context from AIG, Zurich and two important insurance commissioners

[Link to webinar](#)

TCFD RESOURCES FOR INSURERS

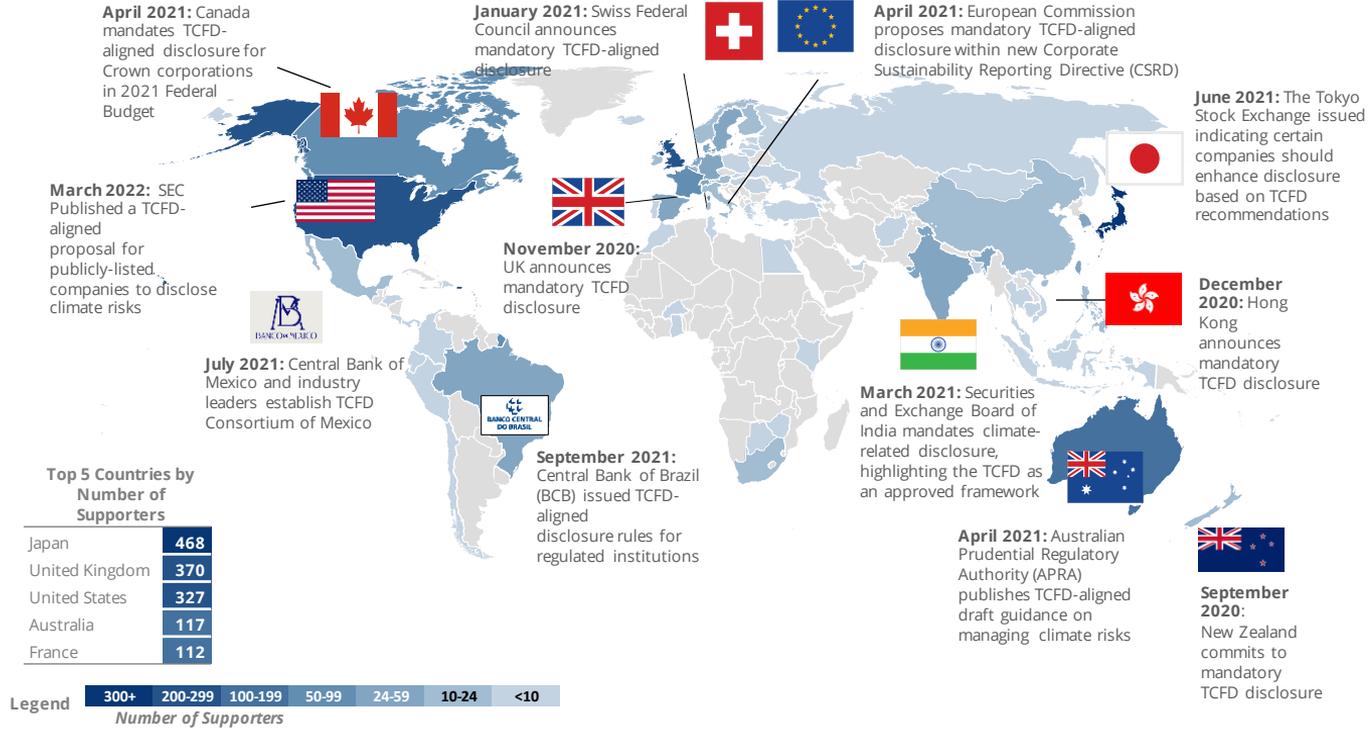
- FSB's official [TCFD publications](#)- *latest guidance from the TCFD secretariat*
- FSB's [TCFD Annex on Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures](#)- *guidance for insurers in the sector-specific section*
- CDP's [TCFD Hub](#)- *collection of capacity-building resources*
- CDP's TCFD Hub [database of TCFD reports](#)- *selected disclosures including those of insurers*
- UNEP FI's [TCFD program webpage](#)- *outputs from the insurance, investment, and banking programs on topics such as climate risk assessment, client engagement, and strategy*

