FOR IMMEDIATE RELEASE
Thursday, December 1, 2005

INSTITUTIONAL INVESTORS URGE INSURANCE COMPANIES TO ASSESS FINANCIAL RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

Following Historic “Hartford Summit” on Climate Change and the Insurance Industry, Investors Look at Next Steps

Twenty leading U.S. institutional investors managing more than $800 billion in assets are urging the 30 largest publicly-held insurance companies in North America to assess and disclose their financial exposure from climate change to shareholders.

The investors co-signed letters sent today requesting that insurers develop and share climate risk reports with investors by August 2006. The reports should address the multiple types of risk and opportunity that insurers face in regard to climate change, including physical loss, legal and investment risks, as well as opportunities for new markets and products in a changing economic environment.

“Insurers could face a double whammy or a one-two punch from climate change. In addition to driving up claims, it can affect the value of the stocks and bonds in insurers’ investment portfolios,” said Connecticut Treasurer Denise L. Nappier, principal fiduciary of the state’s $21 billion pension fund with more than $500 million invested in property-casualty and reinsurance stocks.

The letter to insurers was sent by state treasurers and comptrollers from Connecticut, California, Illinois, Kentucky, Maryland, New York, North Carolina, Oregon and Vermont, as well as the New York City Comptroller, socially responsible investment funds, faith-based investors, a labor pension fund and a leading foundation. All of the investors are part of the Investor Network on Climate Risk (INCR), a leading U.S.-based investor coalition working on climate risk issues.

In addition to the risk of direct losses due to physical weather-related events, the letter asks insurers to look strategically at climate change and how it could affect the long-term value of the investments that enable them to pay claims and remain profitable.

The letter to insurers follows an historic meeting of insurance industry leaders that took place in Hartford in October. More than 100 insurance and investor leaders attended the Insurance Summit on Climate Risk and Opportunities hosted by Treasurer Nappier, Insurance Commissioner Susan Cogswell and Department of Environmental Protection Commissioner Gina McCarthy. The “Hartford Summit” was the first time U.S. insurers have gathered in a public forum to discuss the risks and opportunities presented by climate change.

CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277  FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US
Insurers who attended the Connecticut summit, many of whom will receive the letter sent today, have expressed an interest in exploring the multiple risks and opportunities associated with climate change. One aspect of the summit was interest in insurers and policy leaders working together to create uniform regulations and policies in relation to climate change.

“This is not a fly-by-night initiative we’re engaged in,” said Treasurer Nappier. “We all know the saying, the bigger they are, the harder they fall. By addressing this issue now, we’re trying to keep another giant from falling.”

The investor request comes on the heels of devastating back-to-back hurricane seasons in the U.S. that caused a record $30 billion in insured losses in 2004 and as much as $60 billion in insured losses from Hurricane Katrina alone in 2005. While no individual weather event can be attributed to global warming, scientific data indicate that rising global temperatures will likely increase the frequency and intensity of hurricanes, floods, drought, wildfires and other extreme weather events – and, indeed, may already be doing so.

According to a recent study by the Ceres investor coalition, U.S. insurers have seen a 15-fold increase in insured losses from catastrophic weather events in the past three decades – increases that have far out-stripped growth in premiums, population and inflation over the same time period. The study, Availability and Affordability of Insurance Under Climate Change: A Growing Challenge for the U.S., warns of larger financial losses in the years ahead if climate change trends continue and no actions are taken to face the challenge.

“While more insurance companies are acknowledging the seriousness of climate change, few if any companies have examined the broad financial risks and opportunities from this issue and the potential impacts on shareholder value,” the two-page letter to insurance company CEOs stated. “The challenge now is taking concrete action. We are calling on insurers to undertake a comprehensive analysis of the business implications of climate change for their companies and to share the results with shareholders.”

New York City Comptroller William C. Thompson Jr. said: “As the investment officer of the city’s five pension funds, I am particularly concerned that the failure of these companies to fully consider potential climate change risks in their underwriting process could adversely affect the financial performance of these companies and the pension funds’ investment interests.”

Last fall, for example, Comptroller Thompson’s office surveyed 13 insurance companies that the city’s pension funds were invested in to better assess how the companies were addressing climate change. According to survey results announced by Thompson’s office today, eight of the companies responded, and not one provided any assurance that climate change was seriously being assessed or considered.

“Investors are increasingly more concerned about the financial risks posed by climate change and our interest is especially strong for the insurance industry which is so directly exposed to the physical impacts of global warming,” said Jack Ehnes, chief executive officer of the California State Teachers’ Retirement System (CalSTRS), one of the country’s largest public pension funds.

“U.S. insurers are facing a perfect storm of rising weather losses, rising global temperatures and more Americans than ever living in harm’s way,” said Mindy S. Lubber, president of Ceres. “Insurers and regulators have failed to adequately plan for these escalating weather events that will have major long-term ramifications on insurance companies and their shareholders.”


CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277   FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US
For information on the Hartford, CT Climate Change Summit for Insurers, visit: http://www.ctclimatechange.com/Insurance.html.

The 30 publicly-traded companies receiving the letter are the largest in the life, health, property/casualty and reinsurance sectors – sectors all deemed to be at risk from climate change. The companies are as follows:

Full-Line
AIG, New York City
Hartford Financial Services Group, Hartford, CT

Life
Manulife Financial, Toronto, Canada
Prudential Financial, Newark, NJ
Metlife, New York City
Great West Life, Co., Canada
Sun Life Financial, Toronto, Canada
Genworth Financial, Richmond, VA
Principal Financial Group, Iowa
Lincoln National Corp., Philadelphia, PA
Jefferson Pilot, Greensboro, NC
Torchmark Corp., Birmingham, AL
Nationwide Financial Services, Columbus, OH

Health
UnitedHealth Group, Minnesota
Wellpoint Health Networks, Indianapolis, IN
Aetna, Hartford, CT
Cigna, Philadelphia, PA

Property & Casualty
Allstate, Northbrook, IL
St. Paul Travelers, St. Paul, MN
Progressive, Ohio
Chubb, New Jersey
Ace Limited, Philadelphia/Bermuda
XL Capital Limited, Bermuda
CNA Financial, Chicago, IL
Cincinnati Finance, OH
Safeco, Seattle, WA

Reinsurance
Everest RE, Bermuda
Berkshire Hathaway/General RE, Omaha, NE

Brokers/Risk Advisors
Marsh & McLennan, New York City
Aon Corp., Chicago, IL

Signers of Letter

CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277  FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US
Steve Abrecht, Service Employees International Union
Phil Angelides, California State Treasurer
William R. Atwood, Illinois State Board of Investment
Joan Bavaria, Trillium Asset Management
Randall Edwards, Oregon State Treasurer
Jack Ehnes, California State Teachers’ Retirement System
Julie Gorte, Calvert
Alan Hevesi, New York State Comptroller
Nancy Kopp, Maryland State Treasurer
Lance Lindblom, Nathan Cummings Foundation
Jonathan Miller, Kentucky State Treasurer
Richard Moore, North Carolina State Treasurer
Denise Nappier, Connecticut State Treasurer
William Somplatsky-Jarman, Presbyterian Church, USA
Jeb Spaulding, Vermont State Treasurer
William Thompson, New York City Comptroller
Steve Westly, California State Controller
California Public Employees’ Retirement System
Sheet Metal Workers’ National Pension Fund
United Methodist Church