Insurance Leading on Climate Risk

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Chief Executive Officer
We are the trusted source of unique, data-driven insights on insurance…

……to inform and empower consumers.
Evolution of Climate Risk
Insured Cat Losses are Increasing at an Alarming Rate – Nearly 700% Since 80's
Macro Solvency a.k.a. Policyholders Surplus 2007-2020 Quarterly

2007:Q3 Pre-Crisis Peak
Drop in 2011 due to very large CAT losses
Drop in 2018 due to unrealized investment losses

Surplus at end of Q2 2021 stood at $989.8B, an all-time high

Policyholder Surplus: Positive

Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.
2021 Is a Preview of Evolving Climate Risk

- Texas Freeze
- Hurricane Ida
- Boulder, CO Fire
People are Living More In Harm's Way

Miami Beach: 2022

Miami Beach: +3’
Climate Risk and Resilience
Objective

Drive behavioral change to help people and communities better manage risk and become more resilient.
**Strategies**

Create a resilience movement giving households and communities a stake in risk mitigation

Educate and empower stakeholders about protection gaps and their impact on their recovery

Fast-track the use of cost-effective tools to drive risk mitigation, transfer and retention
Action Partners

- Triple-I Members
- Carriers, Reinsurers and Brokers
- Insurance Trade Associations
- Nonprofits and Foundations
- Regulators
- Academia
ESG Is In Insurers’ DNA

**Environmental**
- Invest for maximum impact, minimal harm
- Understand and manage climate risk
- Innovate through technology and partnerships

**Social**
- Risk-based pricing rooted in fairness
- Highly competitive market fosters consumer choice
- Invest in what makes us better as a society

**Governance**
- Board composition
- Director performance and independence
- Compliance and transparency
- Hiring and compensation equity
- Investment and solvency standards
- Responsibilities to stakeholders (Customers, Employees, Regulators, Communities, Shareholders)

**Bottom Line:**
- Regulated by 50+ jurisdictions
- NAIC Risk Management & Own Risk and Solvency Assessment (ORSA) model
- Climate risk/resilience research/information sharing (e.g., Triple-I Resilience Accelerator)
- Investment in diverse, inclusive workforce; community aid; financial literacy; and other social goods
Insurers’ ESG Focus At A Glance

Driving Resilience
- From “recovery and repair” to “predict and prevent”
- Risk partners and financial first responders for families, businesses, and communities
- Sophisticated hazard modeling and data-driven loss control support informed risk taking

Giving Back
- COVID:
  - U.S. auto insurers returned over $14 billion to customers in response to reduced driving during COVID-19 pandemic
  - Insurers have pledged more than $280 million in donations to organizations fighting the pandemic

Sharing Insights
- Nonprofits driving understanding of insurance for diverse audiences:
  - Griffith Foundation
  - Insurance Information Institute
  - Insurance Institute for Business and Home Safety
  - Insurance Research Council
  - National Association of Insurance Commissioners
  - Society of Insurance Research
Considerations
Thank you!

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