ADDITIONAL US SUPERVISORY ACTION ON CLIMATE-RELATED FINANCIAL DISCLOSURE REPORTING

	 Securities and Exchange Commission	 Office of the Comptroller of the Currency	 Federal Reserve Board	 Federal Deposit Insurance Corporation
Recent work	<ul style="list-style-type: none"> • March–June 2021: Requested public comment on climate-related disclosures • July 2021: Released results showing support for climate disclosures, with the TCFD as the most cited basis • September 2021: Published sample questions firms could face on climate • November 2021: Issued guidance making it easier to add climate to shareholder votes • March 2022: Released ambitious proposed, TCFD-informed rules on climate-related disclosures, covering a range of topics including scope 3 emissions and transition plans 	<ul style="list-style-type: none"> • December 2021: Published draft principles for banks on managing climate-related risks <ul style="list-style-type: none"> – Would apply to banks with >\$100 BN in total assets – Recommends tools like heatmaps, risk dashboards, and scenario analysis – For consultation through Feb 14 • January 2022: Refreshed climate risk management survey <ul style="list-style-type: none"> – 17 questions, including maturity of climate risk management frameworks and impact on credit and pricing – Applies to large banks 	<ul style="list-style-type: none"> • November 2020: Climate risk in the 2020 Financial Stability Report • December 2020: Joins the NGFS; speech on climate risks by Gov. Brainard—references risks, disclosures/TCFD • February 2021: February speech on climate risks by Gov. Brainard <ul style="list-style-type: none"> – Bank risk management – Scenario analysis – Innovation and experimentation with approaches • January 2021: Kevin Stiroh leads the “Supervision Climate Committee” • 2021: Letters and meetings with large financial institutions to understand climate risk management practices 	<ul style="list-style-type: none"> • March 2022: Published draft principles for banks on managing climate-related risks <ul style="list-style-type: none"> – Targeted at banks with >\$100 BN in total assets – The draft principles would provide a high-level framework for management of climate-related risks The principles are substantively similar to those issued by the OCC in December 2021 • April – June 2022: Requested public comment on draft principles
Next steps	Consultation on proposed rule “Enhancement and Standardization of Climate-Related Disclosures for Investors”	Release of final principles and increased focus on climate-related topics	Expected to elevate the priority of climate-related risk in its regulations and supervision, focused on financial stability	Review of public comments and revision of draft principles following the public comment period

THE EVOLUTION OF CLIMATE DISCLOSURE REGULATION GLOBALLY

The TCFD has become a de facto reporting standard with many supervisors mandating TCFD-aligned disclosures



DEVELOPING A GLOBAL DISCLOSURE STANDARD: ISSB PROPOSALS

General requirements, climate standard & industry standards

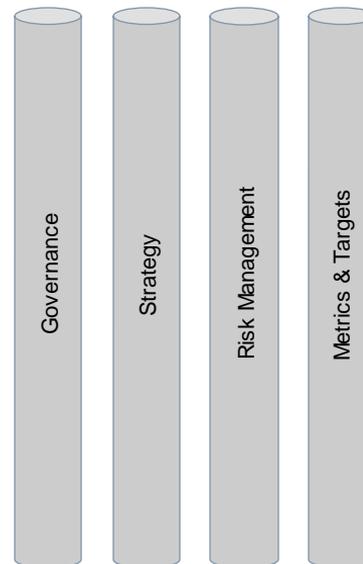
IFRS 1: Exposure Draft on General Requirements for Disclosure of Sustainability-related Financial Information

- Core general content for *sustainability*-related financial disclosures.
- Builds on SASB & CDSB - SASB standards e.g., used to identify risks & opportunities & select metrics in the absence of IFRS requirements.
- Covers: materiality judgments, reporting frequency, location, reporting entities, comparative information, use of financial data & assumptions, sources of estimation, errors, statements of compliance. etc.
- Enterprise value ('EV') approach - notes *impacts/dependencies* on people, planet & economy are material when relevant to assessing EV.

IFRS 2: Exposure Draft on Climate-related Disclosures

- First thematic standard - others to be issued in future.
- Largely replicates TCFD – with some key differences
- Compliance with ISSB climate standard to be treated as complying with TCFD
- Incorporates SASB standards for industry disclosure standards – with standards for different sectors including: commercial banks, mortgage finance, investment banking & asset management etc.

Proposals are based on TCFD 4 pillar structure



1. Preparing two reports with Wharton Risk Center on impact on severe climate events (floods, fire, hurricanes) and their impact on low and moderate income families and product and policy recommendations
 - National version
 - South Carolina version
2. Currently conducting analysis of 28 TCFD climate disclosure submitted last year through California Dept of Insurance. Utilizing artificial intelligence for comparisons. Will consider conducting similar process on insurance company filings in November 2022.
3. Starting analysis of the investment portfolio research posted on CA Dept of Insurance website
4. Open to other ways we can be supportive to task Force and individually to move this work forward

Thank You

Please consider Ceres Accelerator a resource for your work



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