



Oklahoma Insurance Department  
State of Oklahoma

June 20, 2017

The Honorable Commissioner Dave Jones  
California Department of Insurance  
300 Capitol Mall, Suite 1700  
Sacramento, CA 95814

**Via email and U.S. Mail**

Commissioner Jones:

We write today to express our grave concern regarding your Climate Risk Carbon Initiative, and to request that you cease the initiative immediately. It is our firm belief that your request that companies doing business in California divest from investments in thermal coal is an affront to sound insurance regulation. Not only does it undermine the authority of each insurer's domestic regulator, such a request substitutes traditional insurance solvency regulation with a narrow political agenda that places politics above sound insurance regulatory practices.

As you know, an insurer's primary solvency regulator is its domestic insurance regulator. This system, embedded in the NAIC's accreditation program, has worked well for decades. It allows you to rely on the accredited domestic regulator's analysis of the companies doing business in your state. By inserting a narrow political agenda item into an out-of-state company's investment decisions, you turn our system on its head. At the very least, your Climate Risk Carbon Initiative should be limited to your own California-based insurers, if it should be considered at all.

However, your initiative does not simply suffer from jurisdictional flaws, but substantive legal and economic flaws as well. At best, your belief that thermal coal investments run the risk of becoming stranded assets is mere speculation and not grounded in any firm economic realities. We do not know for certain what sectors will be viable in the next five, ten, or twenty years. What we do know is despite all the focus placed on renewable energy sources, the development of advanced coal technologies may be far more important to shaping our energy future. Coal remains and will remain an affordable and reliable source of energy. In the next ten to twenty 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 continuing to reduce emissions.

Whether or not an insurer should make otherwise legal and marketable investments is a question best answered by each insurer. Using the pressure of government to push a company—especially an out-of-

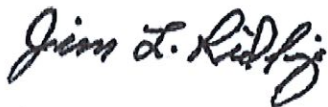
improper and detrimental to state-based insurance regulation. Doing so to accomplish a political agenda, rather than a solvency- and consumer-focused agenda, is unacceptable and undermines our authority to credibly regulate this industry.

We humbly ask that you end your Climate Risk Carbon Initiative and that you encourage companies doing business in your state to shape their investment strategies in accordance with the laws and regulations set out by their accredited domestic regulators.

Sincerely,



John D. Doak  
Oklahoma Insurance Commissioner



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Jim L. Ridling  
Alabama Insurance Commissioner



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Stephen W. Robertson  
Indiana Insurance Commissioner



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Nancy G. Atkins  
Kentucky Insurance Commissioner



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Matthew M. Rosendale, Sr.  
Montana Insurance Commissioner



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Jon Godfread  
North Dakota Insurance Commissioner



Cc: Commissioner Ted Nickel, NAIC President