

## CLIENT ALERT

### California Bill Requiring Insurer Fossil Fuel Disclosures Includes Controversial Provisions

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On January 25th, 2022, California Assembly member, Marc Levine, [introduced AB-1694](#), a bill that would require insurance companies to disclose details of all investments made in fossil fuel-related entities and all insurance provided for fossil fuel-related companies and projects. The bill directs the California Department of Insurance to publish these disclosures on its website and would authorize the Insurance Commissioner to take regulatory action to prohibit or restrict investments and insurance for fossil fuel-related companies and projects. The last aspect is the most controversial portion of the newly proposed California legislation.

The American Property Casualty Insurers Association (“APCIA”) [described AB 1694](#) as “potentially dangerous.” Denni Ritter, APCIA assistant vice president for state government relations, explained that “This bill gives broad authority to the California Department of Insurance to prevent an insurer from investing in or insuring a fossil fuel-related entity or project.” He emphasized that “this bill could needlessly jeopardize funding for important projects working to develop alternatives to fossil fuel, by limiting investment and insurance for local utilities,” contradicting its goal and the public policy objectives of tackling climate change. He also noted that the bill “could force necessary businesses, like gas stations or power plants, to go without insurance, putting the public and our state’s economic recovery at risk.”

Though the bill requires insurers to annually disclose fossil fuel-related investments and underwriting, California insurers already make these disclosures. Insurers in California and six other states each year complete the Insurer Climate Risk Disclosure Survey, which was adopted by National Association of Insurance Commissioners in 2010.

AB-1694 was introduced by Assembly member Levine who is [campaigning](#) for California State Insurance Commissioner. In a [press release](#), he stated, “Insurance companies want to raise rates due to climate risk, yet are investing and underwriting the fossil fuel industry - the very industry that exacerbates climate change. If we are serious about fighting the climate crisis, we need transparency from the insurance industry created by AB 1694.”

The bill would add the following provisions to the state’s Insurance Code:

**1183.**

(a) On or before January 1, 2024, and on or before each January 1 thereafter, an admitted insurer shall disclose both of the following to the department in a form and manner determined by the department:

- (1) All of the insurer’s investments in fossil fuel-related entities.
- (2) All of the fossil fuel-related companies and projects that the insurer underwrites or otherwise insures.

(b) On or before April 1, 2024, and on or before each April 1 thereafter, the department shall publish the information submitted pursuant to subdivision (a) on its internet website.

(c) The commissioner may take regulatory action to prohibit or restrict insurers from investing in fossil fuel-related entities or underwriting or otherwise insuring fossil fuel-related companies and projects.

It is expected to be considered by the California State Assembly this Spring.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

**Laura Foggan**

Partner – Washington, D.C.

Phone: +1.202.624.2774

Email: [lfoggan@crowell.com](mailto:lfoggan@crowell.com)

**Miranda H. Turner**

Partner – Washington, D.C.

Phone: +1.202.624.2659

Email: [mturner@crowell.com](mailto:mturner@crowell.com)

**Kevin D. Cacabelos**

Associate – San Francisco

Phone: +1.415.365.7215

Email: [kcacabelos@crowell.com](mailto:kcacabelos@crowell.com)