



North Dakota Insurance Department

Jon Godfread, Commissioner

June 21, 2017

FOR IMMEDIATE RELEASE

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Insurance Commissioner Signs Letter Denouncing California's Climate Risk Carbon Initiative

BISMARCK, N.D. – Insurance Commissioner Jon Godfread, along with commissioners from Alabama, Indiana, Kentucky, Montana and Oklahoma, today sent a letter to California Commissioner Dave Jones expressing their concern for his Climate Risk Carbon Initiative and asking that he cease it immediately. The letter stated that the initiative substitutes traditional insurance solvency regulation with a narrow political agenda that places politics above sound regulatory practices.

“Commissioner Jones’s attempt to dissuade insurance companies from investing in the coal industry is a deeply misguided overreach,” Godfread said. “Our job as insurance commissioners is to protect consumers and serve the greater public interest through the effective and unbiased regulation of the insurance marketplace. We are not meant to make politically-motivated decisions that alienate insurance companies and undermine our authority to credibly regulate this industry.”

The letter comes in response to Commissioner Jones’s enforcement of the Climate Risk Carbon Initiative he introduced in a press release in January 2016, in which he called for all insurance companies doing business in California, including out-of-state companies, to voluntarily divest from their investments in coal. Complying with the initiative includes making no new investments, not renewing any existing investments, and selling or withdrawing from existing investments in coal. In last year’s press release, Jones stated that his decision to ask insurance companies to divest from coal arises from his statutory responsibility to ensure that companies address potential financial risks in the reserves they hold to pay future claims.

Today’s letter to Jones refutes the initiative stating that, “Coal is and will remain an affordable and reliable source of energy. In the next 10 to 20 years, coal’s value is likely to grow, as advanced technology, including carbon capture, will continue to meet our nation’s growing need for energy, while also reducing emissions.”

Jason Bohrer, President and CEO of the Lignite Energy Council, said the council appreciates the efforts of Godfread and the other signatories to the letter.

“The lignite industry has invested over \$18 billion in the state to provide affordable and reliable power to two million customers across the upper Midwest,” Bohrer said. “Industry partners in North Dakota are currently working on new near zero-emission technologies that will maximize potential for the world’s second largest lignite coal reserve – over an 800-year supply at current consumption. The future for coal in North Dakota and

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across the country continues to look bright. As such, the divestment movement is short-sighted, irresponsible economic policy that increases risk and financial exposure.”

The letter to Jones concluded by asking the Commissioner to end the Climate Risk Carbon Initiative and instead, encourage companies doing business in California to shape their investment strategies in accordance with the laws and regulations set out by their accredited domestic regulators.

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It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.