

Committee on Health Coverage, Insurance and Financial Services  
% Legislative Information Office  
100 State House Station  
Augusta, ME 0433

May 15, 2025

**RE: LD 1674 An Act to Require Insurers to Address Climate Risk in Their Business Activities**

Senator Bailey, Representative Mathieson, and members of the Committee on Health Coverage, Insurance and Financial Services, we the undersigned environmental and climate non-profit organizations urge you to vote “ought to pass” on LD 1674, An Act to Require Insurers to Address Climate Risk in Their Business Activities.

The insurance industry has long understood the risks associated with climate change. **Yet major U.S. insurers collectively hold hundreds of billions of dollars in fossil fuel-related assets<sup>1</sup>, increasing their exposure to climate-related financial risks, while citing climate-driven disasters as justification for raising premiums, reducing coverage, or completely withdrawing from markets<sup>2</sup>.**

Despite the insurance industry’s decades-long understanding of the impacts of climate change on their own industry, and the role of fossil fuels in driving this crisis, insurers continue to underwrite existing fossil fuel infrastructure, and its expansion<sup>3</sup>, which further increases climate-related risks for policy holders. **Insurers profit from the fossil fuel industry through their investments and underwriting practices**, benefiting from and furthering the same activities which compromise, undermine, and increase risk to their policy holders.

In Maine, climate change has led to the increase in frequency and severity of extreme weather events, like the record-breaking storms and flooding we saw in December 2023 and January 2024. Sea level rise has caused coastal flooding in Portland to occur three times more often since 2010 compared to the past century. Because of these storms, Maine home insurance rates were expected to rise by 19%<sup>4</sup> in 2024 and while Maine escaped the expected premium increases<sup>5</sup>, the increasing frequency and severity of extreme weather events will inevitably lead to higher insured losses and higher insurance costs, and possibly the increase of non-renewals in the state - like we are seeing in the aftermath of California’s wildfires, in Appalachia and the Gulf South. It is not a question of whether the home insurance crisis will impact Mainers, but when.

These changes would impact communities that are already vulnerable to economic instability and natural disasters. For example, a 2022 Federal Reserve survey found that over a third of Americans would struggle to cover a \$400 emergency expense. Insurers play a critical role in providing security and comfort to homeowners confronting potential disasters, yet their continued underwriting of and investment in fossil fuel projects is like throwing fuel on the fire, quite literally contributing to the increase in these climate-driven disasters and raising costs for consumers. Fossil fuel companies depend on insurance coverage to operate, and insurers remain key financial backers of and profit-takers from new coal, oil, and gas infrastructure.

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<sup>1</sup> <https://www.ceres.org/resources/reports/changing-climate-insurance-industry>

<sup>2</sup> <https://therevolvingdoorproject.org/mapping-the-home-insurance-crisis/>

<sup>3</sup> <https://global.insure-our-future.com/wp-content/uploads/sites/2/2023/11/IOF-2023-Scorecard.pdf>

<sup>4</sup> <https://www.pressherald.com/2024/06/20/home-insurance-rates-to-climb-higher-in-maine-than-most-other-states-climate-change-blamed/>

<sup>5</sup>

<https://www.pressherald.com/2025/02/23/while-home-insurance-rates-spike-elsewhere-maine-leads-county-in-stability/>

This bill would require that insurance companies operating in Maine not invest in new fossil fuel projects, report annually on their progress aligning their investment and underwriting activities with science-based climate risk mitigation targets, and divest from fossil fuel companies and projects by September 2030.

As the insurance industry evaluates its long-term strategy, balancing risk management with financial stability and consumer protection is essential. **Aligning investments and underwriting practices with long-term climate and economic resilience will mitigate future disruptions while promoting continued access to affordable coverage for policyholders.**

For these reasons, we urge you to vote "ought to pass" for LD 1674, An Act to Require Insurers to Address Climate Risk in Their Business Activities.

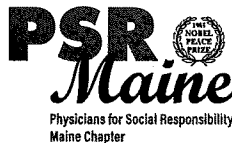
Sincerely,

Maine Youth for Climate Justice  
Maine Climate Action Now!  
Third Act Maine  
Divest Maine  
Sierra Club Maine  
Maine Environmental Education Association  
Defend Our Health  
Maine Organic Farmers & Gardeners Association  
Portland Climate Action Team  
Divest Maine  
passivhausMAINE[phME]

Physicians for Social Responsibility Maine  
Chapter  
Alliance of Maine Health Professionals for  
Climate Action  
Down To Earth Storytelling  
Consumer Federation of America  
Green America  
Public Citizen  
Americans for Financial Reform



Solutions for a  
Toxic-Free Tomorrow



maine  
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education  
association



Portland Climate  
Action Team



Alliance of  
Maine Health  
Professionals  
for Climate Action

