



December 4, 2023

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

Re: OMB Control Number 1505–NEW, Federal Insurance Office Climate-Related Financial Risk Data Collection

The Sunrise Project writes to express our strong support for the Office of Management and Budget’s (OMB) expeditious approval of the final proposed “Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data” (“data collection” or “data call”) by the Department of the Treasury’s Federal Insurance Office (FIO).

Congress created the FIO after the 2008 financial crisis with the express authority to monitor all aspects of the insurance industry, and gave the FIO non-voting membership on the Financial Stability Oversight Council (FSOC) out of recognition of the implications insurance industry developments might have for the stability of the financial system. The growing frequency and intensity of climate disasters is causing a dramatic increase in market withdrawals, premium spikes, and insolvencies observed amongst insurance companies. In a letter to the FSOC last month, a number of advocacy organizations detailed concerns with these insurance market trends, and urged the FSOC to incorporate these developments into the analytical framework that the FSOC finalized soon thereafter.¹ The proposed data call from FIO is essential to keeping FSOC member agencies fully informed about worrying trends in the markets. No other agency is equipped with the ability to provide reliable, uniform, and nationwide data on a matter of crucial importance to all FSOC member agencies.

According to a 2021 survey by the National Association of Insurance Commissioners (NAIC), roughly one-third of respondents reported challenges renewing or obtaining insurance for their home because of natural disasters.² Since the FIO is also tasked with monitoring “the extent to which traditionally underserved communities and consumers, minorities, and low- and moderate-income persons have access to affordable non-health insurance products,” it is vital for the FIO to obtain accurate information about how climate-related insurance developments are impacting the availability and affordability of insurance.³ This is especially true because of the relationship between affordable insurance and affordable housing,

¹ “Letter to FSOC regarding insurance,” Public Citizen et al., https://www.citizen.org/wp-content/uploads/Letter-to-FSOC-Insurance_FIN.pdf.

² “Extreme Weather and Property Insurance: Consumer Views,” Center for Insurance Policy and Research, https://content.naic.org/sites/default/files/CIPR%20Consumer%20property%20ins%20report%208-21_0.pdf.

³ “About FIO,” U.S. Department of the Treasury, <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/about-fio>. See also 31 U.S.C. § 313(c)(1)(B).

and the pressures that the lack of affordable housing nationally is placing on persistent inflation. Minutes from the most recent Federal Open Market Committee meeting indicate that participants cited a “tight housing market” as a potential ongoing cause of inflation.⁴

In issuing this data call, the FIO is acting within its statutory authority to “monitor all aspects of the insurance industry.”⁵ Parallel efforts by the NAIC must not be used to justify any delay of the data call, since the FIO’s process for finalizing the data call indicated that the NAIC did not provide a firm timeline for when data would be collected, and could not guarantee that all states would participate.⁶

We appreciate the NAIC’s announced data call, and we applaud the FIO’s work to collaborate and coordinate their data collection in partnership with the NAIC.⁷ Deferring to the NAIC’s data call, however, would risk the exclusion of vital information in the event that certain regulators do not participate. According to expert testimony provided to Congress, challenges with the affordability and availability of insurance have been observed throughout the country, and are not limited to coastal states.⁸ The granularity and consistency sought by the FIO data call is necessary to ensure coordination across federal agencies, including FSOC members, to maintain financial stability, identify racial and systemic inequalities, protect consumers, and improve housing market outcomes. The mere possibility of a future data collection of uncertain scope has no bearing on the necessity of the FIO’s data call.

Because this data collection advances several administration priorities simultaneously, and does so in a way that is minimally burdensome to stakeholders, we urge the OMB to approve the data call without delay.

Sincerely,
The Sunrise Project

⁴ “Minutes of the October 31-November 1, 2023 meeting,” Federal Open Market Committee, <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20231101.pdf>.

⁵ 31 U.S.C. § 313(c)(1)(A).

⁶ Federal Insurance Office Climate-Related Financial Risk Data Collection for U.S. Homeowners Multi-Peril Underwriting Data, 88 Fed. Reg. 75,380 at 75,380-75,381 (Nov. 2, 2023).

⁷ Ibid.

⁸ “Testimony of Douglas Heller,” United States Senate Committee on Banking, Housing, and Urban Affairs, <https://www.banking.senate.gov/download/heller-testimony-9-7-23>.