

119TH CONGRESS
2D SESSION

S. 3711

To establish the Climate Financial Risk Committee and Climate Financial Risk Advisory Committee on the Financial Stability Oversight Council.

IN THE SENATE OF THE UNITED STATES

JANUARY 28, 2026

Ms. SMITH (for herself, Mr. MERKLEY, Ms. WARREN, Mr. HEINRICH, Mr. VAN HOLLEN, and Mr. PADILLA) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish the Climate Financial Risk Committee and Climate Financial Risk Advisory Committee on the Financial Stability Oversight Council.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Addressing Climate
5 Financial Risk Act of 2026”.

6 **SEC. 2. FINANCIAL STABILITY OVERSIGHT COUNCIL COM-**
7 **MITTEES ON CLIMATE FINANCIAL RISK.**

8 (a) IN GENERAL.—Subtitle A of the Financial Sta-
9 bility Act of 2010 (12 U.S.C. 5321 et seq.) is amended

1 by inserting after section 121 (12 U.S.C. 5331) the fol-
 2 lowing:

3 **“SEC. 121A. CLIMATE FINANCIAL RISK COMMITTEE.**

4 “(a) ESTABLISHMENT.—There is established in the
 5 Council the Climate Financial Risk Committee, which
 6 shall—

7 “(1) support the Council in identifying priority
 8 areas for assessing and mitigating climate-related
 9 risks to the financial system;

10 “(2) serve as a coordinating body to share in-
 11 formation, facilitate the development of common ap-
 12 proaches and standards, and facilitate communica-
 13 tion across Council member agencies;

14 “(3) collaborate with the Office of Financial
 15 Research to compile climate and financial data from
 16 public sources and from member agencies of the
 17 Council, provide analytical tools and software, and
 18 otherwise assist member agencies of the Council in
 19 jointly analyzing potential financial stability risks;
 20 and

21 “(4) provide updates to the Council on the sta-
 22 tus of the efforts of the Council and its member
 23 agencies to identify and address climate financial
 24 risk, including related to—

1 “(A) incorporating climate financial risk
2 into regulatory and supervisory programs;

3 “(B) improving data and methodologies;

4 “(C) enhancing climate-related disclosures;

5 and

6 “(D) assessing climate-related risks to the
7 financial stability of the United States.

8 “(b) MEMBERSHIP.—The Climate Financial Risk
9 Committee shall consist of staff representatives from each
10 of the member agencies of the Council and shall be led
11 by the Deputy Assistant Secretary of the Council.

12 “(c) RESTRICTION ON TERMINATION.—The Climate
13 Financial Risk Committee may not be terminated or modi-
14 fied except pursuant to an Act of Congress.

15 **“SEC. 121B. ADVISORY COMMITTEE ON CLIMATE RISK.**

16 “(a) ESTABLISHMENT.—There is established in the
17 Council the Advisory Committee on Climate Risk, which
18 shall—

19 “(1) consult and assist the Council with gath-
20 ering information on, conducting analysis of, and
21 making recommendations to identify, assess, and
22 mitigate climate-related risks to the financial sys-
23 tem, and other duties that the Climate Financial
24 Risk Committee or the Council may assign; and

1 “(2) meet with the Council on a bimonthly
2 basis.

3 “(b) MEMBERSHIP.—The Advisory Committee shall
4 consist of not more than 30 members as follows:

5 “(1) Eight members who are climate science ex-
6 perts with a demonstrated record of peer-reviewed
7 publications and professional contributions to cli-
8 mate modeling, climate financial risk assessment, or
9 related areas, of whom—

10 “(A) 2 shall be appointed by the Secretary
11 of Energy;

12 “(B) 2 shall be appointed by the Adminis-
13 trator of the Environmental Protection Agency;
14 and

15 “(C) 4 shall be appointed by the Director
16 of the National Science Foundation.

17 “(2) Eight members, to be appointed by the
18 Council, who are experts in climate economics or cli-
19 mate financial risk, of whom not fewer than 1 mem-
20 ber is an expert in one of the following areas:

21 “(A) Insurance.

22 “(B) Capital markets.

23 “(C) Banking.

24 “(D) International financial markets.

25 “(E) Housing finance.

1 “(F) The perspective of asset owners.

2 “(3) Two members from nongovernmental re-
3 search institutions that offer expertise in environ-
4 mental or clean energy policy, appointed by the
5 Council.

6 “(4) Two members from consumer advocacy or
7 labor union groups, appointed by the Director.

