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U.S. insurers seen as lagging on global warming

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NEW YORK (Reuters) - When 100 of the world's leading companies joined together to endorse an initiative to fight global warming last month, European insurers Munich Re, Swiss Re and Allianz were on the front line.

Conspicuously on the fringes were U.S. insurers. Only insurance broker Marsh & McLennan Cos. Inc. signed the measure calling for limits on greenhouse gas emissions.

"It's a conundrum, why U.S. insurers are so slow to act," said Andrew Logan, a director at Ceres. The coalition of institutional investors and environmentalists has spent three years prodding U.S. insurers.

While "global warming" remains controversial, weather experts agree the temperature of the world's oceans is rising, providing the rocket fuel for hurricanes that slammed into the United States in recent years and cost insurers \$80 billion.

Swiss Re on Thursday warned that global warming will cause even heftier claims in the future.

AGNOSTIC

Catastrophe claims from hurricanes hitting the Gulf Coast and Florida cost Bermuda-based Ace Ltd. nearly \$1 billion after taxes in 2005. But its chief executive, Evan Greenberg, told investors at a recent conference that while he personally believes in global warming, "in my business life I am agnostic."

"The majority of interests here (in the U.S.) have been either hostile or had no opinion," said Robert Hartwig, president of the Insurance Information Institute, which represents the U.S. industry.

"European insurers, and particularly Munich Re and Swiss Re, have always thought longer term," said Christopher Treanor, chief executive of insurance broker Mercator Risk Services. "The U.S. as a business culture takes a shorter view."

Insurers' lukewarm response to global warming mirrors the Bush administration, which refused to adopt mandatory greenhouse gas emission cuts for fear of hurting the economy.

"Insurers are balancing the need to maintain solvency, serve customers and deal with all sorts of political views on the issue," said David Snyder, an attorney with the American Insurance Association, an insurers' trade group.

"As one company put it, 'we want to do business with everyone,'" said Robert Downie, director of the Global Roundtable on Climate Change.

DON'T TREAD ON ME

The National Association of Insurance Commissioners, which regulates the U.S. industry, has set up a task force to see whether insurers are looking at the risks of climate change and, more ominously, whether they have the financial strength to get through an extended period of severe weather.

"We're seeing all kinds of extreme weather in the Great Plains states, including drought, tornadoes, brush fires and severe hailstorms," said Tim Wagner, co-chair of the task force and director of insurance for Nebraska.

But insurers have turned a blind eye. "I feel like I am singing but nobody is listening," said Wagner. "The only real industry response is 'don't tread on me.'"

Some shareholders are trying to force action on their own. Calvert Asset Management has asked insurers Ace, Hartford Financial Services Group Inc., Chubb Corp. and Prudential Financial Inc. to disclose more about how they are dealing with climate change.

Ace responded by asking the U.S. Securities and Exchange Commission to block a shareholder resolution that would put the matter to a shareholder vote at its 2007 annual meeting in May. The SEC has yet to make a decision in the matter, an Ace spokesperson said.

But Hartford and Prudential has been "much more positive," said Stu Dalheim of Calvert. The socially conscious fund manager withdrew its resolution against Prudential, and hopes to reach a similar compromise with others.

The AIA's Snyder said some insurers are taking action to help the environment, giving lower rates to drivers of hybrid cars and pushing lawmakers for stiffer building codes and land use controls in coastal areas.

But for now they want to stay below the radar. "We believe public advocacy ... is far more productive," he said.

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