



February 9, 2026

Clerk's Office
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Members of the California Air Resources Board:

As You Sow appreciates the opportunity to submit this comment letter to the California Air Resources Board (CARB) on the proposed regulation implementing the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261). *As You Sow* is a shareholder representative that promotes corporate responsibility. For over 30 years, we have represented shareholders in engaging companies on climate risk, emissions disclosure, and sustainable business practices.

We strongly support SB 261 and SB 253. These landmark laws will provide critical transparency around corporate greenhouse gas emissions and climate-related financial risks, enabling investors, consumers, and businesses to make more informed decisions. Comprehensive emissions reporting incentivizes companies to investigate their supply chains, revealing hidden emissions that could pose material financial risks. Companies may also discover opportunities for decarbonization.

Moreover, requiring Scope 3 disclosures creates a multiplier effect. Companies providing disclosures often encourage companies within their supply chains to develop their own greenhouse gas emissions reporting processes. Each entity in the value chain has some degree of influence over overall emissions and reductions, and reporting companies can influence Scope 3 emissions reductions upstream and downstream of their operations.

While *As You Sow* strongly supports the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261), we urge the Board to reconsider the proposed exemption of insurance companies from SB 253's greenhouse gas emissions reporting requirements. We recognize that the insurance exemption under SB 261 is beyond CARB's regulatory authority; however, the proposed SB 253 exemption is a discretionary choice that we urge CARB to reconsider. CARB has not offered a rationale to extend the SB 261 exemption to SB 253. Moreover, no rationale is apparent, as the two statutes serve different purposes.

I. THE PROPOSED INSURANCE EXEMPTION CONFLICTS WITH THE LEGISLATURE'S DELIBERATE DESIGN OF SB 253

We are concerned that CARB's proposed consolidated framework would exempt insurance companies from SB 253's greenhouse gas emissions reporting requirements in the interest of "continuity" with SB 261. That approach is inconsistent with the statutory scheme the Legislature enacted. During the legislative process, policymakers considered different approaches to the treatment of insurers under the two disclosure laws. Ultimately, the climate-related financial risk statute (SB 261) was modified in light of overlap with existing insurance regulatory frameworks, while SB 253 was enacted without any exemption for insurance companies. The absence of such an exemption in SB 253 is therefore deliberate.



CARB does not have authority to create a categorical exclusion that the statute itself does not provide and that the Legislature declined to adopt. Extending an insurer exemption into SB 253 is not a matter of statutory interpretation but of policy preference, and it would improperly narrow the scope of a law designed to function as an economy-wide emissions disclosure regime.

Importantly, differences in coverage between SB 253 and SB 261 reflect deliberate legislative design, not statutory gaps, and do not authorize CARB to import limitations or exemptions from one statute into the other.

For these reasons, CARB should revise the proposal to require insurance companies that meet SB 253's \$1 billion revenue threshold to report their Scope 1, Scope 2, and Scope 3 greenhouse gas emissions on the same basis as other covered entities, consistent with the statute's text and purpose.

II. INSURANCE COMPANIES CONTRIBUTE TO CLIMATE-RELATED RISK

Major insurance companies operating in California hold tens of billions of dollars in fossil fuel-related investments. For example, Berkshire Hathaway holds nearly \$96 billion in fossil fuel equities,¹ while State Farm holds \$20.6 billion in fossil fuel equities and bonds.² Beyond financing high-emitting companies, insurance companies underwrite fossil fuel projects.³

Transparency around the insurance industry's exposure to financial risk through its fossil fuel investments is crucial. When California required disclosure of such investments from insurers under the Climate Risk Carbon Initiative in 2017, it explicitly recognized the potential significant financial risks posed to insurers' investments in oil, gas, coal, and utilities—yet this disclosure program was not continued, leaving a critical gap in information.⁴ The inclusion of insurance companies under SB 253 would provide a level of transparency that is necessary for shareholders to assess risk as insurance companies continue to invest in and underwrite in the fossil fuel sector.

