

## NAIC Task Force Adopts Climate Change Survey

by National-Underwriter

The National Association of Insurance Commissioners'™ Climate Change and Global Warming Task Force voted to adopt a mandatory "Climate Risk Disclosure Survey" that would query insurers on matters related to global warming and make their answers publicly available.

The Feb. 24 vote via teleconference clears the survey for consideration by the NAIC Executive Committee, which is scheduled to take place at the NAIC's™ next quarterly meeting in San Diego next month.

The survey consists of eight questions designed, according to the survey draft, "to provide regulators, shareholders and the public with substantive information about the risks posed by climate change to insurers and the actions insurers are taking in response to their understanding of climate change risks."

The draft approved by the task force is the result of a compromise among the industry, consumer advocates and the NAIC.

Originally, the survey was supposed to be part of the annual financial statements that insurers are required to file. Industry associations objected, noting that the annual statement was not an appropriate vehicle for the questions, as it is designed for financial condition assessment, not as an aggregator of company information. Insurers also cited the possibility of exposure to lawsuits.

Over the course of negotiations the survey was removed from the annual statement, and some survey questions that concerned insurers were altered.

Still, some insurer associations, such as the National Association of Mutual Insurance Companies (NAMIC) and the Property Casualty Insurers Association of America (PCI), remain opposed to the survey because the answers will be made public and could expose insurers to lawsuits depending on how those responses are perceived and used by interested parties.

In the teleconference, Pennsylvania Insurance Commissioner and Task Force Chair Joel Ario praised the involved parties for coming up with a compromise.

However, while many of the comments during the teleconference were also supportive of the compromise, Alabama Insurance Commissioner Jim Ridling objected to the nature of the questions.

"With all due respect to the committee's™ work and the openness of this whole discussion, I think we're asking people to answer questions that are unanswerable in the long term" highly speculative is another term," he said, adding that "quite frankly, having run a couple of companies, I don't know how I'd answer them, and as a regulator, I don't know what I'd do with the answers."

Florida Deputy Insurance Commissioner Belinda Miller responded that the questions are meant to give companies an opportunity to show what they are doing to prepare for climate change. She also said the questions can be altered in the future, if need be.

"I don't think we see this as an ended project that will never change," she said. "I think that it's a beginning that we ask these questions. And if they become problematic or unanswerable, then they can always be changed."

David Kodama, director of policy analysis at PCI, asked if the NAIC will be providing guidance, citing concern from his member companies about what exactly the NAIC expects to learn from survey answers.

Mr. Ario said the task force is considering whether it should offer guidance, or let answers come in first to see how insurers respond, or do a survey "trial run" with some companies for evaluation of the questions and answers.

Bob Detlefsen, vice president of public policy for NAMIC, said if the "trial run" option is used, participation should be voluntary and confidential, as companies may still be confused about how to answer some of the questions.

In the vote to adopt the survey questions and send it to the NAIC Executive Committee, Alabama voted no, while Minnesota and New York abstained.

A representative for the New York Insurance Department stated concerns that survey answers may not truly reflect a company's™ program if they are made public.

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