



NAIC Statement on Environmental, Social, and Governance Policies

Environmental, Social, and Governance policies (ESG), however defined, have increasingly become a focus of discussion and debate among the financial sector, regulatory and legislative bodies, and other stakeholders domestically and internationally. In response to questions about the applicability of ESG policies to the U.S. insurance sector and its supervision, the National Association of Insurance Commissioners (NAIC), whose Membership is composed of the chief insurance regulators of all 50 states, the District of Columbia, and the five United States Territories, offers the following.

The NAIC does not anticipate developing regulatory policy to require or prohibit insurance companies from adopting ESG policies that govern insurers' underwriting, investing, or other business decisions. However, we have extensive work underway on climate risk, race and insurance, corporate governance, and other related factors to the extent they directly pertain to our responsibility to protect policyholders and supervise the financial health of insurers.

The NAIC encourages insurers, regulatory bodies, standard setters, and policymakers to consider the reliability of metrics and the impact of ESG policies on the financial condition of insurers and the availability and affordability of insurance products and services, if adopting such policies.

The NAIC invites and encourages legislators, policymakers, and stakeholders to contact state insurance regulators when considering ESG-related legislation or executive action to discuss the potential impact of proposals on the solvency and financial stability of the insurance sector.

The NAIC is committed to providing an open forum for our Members and stakeholders to raise important issues, like ESG, that may impact our sector.

This statement on ESG evolved from discussions that state insurance commissioners initiated over the past few years, prompted by feedback and engagement from diverse stakeholders and the public.