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## Many Insurers Thinking Green

### They're Offering New Products, Services Aimed At Reducing Global Warming

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While global warming poses the danger of heavier losses for insurers, the industry has started to mine the business opportunities by offering products aimed at mitigating the environmental problem - along with claims, a new report says.

Some insurers are using new premium credits and risk management programs that will encourage more energy-efficient construction and driving and reduce greenhouse gas emissions, said a study issued Tuesday by the Ceres coalition of investors and environmental groups.

But more companies need to adopt innovative approaches to tackle the problem over the long term, the report said.

Global warming, fueled by the emission of such gases as carbon dioxide, is believed to be changing climate and leading to more intense hurricanes, droughts, floods and wildfires. The study comes nearly a year after Katrina ravaged the Gulf Coast, causing an estimated \$45 billion of insured damage, a record for a hurricane.

"Climate change is perhaps the greatest threat the insurance industry has ever faced," said Ceres President Mindy S. Lubber during a teleconference Tuesday. "And the time has come to assert its leadership again."

Many insurers have raised rates, imposed new or higher wind deductibles, and shrunk their business in hurricane-exposed areas, and the report says they're forgoing about \$3 billion a year in premiums as a result. In Florida and Louisiana alone, more than 600,000 homeowners' policies were dropped or not renewed in the past year, the report said.

The increased risk, however, "creates vast opportunities for new products and services" to help consumers and businesses reduce their losses while reducing pollution and its climate effects, Lubber said.

The report identifies 190 such products and services that are either available or under development at dozens of insurance companies, brokers and other insurance organizations in 16 countries.

Fireman's Fund, for example, is introducing premium credits for certified "green," or energy-efficient, commercial buildings. The company also plans new green products, including a provision to replace conventional damaged property with improved energy-efficient property.

General Motors' GMAC Insurance offers mileage-based discounts of 5 to 40 percent using its Onstar technology to track driving patterns, the Ceres report says. Although other insurers have long asked how many miles people drive, they tend to have larger mileage categories with more limited breaks on premiums.

Progressive Corp. has also been piloting programs in some states, offering discounts so it can gather data on the miles driven by its policyholders.

The St. Paul Travelers Cos. is rolling out premium discounts for hybrid electric-gasoline vehicles, saying data shows drivers of hybrids are less likely to have accidents than people who drive gasoline-powered vehicles.

Insurers can also provide coverage for carbon-reduction capital projects and consulting services in designing and managing such projects, Ceres said.

In addition, some insurers are stepping in to cover risks involved in "carbon trading." Many countries are capping their greenhouse gas emissions, and businesses that can't meet their emissions targets can buy credits from those who are below targets.

American International Group and broker Marsh & McLennan Cos. have launched carbon emissions credit guarantees, and the carbon-trading market in the European Union, alone, is expected to hit \$30 billion by the end of this year, the Ceres report said.

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