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OPINION

Opinion: The time for insurers to reckon with climate change is now

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A damaged home caused by Hurricane Ian was seen along Fort Myers Beach on Monday, Oct. 3.

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Hurricane Ian is a stark reminder of devastation that will only increase if we fail to act much more aggressively to halt climate change. Ian's destruction will cost tens of billions of dollars, disrupt food supplies throughout the country, result in the loss of potentially hundreds of lives and painfully disrupt thousands of families.

Climate change is making super-storms like Ian more frequent and more dangerous, and our time to act is growing short.

As thousands of homeowners make claims on their insurance to restore Ian's damage, billions of dollars in insurance outlays are placing a growing number of insurers at risk of insolvency — and homeowners are having difficulty affording premiums. This is particularly true for communities of color, who are bearing much of the destruction and disruption from climate change.

This is not in the interest of insurance companies' policyholders or shareholders.

Unfortunately, these companies, particularly U.S.-based insurers, are acting like firefighters who start fires instead of partners in addressing this crisis. U.S. Insurers, including Travelers and The Hartford, pillars of the Connecticut insurance industry, must instead lead on climate change — from a business, fiduciary and moral perspective.

An ever-increasing number of insurers and reinsurers are recognizing that they can't continue to fuel climate change through their investments and underwriting. Recently, Fidelis announced some of the strongest oil and gas restrictions of any North American Insurer. As part of this announcement, Chairman and CEO Richard Brindle said: "The insurance industry has a hugely important role to play in holding companies to account and making change happen — but nothing changes unless we are prepared to walk away from activities that are harmful to the environment, people, society and animals. We don't see enough of this yet but we hope that insurers — and brokers — will increasingly engage with their clients to ensure that the insurance industry is not supporting damaging business practices."

A recent report from the California Insurance Department found that 10 U.S.-based property and casualty insurers had $59.7 billion invested in fossil fuels in 2019. The Hartford had $2.8 billion and Travelers disclosed they had $4.7 invested in these companies, which represented a slight increase over 2018 for both.

Insurance companies should be dedicating these funds to finance the transformation to adhere to the Paris Climate Accord's commitment to limit global temperature increases to 1.5 degrees.

This lack of strong underwriting policies by U.S. insurers is embarrassing compared to many of their industry peers worldwide. It should be noted that The Hartford has taken steps to reduce coverage to carbon-intensive sectors like tar sands and coal, and has recently pledged to achieve net zero carbon emissions across all businesses and operations by 2050, but has offered no details on how it will get there. And in the last year Travelers did adopt some policies to reduce coverage for coal and tar sands, but has consistently scored near the bottom among insurers globally.

There is no acceptable rationale for these corporations' refusal to commit to stop underwriting new fossil fuel projects, for aligning their business with the Paris Accord and redirecting their investments in fossil fuels to a green economy. Time is tight, but the need for real leadership by The Hartford and Travelers is now.

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