



Environment Committee
Connecticut General Assembly
Legislative Office Building, Room 3200
Hartford, CT 06106

April 2, 2025

Re: [HB 7174](#) – An Act Concerning Riparian Buffers and Associated Environmental Provisions

Dear Members of the Environment Committee:

Americans for Financial Reform (AFR) appreciates the opportunity to comment in support of Section 14 of HB 7174. AFR is a nonpartisan, nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, civic, and community groups. Formed in the wake of the 2008 crisis, we work to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.

Insurers play a critical role in shaping financial markets and helping households and businesses manage their risks, yet insurers' continued investment in and underwriting of fossil fuel projects like pipelines, power plants, and petrochemical plants contributes to the very climate risks that are increasing costs for policyholders and the public. Fossil fuel companies depend on the availability of insurance coverage to operate their facilities, and insurers remain key financial backers of new coal, oil, and gas infrastructure. Infrastructure expansion creates long-term demand for continued fossil fuel extraction because companies need to generate ongoing revenues to cover the sunk costs of the facilities, creating a feedback loop where new infrastructure drives demand for extraction which, in turn, drives demand for more infrastructure. Scientific research indicates that a significant portion of known fossil fuel reserves must remain unused to limit global warming,¹ and ongoing fossil fuel infrastructure expansion facilitated by insurers will only worsen climate impacts and deepen the property insurance crisis.

Over the past several decades, climate-related disasters such as hurricanes, wildfires, convective storms, and floods have increased in frequency and severity,² leading to higher insured losses.³ In response, some insurers have raised premiums,⁴ reduced coverage,⁵ or withdrawn from high-risk

¹ Welsby, Dan et al. "[Unextractable fossil fuels in a 1.5 °C world](#)." *Nature*. Vol. 597, No. 230. 2021.

² National Oceanic and Atmospheric Administration. "[Billion-Dollar Weather and Climate Disasters](#)." 2025.

³ Insure Our Future. "[Within Our Power: Cut Emissions Today to Insure Tomorrow](#)." 2024.

⁴ Senate Joint Economic Committee. "[Climate Risks Present a Significant Threat to the U.S. Insurance and Housing Markets](#)." December 2024; Stoney, Sierra & Sablik, Tim. Federal Reserve Bank of Richmond. "[Speaking of the Economy: The Rising Cost of Homeowners Insurance and Its Impact on Housing Affordability](#)." August 21, 2024.

⁵ Waters, Emma. Bipartisan Policy Center. "[Rising Insurance Costs and the Impact on Housing Affordability](#)." June 25, 2024; National Association of Insurance Commissioners. "[Fair Access to Insurance Requirements Plans](#)." December 13, 2024.

areas,⁶ making insurance less accessible and less affordable,⁷ exacerbating burdens on both homeowners and renters and increasing mortgage delinquency rates.⁸ A recent Federal Reserve survey finding that 37 percent of Americans would struggle to cover a \$400 emergency expense⁹ highlights the financial strain¹⁰ that exorbitantly increasing premiums, unexpected disasters, delayed payments, and dropped coverage can impose on families.

These impacts are worse for underserved communities,¹¹ which are disproportionately exposed to the economic impacts of climate change due to the long-standing and ongoing structural racism in residential housing – including redlining, mortgage discrimination, and yawning racial wealth and income gaps.¹² Lower-income communities and communities of color face increased threats from wildfires, flooding, and other climate-related disasters, increasing their risk of insurance hikes and withdrawals that can undermine or reverse the already limited wealth-building opportunities for Black, Latine, and Indigenous families.

The insurance industry has long understood the risks associated with climate change and the central role burning fossil fuels plays in driving those changes.¹³ Yet instead of taking steps to protect consumers and plan for a future they know is coming, insurers are still actively contributing to the disasters they later refuse to cover, abandoning policyholders when the risks get too high. Major U.S. insurers continue provide the underwriting necessary for fossil fuel projects to secure financing¹⁴ and collectively hold over \$500 billion dollars in fossil fuel-related assets.¹⁵ These investments increase their exposure to climate-related financial risks while citing climate-driven disasters as justification for raising premiums, reducing coverage, or completely withdrawing from markets.

As the insurance industry and regulators develop a long-term strategy, balancing risk management with overall financial stability and consumer protection is essential. Aligning investments – which are

⁶ Congressional Budget Office. “[Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse.](#)” December 2024; *see also* Ludden, Jennifer & Baker, Liz. “[Before they lost their homes in the LA fires, many lost their insurance.](#)” NPR. February 4, 2025.

⁷ Federal Insurance Office. U.S. Department of the Treasury. “[Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors.](#)” January 2025; Flavelle, Christopher & Rojanasakul, Mira. “[More Americans, Risking Ruin, Drop Their Home Insurance.](#)” *New York Times*. January 16, 2025.

⁸ Ge, Shan et al. Federal Reserve Bank of Dallas. “[The Hidden Cost of Climate Risk: How Rising Insurance Premiums Affect Mortgage, Relocation, and Credit.](#)” January 2025.

⁹ Board of Governors of the Federal Reserve System. “[Economic Well-Being of U.S. Households in 2022.](#)” May 2023.

¹⁰ Ratcliffe, Caroline et al. Urban Institute. “[Insult to Injury: Natural Disasters and Residents’ Financial Health.](#)” April 2019.

¹¹ *See, e.g.*, Cornelissen, Sharon et al. Consumer Federation of America. “[Exposed: A Report on 1.6 Trillion Dollars of Uninsured American Homes.](#)” March 2024; Ellfeldt, Avery. “[Soaring insurance rates an ‘existential challenge’ to affordable housing.](#)” *E&E News*. June 11, 2024; Collier, Benjamin & Kousky, Carolyn. Fox School of Business. “[Household Financial Resilience after Severe Climate Events: The Role of Insurance.](#)” 2024.

¹² *See, e.g.*, Environmental Protection Agency. “[Climate Change and Social Vulnerability in the United States: A Focus on Six Impacts.](#)” July 21, 2022; Dunne, Daisy. Carbon Brief. “[Mapped: How climate change disproportionately affects women’s health.](#)” October 9, 2020; Financial Stability Oversight Council. U.S. Department of the Treasury. “[FSOC Report on Climate-Related Financial Risk.](#)” 2021; Cusick, Daniel. “[Past Racist ‘Redlining’ Practices Increased Climate Burden on Minority Neighborhoods.](#)” *Scientific American*. January 21, 2020.

¹³ Smith, Ian & Bryan, Kenza. “[The uninsurable world: how the insurance industry fell behind.](#)” *Financial Times*. June 2, 2024.

¹⁴ Insure Our Future. “[Within Our Power: Cut Emissions Today to Insure Tomorrow.](#)” 2024.

¹⁵ Ceres. “[The Changing Climate for the Insurance Industry: Research and Insights.](#)” 2023.

funded by the premiums paid by working people¹⁶ – and underwriting practices with long-term climate and economic resilience can help mitigate future disruptions while maximizing continued access to affordable coverage for policyholders. Section 14 of HB 7174 would incentivize insurers to make such investments while helping fund resilience and flood data transparency – both of which are essential for communities to protect themselves and their assets.

If the insurance industry truly wants to be recognized as a leader in the climate change arena, they must stop propping up the industry driving the climate crisis while simultaneously passing on the costs to Connecticut consumers and communities. This bill would help make that a reality.

Thank you, and we ask that you support Section 14 of HB 7174.

¹⁶ Berkshire Hathaway. [“Shareholder Letter.”](#) 2019.