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MEDIA ADVISORY

California Insurance Commissioner Asks Insurance Industry to Divest from Coal

Commissioner Dave Jones calls on the insurance industry to discontinue investing in thermal coal companies, and announces a new data call on carbon-based investments held by insurance companies

NEW YORK —Today, California Insurance Commissioner Dave Jones called on the insurance industry to make significant changes in its coal-related investments. While speaking at the Investor Summit on Climate Risk at the United Nations, Commissioner Jones encouraged all insurance companies doing business in California to refrain from making any new, or renewing any existing, investments in thermal coal companies.

“California is in the process of decarbonizing its economy and transitioning to clean, pollution free energy resources. By divesting in thermal coal, not only will insurance companies help reduce the combustion of coal resources – the single largest contributor to global climate change in the United States, but it will help protect insurance companies from holding investments that at some time in the near future are likely to drop substantially in value, possibly weakening the financial strength of any company that continues to hold these investments.”

In 2015, California enacted legislation that requires its public pension funds to liquidate investments in thermal coal companies by July 1, 2017. Commissioner Jones is asking the insurance industry to follow in this path. “Not only are the world’s largest pension funds divesting from coal, but I am proud to recognize several insurance companies that have already moved in this direction. Allianz, which is not only an international insurance company but one of the world’s largest financial asset managers, announced that it would decrease investments in companies using coal and boost funding in those focused on wind power. Similarly, Axa Insurance Company announced last year that it would remove from its portfolio, and refrain from future investment in, companies that derive more than half of their income from coal mining, as well as in electrical utilities that take more than half of their energy from thermal coal power plants.”

As part of his coal divestment policy, Commissioner Jones invited all insurance companies to join his pledge to divest from investments in thermal coal companies. “Today, I am inviting all insurance companies to join my ‘Coal Divestment Pledge,’ that acknowledges the risk of holding thermal coal investments by insurance companies, and expresses a commitment to reduce and eliminate these investments. I know that it may not be possible for every insurer to quickly eliminate all of their coal holdings, so signing the pledge is a great way for them to start moving in this direction.”

Commissioner Jones also announced that in the Spring of this year, he will initiate a data call that collects information from insurance companies to determine the amount of financial risk borne by the insurance industry because of all carbon-based investments.

“In order to determine the current exposure to the insurance industry, I am launching an effort to collect valuable data about the types of carbon-based investments held by all insurance companies that write \$100 million or more in premium in California. Knowing how much money insurers have invested in oil, gas, coal, fracking, and other non-clean energy sources, will help inform us about the vulnerability the insurance industry has to a decarbonized economy, and whether it would be prudent to move towards divestment from certain carbon-based enterprises.”

Commissioner Jones latest effort to gather information on carbon-based investments, is part of a more comprehensive effort to survey, examine, and evaluate the financial strength of the insurance industry in light of climate change.

“I do not want to sit by passively and then discover in the near future that insurance companies’ books are filled with ‘Stranded Assets’ that have lost their value because of a shift away from the carbon-based economy, jeopardizing their financial health and ability to meet their obligations, including paying claims to policyholders. Outside of the United States, there are a variety of efforts to encourage decarbonization of investments, including those by the Government of France, the Portfolio Decarbonization Coalition, and the Montreal Carbon Pledge. We need to make sure that the U.S. insurance industry begins to take notice, and if necessary take steps to develop and implement new carbon investment strategies.”

Media Notes:

- A copy of the Commissioner’s Coal Divestment Pledge can be found here: _____
- Commissioner Jones leads a multi-state group that has surveyed more than 1,000 companies that write more than \$100 million in premium, capturing approximately 77 percent of the entire U.S. insurance market. [Survey results](#) can be found on the California Department of Insurance’s website.



The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$259 billion in premiums annually in California. In 2014 the California Department of Insurance received more than 175,000 calls from consumers and helped recover over \$63 million in claims and premiums. Please visit the Department of Insurance web site at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.HELP or 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.