

California Insurance Commissioner Lara and UN Environment announce first US sustainable insurance roadmap to reduce California's climate risks

Los Angeles, California, 23 July 2019—The California Department of Insurance and the United Nations Environment Programme (UN Environment) have launched a yearlong effort to develop a Sustainable Insurance Roadmap to confront California's climate risks. California Insurance Commissioner Ricardo Lara and Butch Bacani, who leads UN Environment's Principles for Sustainable Insurance (PSI)—the largest collaboration between the United Nations and the insurance industry—announced the groundbreaking initiative at a [roundtable](#) co-hosted with the UCLA School of Law and UC Berkeley School of Law.

This is the first time the United Nations has partnered with an American state to create a sustainable insurance strategy and action plan that would tackle the growing risks of climate change. Last year, California experienced the deadliest and most destructive wildfires in the state's history, resulting in more than USD 12 billion in insured losses, making it the world's costliest disaster.

"We have a historic opportunity to utilize insurance markets to protect Californians from the threat of climate change, including rising sea levels, extreme heat and wildfires," said **California Insurance Commissioner Ricardo Lara**. "Working with the United Nations, we can keep California at the forefront of reducing risks while promoting sustainable investments."

"A sustainable insurance roadmap will enable California to harness risk reduction measures, insurance solutions, and investments by the insurance industry in order to build safer, disaster-resilient communities, and accelerate the transition to a low-carbon, sustainable economy," said **UN PSI leader Butch Bacani**. "With Commissioner Lara's vision and leadership, we look forward to working together with insurers and key stakeholders to drive ambitious climate action now, in line with the aims of the Paris Agreement on Climate Change."

California is the largest insurance market in the US, and one of the largest in the world. The California Department of Insurance was one of the first insurance regulatory and supervisory authorities in the world to sign UN Environment's Principles for Sustainable Insurance and commit to tackling global sustainability challenges such as climate change, biodiversity loss and ecosystem degradation, pollution, and social and financial exclusion.

The California Sustainable Insurance Roadmap is envisioned to pave the way for innovative risk management, insurance and investment solutions that reduce climate risks and protect natural ecosystems. For example, new insurance products could be developed to promote cooler streets and renewable energy. In other countries, insurance solutions for coral reefs and mangroves are emerging as these natural ecosystems have been proven to significantly reduce wave energy and buffer storm surge, reducing flood risk and protecting

communities. In this vein, insurance solutions for California’s protective, life-supporting natural infrastructure—such as wetlands and forests—could reduce climate and disaster risk and present new opportunities.

The latest report of the Intergovernmental Panel on Climate Change (IPCC) highlights the rapid, far-reaching and unprecedented changes needed to limit global warming to 1.5°C. It shows that every extra bit of warming matters, and that warming of 1.5°C or higher increases the risk associated with long-lasting or irreversible changes, such as the loss of some ecosystems. Moreover, the latest report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) finds that around 1 million animal and plant species are now threatened with extinction, many within decades, more than ever before in human history.

The California Department of Insurance and UN Environment’s PSI Initiative will engage insurers and reinsurers, public policy leaders, environmental NGOs, researchers, and risk management experts on this major collaborative effort to make California’s communities and economies resilient, inclusive and sustainable.

About UN Environment’s Principles for Sustainable Insurance Initiative

Endorsed by the UN Secretary-General, the Principles for Sustainable Insurance serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities—and a global initiative to strengthen the insurance industry’s contribution to building resilient, inclusive and sustainable communities and economies.

www.unepfi.org/psi

About California Insurance Commissioner Ricardo Lara

Commissioner Lara is one of California’s environmental leaders who authored the state’s super-pollutant reduction strategy and received the first Climate and Clean Air Award with former Governor Jerry Brown. He wrote the nation’s first climate insurance bill to protect California’s natural environment. Under his leadership, the California Department of Insurance has created the first deputy-level position for climate and sustainability.

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