

**CLIMATE CHANGE AND FINANCIAL RISK**  
**Implications for Public Entities and Regulated Utilities**

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**Central Coast Climate Collaborative Annual Symposium**

**Wed, Aug 14, 2019**



# CLIMATE CHANGE IMPACT ON INSURANCE INDUSTRY

## Perspective on Underwriting & Investment Portfolios



- ▶ Evolution in our Thinking
- ▶ Laggard to Thought Leader
- ▶ Elevated Threat
  - Underwriting
  - Investments
  - Regulator & Rating Agency Concurrence
  - Heightened Climate Change Weight on Stress/Solvency Tests
- ▶ Climate Change = Grey Rhino
  - Our New Normal
  - Industry Solutions



# CLIMATE CHANGE IMPACT ON PUBLIC ENTITIES & REGULATED UTILITIES

## Perspective on Insurance Policies and Municipal Bonds

- ▶ Insurance Carrier-to-Policyholder Relationship
  - Tightening Property Marketplace
  - Transformational Liability Changes
  - Insurance Industry as Institutional Buyer of Municipal & Utility Revenue Bonds
  - \$500 Billion Portfolio
- ▶ Climate Change vs Conventional Wisdom
  - Heightened Buyer Scrutiny
- ▶ Climate Change = Grey Rhino
  - Your New Normal
  - Bond Competition