

## City of [NAME] Policy Memo on Insurance and Climate Change

Insurance companies play a somewhat hidden but critical support role to the fossil fuel economy by underwriting fossil fuel projects like oil pipelines and fracking infrastructure and collectively, by making massive investments in fossil fuel companies. This means the insurance industry has the potential to instead support the expansion of renewable energy in the same way and to accelerate the transition to climate solutions in line with the Paris Agreement and with the goals and vision for the City of [NAME].

The U.S. insurance industry, however, isn't yet stepping up to the demands of the climate crisis - in 2019, 77% of U.S. insurers held \$536 billion in assets in coal, oil, gas, and utilities<sup>1</sup> and many continue to provide coverage for much of the fossil fuel industry domestically and abroad. Municipalities, as insurance purchasers and leaders in meaningful climate action, are critical to creating and communicating demand for financial services, including insurance, that avoid or limit support for fossil fuels. The two primary mechanisms for the City of [NAME] to do this are via the city's insurance procurement and advocacy.

### *Procurement*

When procuring insurance, the City of [NAME] shall incorporate fossil fuel underwriting and investments as criteria for prospective carriers. Specifically, this could include:

- 1) Surveying each prospective carrier as part of the Request For Proposal (RFP) process through the [NAME OF CITY DEPARTMENT THAT OVERSEES INSURANCE PROCUREMENT]
- 2) Giving preference, up to a 5% premium cost increase, over the next-lowest offered contract, for contracts with insurers with fossil fuel restriction policies

### *Advocacy*

The City of [NAME] shall use its position as a municipal sustainability leader to advocate for similar action in public and private sector networks in and out of [STATE]. Specifically, this could include:

- 1) Advocate to other municipal, county, and state-level entities to adopt similar insurance procurement practices and share resources to support those efforts.
- 2) Advocate to private sector entities in [STATE] to adopt similar insurance procurement practices and share resources to support those efforts.
- 3) If the City of [NAME] has membership or obtains future membership in pooled risk programs, the City shall advocate for those program investments to avoid fossil fuels.

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<sup>1</sup> <https://www.ceres.org/resources/reports/changing-climate-insurance-industry>