Insurance Insider Insurance Insider US

By Clark Mindock, Nicola Middlemiss

October 23, 2026

Critics say it's obvious the industry isn't doing enough. Industry sources disagree.

Anonymous letters published last week accusing the insurance industry of failing to fully grapple with the threat of climate change have spurred a range of responses from industry experts and critics.

Some say it's obvious that the industry has fallen short. But others think the letters miss the mark by a mile.

The letters, published by anonymous insurance industry professionals, broadly allege two concerns. Insurers are intentionally miscalculating risk to sell policies at a more reasonable rate, one letter said. The other said the industry is failing to fully communicate climate risks to governments, industry and regulators.

In the public sphere, the letters have been polarizing, generating praise in some circles for being "brave," while many LinkedIn posts have amounted to recriminations.

Many are simply less impressed, asking: Isn't some of what's being alleged obvious?

"They called out that insurance [companies] are going to respond to the growing crisis by shrinking coverage and then eventually exiting markets," Madison Condon, a professor at Boston University School of Law, told ***Insurance Insider US***. "And, to me, that just seemed very obvious. Like, that is happening and that will happen."

Insurer withdrawal is a well-known concern, often associated with climate risk even if other factors also contribute. In states as diverse as wildfire-prone California and hurricane-vulnerable Florida, concerns about insurer pullback amid heightened cat risk have driven regulators to consider solutions ranging from legal reform to physical risk mitigation.

But elements of the letter that may have seemed obvious to critics of the insurance industry were viewed as overblown by some insurance professionals.

Cory Isaacson, CEO of ReThought Flood Insurance, said the letters only paid glancing attention to flood – despite the peril being one of the biggest climate-related risks and notoriously difficult to model.

The letters are "more gloom and doom than is warranted," he said, adding that "good underwriting will prevail, and the insurance industry will prevail".

Solutions must come from the society-level, not a single industry like insurance, he said.

"What they're predicting is a total collapse of the insurance industry. Will that really happen? I don't know, but I will tell you that valid underwriting is the key to making sure that doesn't happen," Isaacson said.

Other insurance industry sources said that the letters – published in *The Guardian* and by the group InsideTrack – ignore the prominent role that major reinsurers, brokers and others have taken on to spread the word of climate risk.

Major reinsurers that view cat risk on a global scale are notable for raising alarm bells. Heavyweights including Swiss Re, Munich Re, Hannover Re and Scor all conduct extensive research on climate change impacts on insurance availability.

Meanwhile, industry leaders like Allianz board member Günther Thallinger have repeatedly warned that climate change is making it difficult to price disaster risk, and that the doing so could destabilize broader economic systems.

He told a German newspaper this summer that the industry is "thinking too narrowly about solutions."

But climate and natural disaster risk is just one factor impacting whether rates increase or not, alongside other concerns like capital costs, insured asset costs, construction costs and any other number of issues.

Robert Hartwig, director of the Risk and Uncertainty Management Center at the University of South Carolina, told ***Insurance Insider US*** that there is "no question" that the reinsurance industry "has been and continues to be aware and concerned about long-term climate trends and risks".

Hartwig also said that if reinsurers weren't taking the risk seriously, then many would have been put out of business, and it is unlikely that catastrophe bonds or the broader insurance-linked securities market would exist.

"Over the past 25-plus years, the industry has actively and publicly done more than most industries to inform the public and policymakers as to the risks that communities worldwide and societies face," he said, noting that the education campaign has touched all levels of government from legislators to regulators.

"There are many eyes on the industry – regulators, ratings agencies, brokers – and unless they are all simultaneously being duped, it's hard to put much stock in the assertion that climate risk is being systematically played down," Hartwig said.

He further noted that while he appreciates the concerns raised in the letters, he viewed the letter as an accumulation of "grievances" with broader greenhouse gas emissions policy and land use policies that aren't directly within the insurance industry's purview.

To that point, however, the insurance industry's alignment with the oil and gas industry on climate litigation has garnered a chorus of critics who wonder why an industry paying out increasing climate-fueled cat claims isn't itself suing the oil and gas industry to recoup those losses.

Boston University law professor Condon and others said the industry is making a bet that it can manage its own losses even as risk develops. The industry knows that most of the policies it writes are one-year contracts, which makes it easy to pack up and leave as soon as climate risks get too high.

For Moira Birss, who has done research on climate change and insurance at the Climate and Community Institute, the whistleblower letters and the ability for insurers to skip town when the going gets tough are a sign of systemic concerns.

"Tinkering at the margins of this system will not solve the home insurance crisis," she told ***Insurance Insider US***. "What we need are insurance systems that invest in risk reduction and ensure insurance availability, affordability and adequacy – systems, in other words, that prioritize the public good rather than corporate profit."

Source: https://www.insuranceinsiderus.com/article/2h29gm7etrqm93yckw3y9/all-topics/regulation/from-duh-to-not-quite-climate-whistleblower-letters-spark-mixed-industry-reaction?r=cm9iZXJ0LmhhcnR3aWdAbW9vcmUuc2MuZWR1