February 9, 2026

Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, California 95814

Honorable members of the California Air Resources Board,

Thank you for this opportunity to comment on the proposed rule to establish fees, timelines, and definitions for implementing the California Climate Corporate Data Accountability[1] and Climate-Related Financial Risk[2] laws. We represent 40 national, state, and local public interest organizations with significant cumulative membership in California. We appreciate the Board's efforts and progress to date to implement these important laws quickly and transparently, and for the opportunity to comment. We urge the Board to remove the proposed exemption from emissions reporting for insurance companies and finalize the rule expeditiously.

The proposal establishes the fee structure for businesses subject to the laws, definitions needed to implement the rules, reporting deadlines, and available enforcement measures. We generally support these aspects of the proposal. The proposal also includes a list of types of entities exempted from the two reporting programs, including state and federal government entities; tax exempt nonprofits and foundations; companies whose only business in California is the presence of teleworking employees; companies whose only business in the state is wholesale electricity transactions; and insurance companies. The proposal effectively justifies all exemptions except for the last, insurance companies, which is not supported by statutory text or the record of legislative intent.

Exempting government and nonprofit entities is reasonable, as the disclosure laws explicitly focus on "corporate" actors with large revenues that "do business in California" and therefore make reportable revenue as defined in California law. The carve out for companies whose only business in the state is the presence of teleworking employees is likewise not controversial, as these companies generally lack a sufficient economic nexus to be considered as "doing business" in the state. We also understand that Senator Weiner wrote a letter clarifying legislative intent to exempt companies whose business in the state is limited to interfacing with California Independent State Operator (CAISO) in the wholesale electricity market.[3]

However, we urge the Board to reconsider its unjustified exemption from SB 253 reporting for insurance companies doing business in the state. These are clearly corporate entities that make reportable revenue in the state and transact directly with California consumers. While SB 261

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[1] California Senate Bill (SB) 253. Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended.
[2] California SB 261. Stern, Stats. 2023, ch.383; codified in Health and Safety Code section 38533, as amended.
[3] California Legislature. Senate Daily Journal 3058. 2023-24 Regular Session. January 30, 2024.

explicitly exempts insurance companies, SB 253 does not. Extending the exemption would be inconsistent with the statute, diminish the benefits of the program, and create a special carve out for an industry that is tightly linked to the state's climate-related challenges.

An exemption for insurance companies is inconsistent with statute.

The Board has proposed exempting insurance companies from SB 253 reporting "for continuity,"[4] but doing so flatly contradicts the statute. The California legislature originally considered versions of both disclosure bills that did not exempt insurance companies,[5] but ultimately the financial risk disclosure law was adjusted in recognition that it significantly overlapped with the financial risk disclosure standard adopted by the National Association of Insurance Commissioners, while the emissions bill was signed into law without an exemption for insurance companies. The Board lacks authority to carve out an exemption that does not exist in the statute and that the legislature considered and rejected. Moreover, if the Board fabricates an exemption for insurers, other sectors are likely to seek exemptions as well. We note also that the two disclosure programs already differ in scope with respect to the number and size of firms required to report due to the different corporate revenue thresholds in the two laws. Other differences in scope are permissible as well—and indeed are required by the differences that the legislature deliberately created between the statutes.

Insurance companies' greenhouse gas (GHG) emissions disclosures are important to California stakeholders.

California is experiencing a property insurance crisis driven in large part by climate change, exacerbated by the insurance industry's support for fossil fuels and harmful responses to the rising frequency, intensity, and cost of climate-related disasters. More frequent and destructive climate disasters have led insurers to raise rates, cut coverage, or abandon certain areas altogether (see, for example, State Farm's retreat right before the 2025 Los Angeles wildfires).[6] At the same time, nearly *half* of homeowners' insurance claims nationwide were closed without any payment in 2024[7] while premiums rose eight percent[8]—nearly three times the 2.9 percent inflation rate.

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[4] CARB. "Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation. Staff Report: Initial Statement of Reasons." December 9, 2025.
[5] California SB 449: "Climate-Related Financial Risk." Stern. 2021-2022 Regular Session. February 16, 2021, as amended April 22, 2021; California SB 260: Climate Corporate Accountability Act. Wiener. 2021-2022 Regular Session. January 26, 2021, as amended August 15, 2022.
[6] Jean Eaglesham and Susan Pulliam, "State Farm Was All In on California—Until It Pulled the Plug Before the Fires." *Wall Street Journal.* February 6, *2025.*
[7] Weiss Ratings, "14 Large U.S. Insurers Closed Nearly Half of Homeowner Claims with No Payment in 2024." June 11, 2025.
[8] "Natural Disasters Blamed as Home Insurance Projected to Rise 8% in 2025." *Rethinking65*. May 19, 2025.

