

APCIA COMMENTS ON LATEST PROPOSED REVISIONS TO NAIC CLIMATE RISK DISCLOSURE SURVEY

The American Property Casualty Insurance Association (APCIA) represents more than 1200 insurance companies that provide (re)insurance coverage throughout the U.S. and around the world. Our members range in size from global insurers to specialty companies and companies operating in one state. It is our view that regulation should encourage and support the competition that all of these companies contribute to our insurance system.

The Second Set of Proposed Survey Revisions Is Better in Some Important Respects

We appreciate the transparent way by which the Climate Risk Disclosure Workstream has gone about its business. We appreciate the useful addition of the guidance on confidentiality and materiality. And we appreciate the phased in approach to responding to the closed ended questions for TCFD filing companies as we understand that the principal objective is to have companies do what they are doing—disclosing based upon the TCFD framework. Continuing to apply the current \$100 million threshold for reporting is also appropriate as most of the industry is covered at that level.

Some Serious Concerns Remain

We continue to believe that in general the questions and narratives under the strategy and metrics headings should be the subject of further consideration for confidential discussions between regulators and companies, rather than necessarily for public disclosure. One example is question 2(B). A phase in for all reporting companies will help better align the work of the solvency workstream with this workstream and more effectively allocate issues to public disclosures and to solvency regulatory tools.

We are especially concerned with the new proposed requirements with a very short timeframe placed on companies which had previously been filing responses to the eight survey questions. For them, there simply may not be enough time to provide useful narrative responses as currently proposed, considering the internal governance process that will be needed for thorough responses. We therefore think that a phased in process for them would be appropriate.

Finally, we take strong issue with the request made at the February 28 meeting to add a question that would potentially expose the companies and their policyholders to making predictions with legal significance on future unknown “impacts”. The requested description of potential future impact is not appropriate for public disclosure.

Conclusion

The proposal to phase in the added questions for TCFD filers is appropriate. A similar phase in should be provided for the companies that are currently filing answers to the eight questions. Perhaps most importantly, these efforts show significant progress toward TCFD aligned regulation and the intervening time will allow for better reporting and allocation of reporting, especially on strategy and metrics issues, between public disclosures and confidential discussions with regulators.

Respectfully submitted,



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