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Insurers Launch Green Products



Two major insurers, Fireman's Fund and Lexington Insurance, a member company of AIG, are launching green insurance programs that allow homeowners to reconstruct property with environmentally-friendly materials, reports the Houston Chronicle. Fireman's is launching its program in Southern California where wildfires recently destroyed numerous homes, and Lexington is piloting its policy in a handful of East Coast states. Both programs are expected to go nationwide in 2008. The move is an insurer's hedge against climate change and the natural disasters that could occur more frequently with rising temperatures, but it's also a way for insurers to get in on a consumer market growing increasingly green. According to a McGraw-Hills construction report, green building is expected to grow from \$7.4 billion today to \$40 or \$50 billion by 2010. "This has emerged as a new way to attract and retain customers," said David Valzania, VP of personal lines at Lexington.

Fireman's is offering the green upgrade free to its California clients and has not yet decided on the cost when it goes national. Lexington expects to sell its green upgrade at a two to three percent premium to its basic homeowner policy. Some of the upgrades include solar panels, less chemical-heavy carpeting, greener flooring, and more energy-efficient appliances. A more eco-friendly drywall is due to hit the markets later this year.

According to this article, homeowners who build with greener standards may, in the future, be rewarded with insurance discounts and credits, something already happening with commercial buildings and auto insurance.

An October, 2007 report from Ceres found that over 400 new insurance initiatives, including 'green' building credits, drought-protection in developing countries and incentives for investing in renewable energy and carbon emissions trading, are being offered by FIs to tackle climate change.

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