



December 4, 2023

Office of Information and Regulatory Affairs  
Office of Management and Budget  
Executive Office of the President

*RE: California Community Groups Support Federal Insurance Office Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data: ICR Reference Number: 202311-1505-001*

To Whom It May Concern:

Rise Economy, Central Valley Urban Institute, East LA Community Corporation (ELACC), Just Solutions, Main Street Launch, and SaverLife write to express our strong support for the Office of Management and Budget's (OMB) approval, without delay, of the Department of the Treasury's Federal Insurance Office (FIO) final proposed "Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data" ("data collection" or "data call") from top nationwide homeowner insurers.

Rise Economy is a member-led alliance creating systemic change and economic justice for BIPOC and low-income communities. Rise Economy is building a powerful movement for economic justice, focused on knocking down the historical barriers Blacks, Latinos, and other People of Color have faced in building generational wealth. For over thirty years, Rise Economy and our nonprofit member organizations have relied upon rigorous data analysis to fight redlining and discrimination against consumers and communities of color.

Over the last couple of years, at the urging of our member organizations, we have increasingly worked to understand and advocate against the disproportionate impacts of climate change on communities of color in California. Now, we are witnessing insurers leave California markets purportedly due to climate related risks, at the same time that many of these insurers are investing in and underwriting fossil fuel companies and



extraction activities that hasten climate change. There has never been a more crucial time for such a data call.

This effort is particularly important in that it is designed to provide data at a level of detail that will help FIO monitor the potential for major disruptions of private insurance coverage in climate vulnerable regions of the country and the extent to which traditionally underserved communities and individuals have access to affordable insurance products. This aligns with FIO's mandate and the stated goals of the data collection.

The data collection is also an essential part of FIO's work in response to President Biden's Executive Order on Climate-related Financial Risk, which called on FIO to "assess, in consultation with States, the potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts."<sup>1</sup> The executive order has a purpose of analyzing and mitigating the risk climate change poses to homeowners and consumers, businesses and workers, and the financial system and Federal Government itself.

The data collection will also advance the goals of the President's Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government.<sup>2</sup>

There should be no doubt that climate change is having tremendous negative impacts on consumers, communities, and financial markets. According to the Fifth National Climate Assessment<sup>3</sup>— The estimated annual

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<sup>1</sup> "Executive Order on Climate-Related Financial Risk," *The White House*, May 20, 2021. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/05/20/executive-order-on-climate-related-financial-risk/>

<sup>2</sup> "Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," *The White House*, January 20, 2021. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>

<sup>3</sup> Jay, A.K., A.R. Crimmins, C.W. Avery, T.A. Dahl, R.S. Dodder, B.D. Hamlington, A. Lustig, K. Marvel, P.A. Méndez-Lazaro, M.S. Osler, A. Terando, E.S. Weeks, and A. Zycherman, "Fifth National Climate Assessment (NCA5)," *U.S. Global Change Research Program*, 2023. <https://doi.org/10.7930/NCA5.2023.CH1>; <https://nca2023.globalchange.gov/>



cost to the US economy from extreme weather events caused by climate change is \$150 billion.

Yet the public, policymakers, and even financial regulators do not have the data necessary to understand insurance trends, growing harm to consumers, or the potential for systemic financial risk that may spill over into the broader financial system.

The data call will require certain homeowners insurance providers to disclose details about their premiums, claims, and overall climate-related exposures and how that affects insurance availability for policyholders, covering the past six years of underwriting data. This data will be collected by zip code, rather than at the state or nationwide level where information is currently available.

Disappointingly and in response to industry pushback, FIO scaled back the data call from its earlier proposal, reducing the number of insurers impacted and cutting back the requested data points by half, including claims denials, which are essential to fully understanding the market, its relation to climate risks, and its impact on consumers.

We highlight again how important claim denial data is to understand whether insurers are providing coverage in an equitable manner. As such, we strongly recommend that the data call seek denial data that will illuminate the frequency and terms of denials, as well as the demographics of those denied and the companies involved. The absence of such data reflects a major concession to the industry, will obfuscate equity and fairness questions, and may frustrate the goals of this entire initiative. We urge the inclusion of such data in future data call efforts.

FIO must act now. State insurance regulators cannot provide in a timely manner the type of nationwide data that FIO has a duty to collect to identify issues or gaps contributing to a systemic crisis in the insurance sector. Further, a perhaps preemptive announcement in August of 2023 by the National Association of Insurance Commissioners (NAIC) about plans to



issue its own data call<sup>4</sup> is dubious at best, with little indication as to what data will be collected, the level of industry participation we can expect, and whether that effort will help us achieve the critical goals outlined by FIO.

In moving this proposal forward, FIO has taken public comments into account and refined its proposal, while working to meet its duty to respond to emerging threats to financial stability posed by the growing insurance gap, promoting measures that build the capacities of financial institutions, municipalities and consumers—particularly in LMI and BIPOC communities—to manage climate risks, and that ensure a just allocation of risks and related costs.<sup>5</sup>

As noted, we were disappointed that FIO did not go further in securing additional, robust data points to bring greater transparency to this opaque but critical market. Amongst other items, we believe the following data points are necessary to fully achieve FIO’s goals:

- Additional types of insurance (e.g., auto), claims delays and underpayments, policy cancellations, and underinsurance.<sup>6</sup>
- Data that reflects whether and how insurance policies and practices relate to the requirements of certain federal program such as FEMA and SBA, where eligibility for and acceptance of one claim may require application to or denial by another.
- Disaggregated non-renewals data.
- Data collection at the census tract level, including additional demographic data needed to establish whether discrimination is occurring against certain policy holders or neighborhoods.
- Hosting field hearings and roundtables with homeowners, renters, local government officials and community-based organizations,

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<sup>4</sup> “NAIC to Issue Data Call to Help Regulators Better Understand Property Markets,” NAIC, August 15, 2023. <https://content.naic.org/article/naic-issue-data-call-help-regulators-better-understand-property-markets>

<sup>5</sup> [https://www.citizen.org/article/groups-call-on-fsoc-to-take-action-on-insurance/#\\_ftn6](https://www.citizen.org/article/groups-call-on-fsoc-to-take-action-on-insurance/#_ftn6)

<sup>6</sup> Underinsurance data may reveal the extent to which LMI and BIPOC policy holders and communities suffer from worse financial recovery outcomes. See, for example: <https://www.annualreviews.org/doi/10.1146/annurev-resource-100518-094028>



including housing counseling agencies to understand how climate-related insurance issues are presenting on the ground.

- Data that allows for comparisons of claims, denials, payouts, and other key indicators, across specific companies and across different types of climate hazards.

Despite these and other omissions, we appreciate that FIO went through a thoughtful process. We cannot afford any further delay in securing this needed data.

We thank OMB for its review of FIO's data collection request and urge swift approval. If you have any questions about this letter, or wish to discuss it further, please feel free to contact Kevin Stein at [kstein@rise-economy.org](mailto:kstein@rise-economy.org).

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Kevin Stein".

Kevin Stein  
Chief of Legal and Policy

A handwritten signature in black ink, appearing to read "Jamie Buell".

Jamie Buell  
Research Analyst

On behalf of the following endorsing organizations:

Rise Economy  
Central Valley Urban Institute  
East LA Community Corporation (ELACC)  
Just Solutions  
Main Street Launch  
SaverLife