

Founded in 1871, the National Association of Insurance Commission represents insurance regulators in all fifty states. It's not a particularly woke group - the current president is the Director of the Idaho Department of Insurance. However, the group has just issued a new "voluntary" [survey](#) for insurance companies about climate risks. "Voluntary" is in quotes because about 80% of the insurance market is regulated by states that mandate the survey.

Climate risks have long been a concern for the major European reinsurance companies; those are companies that insure the insurance companies themselves against unexpectedly larger claims. The US insurance industry has been slower to catch on to the problem.

In 2018, CLEE partnered with the California Department of Insurance on a [report](#) about the problem, *TRIAL BY FIRE Managing Climate Risks Facing Insurers in the Golden State*. After surveying climate-related extreme events, the report goes on to observe:

"Many of the losses resulting from these events are insured. The added litigation events arising out of these and other climate-related events are creating liability exposure for the insurance industry of a magnitude that could ultimately swamp the property losses. Moreover, insurers' own assets (accumulated to pay claims and shareholders) are vulnerable to climate impacts as well, creating the potential for serious systemic risks. Climate change has thus become a multi-faceted material risk for the \$4.6-trillion global insurance industry."

As the report points out, the risk is amplified because extreme events can be correlated with each other, because the same risks can impact the value of insurance company assets as well as their claims exposure, and because individual catastrophic events can cause large and unpredictable increases in claims.

The new NAIC survey is aligned with recommendations from the federal Financial Stability Oversight Council (FSOC). It calls for information about the insurer's governance process regarding climate-related risks; the actual and potential impacts of climate risk on the insurer's business and financial planning; the insurer's strategy for managing climate risks; and the metrics and targets used for risk assessment and management. There are also a series of yes/no questions, such as: "Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk?"

Survey results are public. The impact of the survey depends on what people do with the

information, including insurance regulators, investors, and the public.