8 “(5) Four members from investor networks or
9 shareholder advocacy groups, appointed by the
10 Chairman of the Securities and Exchange Commis-
11 sion.

12 “(6) Relevant stakeholders from the financial
13 services industry, commercial businesses, or other
14 organizations, which shall not include any stake-
15 holders from the oil or gas industry.

16 “(c) TERM.—The members of the Advisory Com-
17 mittee shall be appointed for 3-year terms, except that the
18 initial terms of the first members of the Advisory Com-
19 mittee shall be staggered so that—

20 “(1) 8 members serve terms of 3 years;

21 “(2) 8 members serve terms of 2 years; and

22 “(3) 8 members serve terms of 1 year.

23 “(d) RESTRICTIONS ON REMOVAL.—A member of the
24 Advisory Committee may not be removed before the date
25 on which the term of the member expires unless $\frac{2}{3}$ of the

1 heads of the member agencies of the Council vote in favor
2 of such removal.

3 “(e) CONSULTATION.—The Council shall consult with
4 the Advisory Committee in carrying out the requirements
5 of this section.

6 “(f) MEMBER AGENCIES.—Each member agency
7 should develop and make publicly available a strategy to
8 identify and mitigate climate financial risk within the ju-
9 risdiction of the member agency.

10 “(g) COORDINATION.—The Council shall—

11 “(1) facilitate the sharing of best practices on
12 addressing climate financial risk across agencies
13 with members serving on the Advisory Committee;
14 and

15 “(2) assign the Office of Financial Research to
16 conduct ongoing research into climate financial risk.

17 “(h) INCLUSION IN ANNUAL REPORT.—The Council
18 shall include a section on climate financial risk in—

19 “(1) the annual report of the Council to Con-
20 gress; and

21 “(2) if relevant, in any other report to Con-
22 gress.

23 **“SEC. 121C. REPORT ON CLIMATE FINANCIAL RISK.**

24 “Not later than 270 days after the date of enactment
25 of this section, and annually thereafter, the Council shall,

1 in coordination with the Advisory Committee on Climate
2 Risk established under section 121B and the Advisory
3 Committee on Climate Risk established under section
4 121A, publish a report that—

5 “(1) assesses—

6 “(A) the potential impact of climate-re-
7 lated risks on the financial stability of the
8 United States;

9 “(B) the extent to which Federal and
10 State financial regulatory agencies have suffi-
11 cient expertise on climate financial risk;

12 “(C) the quality of data available to Coun-
13 cil members to properly assess climate financial
14 risk and any gaps in data that exist;

15 “(D) the extent to which property and cas-
16 ualty insurance availability and affordability
17 trends are affecting credit markets, housing fi-
18 nance, and financial stability;

19 “(E) the extent to which nonbank financial
20 companies and large, interconnected bank hold-
21 ing companies supervised by the Board of Gov-
22 ernors are engaging in safe and sound manage-
23 ment of climate financial risks;

1 “(F) the degree of coordination among
2 Federal and State financial regulatory agencies
3 on climate financial risk;

4 “(G) the degree of coordination by Federal
5 and State financial regulatory agencies with
6 international financial regulatory authorities on
7 climate financial risk;

8 “(H) how climate-related disclosure re-
9 quirements in the United States compare to
10 similar disclosure regimes in other countries;
11 and

12 “(I) any other areas the Council deter-
13 mines important; and

14 “(2) provides recommendations based on the as-
15 sessments conducted under paragraph (1) to Federal
16 and State financial regulatory agencies and to Con-
17 gress on how to improve the ability of the financial
18 regulatory system in the United States to identify
19 and mitigate both the short- and long-term financial
20 risks associated with climate change.”.

21 (b) TECHNICAL AND CONFORMING AMENDMENT.—
22 The table of contents of the Dodd-Frank Wall Street Re-
23 form and Consumer Protection Act in section 1(b) of that
24 Act is amended by inserting after the item relating to sec-
25 tion 121 the following:

“Sec. 121A. Climate Financial Risk Committee.

“Sec. 121B. Advisory Committee on Climate Risk.
 “Sec. 121C. Report on climate financial risk.”.

1 **SEC. 3. UPDATE ON SUPERVISORY GUIDANCE ON CLIMATE**
 2 **FINANCIAL RISK.**

3 (a) DEFINITION.—In this section, the term “Federal
 4 banking agency” has the meaning given the term in sec-
 5 tion 2 of the Dodd-Frank Wall Street Reform and Con-
 6 sumer Protection Act (12 U.S.C. 5301).