The impact of climate change on the insurance industry is increasingly apparent. Insurance companies in California are experiencing rising catastrophe losses resulting from climate change. In 2023, national insurance underwriting losses reached a 10-year high of \$38 billion due to more frequent and intense weather-related disasters, reinsurance price increases, and related inflation.⁵ 2024 followed as the second-costliest year for catastrophe losses since 2005.⁶ An *Insure our Future* report found that the share of insured losses from climate-related causes rose from 31% to 38% over the last decade and continues to rise.⁷ These substantial losses have led to dramatic premium increases and insurance market withdrawals that are creating economic impacts far beyond the insurance industry itself.

¹ <https://investinginclimatechaos.org/data>

² <https://investinginclimatechaos.org/data>

³ <https://us.insure-our-future.com/>

⁴ https://interactive.web.insurance.ca.gov/apex_extprd/f?p=250:1:0::NO:10,25,30,40

⁵ <https://www.insurancejournal.com/news/national/2024/03/07/763884.htm>

⁶ <https://www.insurancebusinessmag.com/us/news/property/pandc-returns-to-underwriting-profit-in-2024-529406.aspx>

⁷ <https://insure-our-future.com/wp-content/uploads/2024/12/loF-Scorecard-2024.pdf>



Exempting insurance companies from climate disclosures creates a major gap in understanding the risk of climate change to California and California businesses.

III. EXISTING INSURANCE REPORTING FRAMEWORKS DO NOT ADDRESS EMISSIONS DISCLOSURE

Insurance companies in California report under National Association of Insurance Commissioners (NAIC) standards, which focus on climate-related financial risks but do not require comprehensive greenhouse gas emissions accounting. Although Insurers may disclose Scope 1,2, and “if appropriate,” Scope 3 emissions; the framework does not prescribe standardized methodologies, formats, or third-party assurance, and it does not request financed or insured emissions – categories that represent the majority of insurers’ climate impact. In fact, most insurers do not report. A Ceres report found that only 31% of property and casualty insurance groups disclosed metrics and targets, signifying a major gap.⁹

The NAIC framework and SB 253 serve different purposes. Compliance with one does not satisfy the requirements of the other. For investors, this distinction is critical. Investors evaluating long-term value, exposure, and risk cannot rely solely on partial climate-risk narratives. They need quantified, comparable emissions data—particularly Scope 3—to assess which insurers are aligned with decarbonization trends, which face transition risk, and which are financing or underwriting activities likely to become stranded or uninsurable. Without transparent emissions disclosure, investors cannot accurately price risk, allocate capital, or evaluate whether insurers’ business strategies are compatible with emerging regulatory, economic, and physical climate realities.

IV. CONCLUSION AND RECOMMENDATIONS

The proposed exemption of insurance companies from SB 253 would create a gap in California’s emissions disclosure framework. Insurance companies are major financiers of greenhouse gas emissions through their investment and underwriting activities yet would face no transparency requirements under CARB’s proposed regulation.

We respectfully request that CARB:

1. Remove the proposed exemption for insurance companies under SB 253, requiring insurers to meet SB 253's revenue threshold to report Scope 1, 2, and 3 emissions.
2. If CARB believes regulatory guidance is needed for insurance industry-specific emissions calculations (particularly for financed and insured emissions), provide such guidance rather than creating a blanket exemption.

Insurance companies should be subject to the same transparency requirements as other large corporations. Their financed and insured emissions represent a substantial portion of California's and the nation's carbon footprint.

Thank you for considering these comments.

⁹ Ceres, "Navigating Climate Risks: Progress and Challenges in U.S. Insurance Sector Disclosures," June 2024, p.30, <https://www.ceres.org/resources/reports/navigating-climate-risks-progress-and-challenges-in-us-insurance-sector-disclosures>



AS YOU SOW

Sincerely,

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