

The Honorable Tom Daly
Chair, Assembly Insurance Committee

Re: Support for AB 1694 (Levine) Climate Risk Disclosure Bill

cc: Assemblymember Marc Levine, Assembly District 10

Dear Chair Daly,

The 34 undersigned organizations write to you in support of AB 1694 (Levine), directing the insurance commissioner to use existing powers to require all insurance companies licensed to do business in California to fully disclose their investments in fossil fuel-related entities, and the fossil fuel-related companies and projects they insure. This bill also requires the California Department of Insurance (CDI) to publish that information on its website.

Insurance companies in California are facing threats to their solvency and ability to write insurance policies throughout California due to the increase in frequency and severity of wildfires, exacerbated by climate change. Property and casualty insurers experienced record losses over several recent California wildfire seasons.¹ In response, insurers have reassessed their underwriting, often with the effect of raising prices or reducing coverage availability in wildfire-prone areas, driving a rebound in profits at the expense of customers.²

By investing in and insuring fossil fuel projects and companies, insurance companies contribute to the very climate change-driven wildfires which they blame for increasing homeowners' insurance premiums, policy non-renewals, and cancellations. The insurers' responses to climate risk, such as policy cancellations or non-renewals and sky-rocketing premiums for entire zip codes, burden communities already at risk from climate disasters. Investment in fossil fuel-related assets also exposes insurers to risks from stranded assets, falling asset prices, and reputational harm.

The Insurance Commissioner has broad authority to require insurance companies to disclose any information necessary to ensure consumers' access to insurance and a responsibility to ensure the financial stability of the companies it oversees. CDI gathered relevant information about insurers' fossil fuel investments in 2016, and identified that they were inconsistent with California's climate targets.³ Unfortunately, CDI has not expanded or updated this invaluable data source since then. Acquiring this data annually will help the Insurance Commissioner to protect the financial solvency of insurers and the interests of California's consumers.

We urge your support for AB 1694 (Levine) when it is heard in the Assembly Insurance Committee.

Sincerely,

¹ Leslie Kaufman and Erik Roston, "[Wildfires are Close to Torching the Insurance Industry in California](#)," Bloomberg, Nov. 10, 2020.

² "[Climate risks for insurers: Why the industry needs to act now to address climate risk on both sides of the balance sheet](#)," S&P Global, Aug. 27, 2021.

³ 2 Degree Investing Initiative, "[Insurance Companies Operating in California](#)," 2018.

Amazon Watch
Americans for Financial Reform
Atmos Financial PBC
Bold Alliance
Businesses for a Livable Climate
CALPIRG (California Public Interest Research Group)
Climate Action Rhode Island – 350
Climate Hawks Vote
Coalition for Clean Air
Consumer Federation of America
Consumer Watchdog
Earth Action, Inc.
Environment California
Extinction Rebellion San Francisco Bay Area
GreenFaith
Greenpeace USA
Oil and Gas Action Network
OurGreenChallenge.org
Public Citizen
Rainforest Action Network
RapidShift Network
Saphron Initiative
SoCal 350 Climate Action
System Change Not Climate Change
The Greenlining Institute
TIAA-DIVEST!
Voices for Progress
Waterway Advocates
West End Emergency Prep
350.org
350 Butte County
350 Conejo / San Fernando Valley
350 Humboldt
350 Silicon Valley