

**United States House of Representatives
Select Committee on the Climate Crisis**

Hearing on October 20, 2021

“Good for Business: Private Sector Perspectives on Climate Action”

Questions for the Record

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The Honorable Kathy Castor

- 1. Why do insurers and reinsurers support federal climate investment in both emissions reduction and resilience?**

As noted in my written testimony, climate change poses an array of challenges potentially impacting every aspect of our society and economies across the globe. From an insurance coverage perspective, many geographical areas and assets may simply become uninsurable if action is not taken to eliminate greenhouse gas emissions and strengthen and adapt our infrastructure.

Secondly, the evidence shows that investing in pre-disaster mitigation can limit losses, accelerate recovery, and is overall responsible budgeting. Zurich’s own post-event studies, conducted after significant flood, drought and wildfire events, shows that **every \$1 spent on resiliency up front resulted in \$5 savings post-disaster**. In addition to our own analysis, National Institute of Building Science’s (NIBS) Mitigation Saves Report¹, confirms our assessment and, in some cases shows an even stronger cost benefit ratio.

Zurich’s has identified climate change as perhaps the most consequential and complex risk facing society today. It is intergenerational, international, and interdependent. We know that accumulated greenhouse gas emissions in our atmosphere have already caused average surface temperatures to increase 1.1° C since the second half of the 19th Century, resulting in sea level rise, drought, glacier loss, wildfires, and more frequent and severe weather-related catastrophes. These adverse impacts pose a heightened risk not only to the insurance industry but to our entire economy. Without comprehensive federal action to address both emissions reductions and resilience, the risk of continued warming and a disorderly transition to face a more severe climate are only amplified.

- 2. What steps should the federal government take to support sustainable, resilient, insurable communities?**

Zurich believes that creating sustainable and resilient communities will take the combined efforts of individuals, businesses, and government at all levels. That noted, we urge Congress to continue investing in pre-disaster mitigation. Beyond the investment itself, Congress should require that federal agencies consider climatological projections and the impact of climate change in the development, planning, and design stages of federally funded projects.

Congress should incentivize the development and enforcement of modern, consensus-based building codes; encourage sound land use planning; and ensure transportation networks are interconnected and appropriately sized to reduce vulnerability. Congress should also incentivize the use of industry best practices and standards that go beyond consensus-based codes, particularly in high-risk areas or to meet a specific need or peril.

Congress could provide tax incentives to individuals and business to take steps to harden or fortify their homes and businesses. Further, Congress should provide support to local governments and utilities to strengthen and fortify critical infrastructure against the increased risks of climate change.

The Honorable A. Donald McEachin

- 1. The price of natural disasters is increasing, particularly flood related events, which have cost the nation over \$900 billion since 2000. The federal government is working to get a handle on the rising costs through new mitigation programs, increased investments in resilient infrastructure and transportation programs and through the National Flood Insurance Program. What are some innovative ways Zurich is working with communities to drive costs down to prevent economic devastation and avoid future losses?**

Zurich recently announced a collaboration, through Zurich's charitable foundation, with Resilient Cities Network to create a multi-year program designed to strengthen climate resilience and help address social inequities in vulnerable communities in Houston and Boston. Zurich has committed \$3 million to the program. Resilient Cities Network will identify neighborhoods and bring together community and government partners for the program. The program is expected to attract additional funding and generate policy support, which together will amplify successful, resilience-building projects. While the initial focus is on Houston and Boston, the program will expand to scale best practices in other cities, building urban resilience throughout the United States.

The Resilient Cities announcement is an extension of our Flood Resilience Allianceⁱⁱ, which was launched in 2013. The Flood Resilience Alliance is a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods. In 2020, we further extended the program through 2024 with the goal to increase third-party investments dedicated to pre-event resilience by \$1 billion.

References Page

ⁱ http://2021.nibs.org/files/pdfs/NIBS_MMC_MitigationSaves_2019.pdf

ⁱⁱ <https://floodresilience.net/zurich-flood-resilience-alliance/>