

# U.S. PIRG

## **Fact sheet: How Chubb, The Hartford, and Travelers put consumers at financial risk**

By providing insurance for new fossil fuel projects, three U.S. insurance companies -- Chubb, The Hartford, and Travelers<sup>1</sup> -- are putting the financial well-being of homeowners, retirees, investors and small businesses at risk.

### **Putting homeowners at risk**

By underwriting fossil fuel-related projects, Chubb, The Hartford, and Travelers<sup>2</sup> are perpetuating processes that lead to climate change and its related weather events.<sup>3</sup> In turn, those disasters lead to rising premiums,<sup>4</sup> not only for their own customers but those of other insurance companies too.

- Travelers, Chubb and The Hartford are among the top 20 companies for total homeowners insurance premiums in the U.S. and U.S. territories.<sup>5</sup>
- Together, they make up 8.08% of the market for homeowners insurance. (Travelers is #6 with 4.64%, Chubb is #9 with 2.68%, and Hartford is #20 with 0.76%.<sup>6</sup>)
- Severe weather stoked by climate change could result in property owners' deaths, injuries, property loss, property damage or diminished property values.<sup>7</sup>
- Insurance companies could then, as they often do, hike premiums to pass on the higher costs of claims to their customers, tightening household budgets and freezing more people out of the market entirely.<sup>8</sup>
- Those who have insurance could lose it altogether. Green Century Capital Management, PIRG's affiliated environmentally-responsible mutual fund company, filed a shareholder resolution, which highlights that Chubb stopped providing insurance for customers in certain wildfire-prone areas in California.<sup>9</sup>

### **Putting investors at risk**

People should be able to invest for their futures without worrying about reckless risk or how their investments might make climate change worse.

- However, the three largest mutual fund companies on MarketWatch's list of the 25 largest funds include holdings in Travelers, Chubb and The Hartford,<sup>10</sup> all of which provide insurance policies that allow existing fossil fuel projects to continue and new, dangerous ones to be started and developed.
- By insuring the expansion of fossil fuel projects, these three insurance companies are increasing the likelihood of insured losses from climate change-related natural

disasters<sup>11</sup>, which in turn puts their shareholders' retirement savings and other investments at risk of losses, too.

- In addition, more fossil fuel projects will likely expose companies across all industry sectors to financial risks related to climate change, which may depress the value of virtually all assets and hurt investors.<sup>12</sup>

### **Putting small businesses at risk**

Travelers, Chubb and The Hartford are contributing to the very risk they are insuring against and may pass along the higher costs of claims to their small business customers by increasing premiums.

- These three companies are in the top 5 for total multiple-peril commercial insurance,<sup>13</sup> which includes business owners policies.<sup>14</sup>
- Together, they make up 18% of that market in the U.S. and U.S. territories. Travelers is #1, Chubb is #2 and The Hartford is #5.<sup>15</sup>
- Small businesses face many of the same risks as these insurers' home-owning customers. Underwriting policies for fossil fuel projects contributes to climate change-related weather events that put properties at risk, increase the costs of claims and increase the likelihood of premium hikes for their business customers as well.<sup>16</sup>

Chubb, The Hartford and Travelers should protect investors from undue risk and stop insuring new fossil fuel supplies. U.S. PIRG's petition urging these companies to stop insuring climate risks can be signed at [pirg.org/articles/climate-financial-reform](http://pirg.org/articles/climate-financial-reform).

# Endnotes

1. Green Century, *Green Century files shareholder proposals with Chubb, The Hartford and Travelers around their support of fossil fuel projects* (press release), 19 December 2022, <https://www.greencentury.com/green-century-files-shareholder-proposals-with-chubb-the-hartford-and-travelers-around-their-support-of-fossil-fuel-projects/>.
2. Chubb, The Hartford, and Travelers are among the worst ranked insurance companies on Insure Our Future's 2022 scorecard for their fossil fuel underwriting policies. The Hartford is ranked 17th out of 30 global insurance companies. Travelers is ranked 19th. Chubb is ranked 22nd. See Harriet Reuter Hapgood and Peter Bosshard, *Insure Our Future, 2022 Scorecard on Insurance, Fossil Fuels and the Climate Emergency*, October 2022.
3. According to the United Nations, fossil fuels are the biggest contributor to global warming. Effects of global warming include more severe and frequent storms and wildfires that start more easily. See United Nations, *Causes and Effects of Climate Change*, accessed at <https://www.un.org/en/climatechange/science/causes-effects-climate-change>, 15 December 2022.
4. Anna Skinner, "Climate Change Is Costing Americans as Insurance Rates Headed for a Spike," *Newsweek*, 8 September 2022.
5. National Association of Insurance Commissioners (NAIC), *Market Share Reports for Property/Casualty Groups and Companies By State and Countrywide 2022 Edition*, 2022.
6. Ibid.
7. Environmental Protection Agency (EPA), *Climate Change Indicators: Weather and Climate*, accessed at <https://www.epa.gov/climate-indicators/weather-climate>, 15 December 2022. See also The Federal Reserve, *Financial Stability Report – November 2020: Near-Term Risks to the Financial System*, November 2020.
8. See note 4.
9. Green Century Equity Fund, *Shareholder Proposal No. 13 on Chubb Limited's 2022 Proxy Statement: Align Underwriting Fossil Fuel Development Strategies with Global Benchmarks*, 12 April 2022.
10. As of December 15, 2022, the top 3 mutual funds on MarketWatch's list were Vanguard Total Stock Market Index Fund; Institutional Plus, Vanguard 500 Index Fund; Admiral, and Fidelity 500 Index Fund. See MarketWatch, *Top 25 Mutual Funds*, accessed at <https://www.marketwatch.com/tools/top-25-mutual-funds>, 15 December 2022. As of December 15, 2022, these funds included Chubb, The Hartford, and Travelers. For a list of holdings in these funds, see
11. "Climate change 'steroid' contributed to \$130 bln in insured losses last year-Aon," *Reuters*, 25 January 2022.
12. According to a United Nations backed PRI and UNEP report, "Increased climate variability could indicate the onset of substantial, long-term shifts in ecosystems. This volatility could undermine economic growth and reduce fund returns." See Principles for Responsible Investment (PRI) and United Nations Environment Programme Finance Initiative (UNEP FI), *Universal Ownership: Why environmental externalities matter to institutional investors*, 2011.
13. See note 5.
14. NAIC, *Uniform Property & Casualty Product Coding Matrix*, 1 January 2021.
15. See note 5.
16. According to Swiss Re, the second largest global reinsurer, "Climate-related risks are expected to result in a 22% increase in global property premiums, or up to USD 183 billion, over the next 20 years as weather-related catastrophes will likely become both more intense and frequent." See Swiss Re, *Global property & casualty insurance premiums expected to more than double to USD 4.3 trillion by 2040*, *Swiss Re Institute forecasts* (press release), 6 September 2021, <https://www.swissre.com/press-release/Global-property-casualty-insurance-premiums-expected-to-more-than-double-to-USD-4-3-trillion-by-2040-Swiss-Re-Institute-forecasts/66cbcf70-d69f-4e5e-8d87-1b389dbf9491>. See list of largest reinsurers at A.M. Best, *Top 50 Global Reinsurers - 2022 Edition*, 2022.