Even as insurers complain of growing climate-related losses, the industry's underwriting loss ratios remain low,[9] and overall profits set record highs.[10] In 2025, property insurers made profits of nearly $60 billion on underwriting alone across the country,[11] and that figure excludes investment profits. Executive compensation is increasing thanks in large part to so-called performance-linked pay packages that incentivize claim denials and other anti-consumer practices.[12]

Insurers are also among the leading institutional investors in fossil fuels,[13] investing approximately $580 billion in coal, oil, and gas[14] in 2019 alone. The burning of fossil fuels is the primary cause of climate change,[15] which means insurers' investments are contributing to the extreme weather events that are driving up costs for consumers. Simply put, it is in the public interest for California stakeholders to have more information about insurance companies' impact on the climate and their progress towards their stated climate goals.

Exempting insurance companies from SB 253 reporting would leave a documented emissions gap unaddressed.

While large insurance companies are disclosing climate-related financial risk reports to the California Department of Insurance,[16] there is a persistent gap in GHG emissions reporting.[17] The insurance industry has argued that GHG emissions generally do not represent a risk to insurers' financial health and thus should not be included in financial risk reporting.[18] This argument lacks merit, but in any event SB 253 addresses this gap because it requires disclosure of the full scope of GHG emissions reporting for corporate actors doing business in the state instead of relying on self-reporting that is limited to emissions that individual firms deem "risky" or "material."

Thank you for advancing this important effort to ensure corporate transparency and accountability on climate risks, impacts, and action.

Sincerely,

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[9] The property insurance industry's net loss ratio was 71.2 percent in 2024, compared to an average around 80 percent from 1980-2000. See: National Association of Insurance Commissioners. U.S. Property and Casualty and Title Insurance Industries – 2024 Full Year Results; Wang, Shaun S. et al. "U.S. property-casualty: Underwriting cycle modeling and risk benchmarks." *Casualty Actuarial Society*. Vol. 5, Iss. 2. 2012.

[10] See e.g., Jean Eaglesham, "Travelers Notches Record Profits; Insurer's Stock Rises." *Wall Street Journal.* January 22, 2025; Saqib Rahim, "Insurers earn record sums in disaster-free third quarter." E&E News. November 21, 2025; American Association for Justice. "The Insurance Industry is Quietly Making Record Profits." April 1, 2025; Stancil, Kenny. Revolving Door Project. "Don't let home insurers fool you. They're more profitable than ever." July 14, 2025.

[11] Jean Eaglesham, "The Uproar Over Affordability Is Coming for Insurers." *Wall Street Journal*. January 22, 2026.

[12] Dan Wagner and Kenny Stancil. Public Citizen. "Home Insurance Executives Are Raking It In–At Your Expense." 2025.

[13] Investing in Climate Chaos. Urgewald. "Fossil Fuel Investment Report." August 9, 2024.

[14] Hailey Ross, "Climate risks for insurers: Why the industry needs to act now to address climate risk on both sides of the balance sheet." *S&P Global*. August 27, 2021.

[15] United Nations. "Causes and Effects of Climate Change." Accessed January 29, 2026.

[16] California Department of Insurance. NAIC Climate Risk Disclosure Survey Results Database. Accessed 2026.

[17] Ceres. "The Measurement Gap: A Deep Dive into Climate Risk Reporting in the U.S. Insurance Sector." August 12, 2025.

[18] American Property Casualty Insurance Association. Comment to the Securities and Exchange Commission. June 17, 2022.

Public Citizen
Americans for Financial Reform Education Fund

350 Bay Area Action
350 Conejo / San Fernando Valley
350 Contra Costa Action
350 Humboldt
350 Sacramento
350 Silicon Valley
Affordable Homeownership Foundation, Inc.
As You Sow
Bay Area-System Change not Climate Change
California Environmental Voters
Center for Insurance Research
Center for International Environmental Law
Centre for Citizens Conserving Environment & Management (CECIC)
Climate Cabinet Action
Climate Defenders
Coalition for Clean Air
Courage California
Divest Oregon: Reinvest in a Fossil Free Future
Earth Ethics, Inc.
Freeport Haven Project
Friends of the Earth U.S.
Green America
Habitat Recovery Project
League of Conservation Voters
Little Tokyo Service Center
Los Angeles Climate Reality Project
Mossville Environmental Action Now (MEAN)
National Community Reinvestment Coalition (NCRC)
Rise Economy
SanDiego350
Santa Cruz Climate Action Network
Sierra Club California
Stand.earth
The Greenlining Institute
Third Act SoCal
Union of Concerned Scientists
West Berkeley Alliance for Clean Air and Safe Jobs
Youth v. Oil

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