

California Climate Insurance Working Group

Overview

California has exposure to climate change related events such as wildfires, floods, mudflows, urban high heat, and sea-level rise. Innovative insurance strategies may provide opportunities to reduce the exposure of local communities and homeowners to these events.

The California Climate Insurance Working Group established by SB 30 (Lara, 2018) provides a collaborative mechanism for proposing innovative approaches, prioritizing issues, and vetting insurance concepts. The Insurance Commissioner has convened a working group that will examine ways to promote investment in natural infrastructure to reduce the risks of climate change related to catastrophic events. As the regulator of the California insurance industry, the Insurance Commissioner has unique combination of expertise and position to develop policies that lower future risks and promote the availability and affordability of insurance.

Climate Risk Reduction

- While Superstorm Sandy did tremendous damage to the eastern United States in 2012, researchers from University of California, Santa Cruz estimate that the existence of coastal wetlands likely avoided more than \$625 million in flood damages across 12 states. This highlights the protection capacity of natural infrastructure to mitigate storm surge.
- Without mangroves, 39% more people in the world would be flooded every year. Flood damages would increase by \$82 billion dollars a year.
- How can we apply these lessons in California?
 - California has environmental features such as coastal wetlands, urban forests, and Sierra Nevada forests that can mitigate damage from climate-related catastrophes.
 - Can we use insurance to create incentives for wetland restoration to help defend the coast against storm surge or river-side communities from flood induced by atmospheric rivers?
 - Can we create stronger incentives for forests to be managed to reduce the risk of major fires?
 - What if you could save money on insurance premiums because you live near a thriving wetland or coastline?

The Climate Insurance Working Group and the Integrated Climate Adaptation and Resiliency Technical Advisory Council (TAC)

There is potential for these two groups to benefit from each other through sharing of information and expertise. We are initiating a conversation between the two groups as to whether a future collaboration would be impactful; to this end we are planning regular updates between groups.

Discussion question: What are the Council's initial recommendations on how to structure engagement and regular updates between the SB 30 workgroup and TAC? Options could include, staff providing regular updates between groups, establishing a formal liaison role between designees from each group, or other options that can be discussed during the September 20 meeting.