7 (b) UPDATE.—Each Federal banking agency and the
 8 National Credit Union Administration shall update appli-
 9 cable supervisory guidance to include climate financial
 10 risk, including credit, liquidity, market, operational, and
 11 reputational risk to ensure that each institution supervised
 12 by the Federal banking agency or the National Credit
 13 Union Administration, as applicable, with greater than
 14 \$50,000,000,000 in assets appropriately identify and miti-
 15 gate climate financial risk.

16 (c) COORDINATION.—The Financial Institutions Ex-
 17 amination Council shall ensure that the guidance updated
 18 under subsection (b) is—

- 19 (1) appropriately coordinated among the Fed-
 20 eral banking agencies and the National Credit Union
 21 Administration; and
 22 (2) shared with State regulators.

1 **SEC. 4. UPDATE NONBANK SIFI DESIGNATION GUIDANCE.**

2 The Financial Stability Oversight Council shall up-
3 date subpart B of part 1310 of title 12, Code of Federal
4 Regulations, to specify how the Council will incorporate
5 climate financial risk into determinations described in that
6 subpart.

7 **SEC. 5. FEDERAL INSURANCE OFFICE REPORT ON INSUR-**
8 **ANCE REGULATION AND CLIMATE FINANCIAL**
9 **RISK.**

10 Not later than 1 year after the date of enactment
11 of this Act, the Federal Insurance Office shall publish a
12 report, which may be submitted along with the report de-
13 scribed in section 6, that—

14 (1) assesses the potential impact of climate fi-
15 nancial risk on the insurance sector in the United
16 States;

17 (2) provides an update on the implementation
18 of recommendations made by the 2023 report of the
19 Federal Insurance Office titled “Insurance Super-
20 vision and Regulation of Climate-Related Risks”;
21 and

22 (3) recommends ways to modernize and improve
23 regulation and supervision of climate financial risk
24 by the insurance sector in the United States.

1 **SEC. 6. FEDERAL INSURANCE OFFICE DATA COLLECTION**
2 **ON CLIMATE-RELATED RISKS.**

3 (a) IN GENERAL.—Not later than 1 year after the
4 date of the enactment of this Act, the Federal Insurance
5 Office, in consultation with the National Association of In-
6 surance Commissioners and State insurance commis-
7 sioners, shall publish a report on the homeowners insur-
8 ance underwriting data described in subsection (b) for cal-
9 endar years 2023 and 2024 to assess climate-related risks
10 across State insurance markets and how such risks could
11 impact the financial stability of the United States.

12 (b) DATA DESCRIBED.—The data described in this
13 subsection—

14 (1) shall be disaggregated by zip code;

15 (2) shall include granular data on premiums,
16 policies, claims, losses, limits, deductibles, non-re-
17 newals, and cancellations, consistent with the infor-
18 mation requested under the “Federal Insurance Of-
19 fice Climate-Related Financial Risk Data Collection
20 for U.S. Homeowners Multi-Peril Underwriting
21 Data” (88 Fed. Reg. 75380), as modified by the
22 most recent National Association of Insurance Com-
23 missioners Property & Casualty Insurance Market
24 Intelligence Data Call; and

25 (3) shall be collected directly by the Federal In-
26 surance Office from insurance companies, across all

1 lines of business of such insurance company, pursu-
2 ant to section 313 of title 31, United States Code.

3 (c) DISSEMINATION.—Upon request, the Federal In-
4 surance Office shall provide to the Committee on Banking,
5 Housing, and Urban Affairs of the Senate, the Committee
6 on Financial Services of the House of Representatives, or
7 the State insurance commissioner with regulatory author-
8 ity over an insurance company the report required under
9 subsection (a), including the data described in subsection
10 (b).

11 (d) FORM.—The Federal Insurance Office shall en-
12 sure that the report required under subsection (a) does
13 not include any personally identifiable information.

14 (e) SUBSEQUENT REPORTS.—Not later than July 1,
15 2026, and annually thereafter, in accordance with the re-
16 quirements of this section, the Federal Insurance Office
17 shall make publicly available a report on the homeowners
18 insurance underwriting data described in subsection (b)
19 for the calendar year preceding the date of the report.

20 **SEC. 7. SENSE OF CONGRESS RELATING TO IMPROVING**
21 **GLOBAL COORDINATION.**

22 It is the sense of Congress that relevant Federal fi-
23 nancial regulatory agencies and the Department of the
24 Treasury, including the Federal Insurance Office, as ap-
25 plicable, should—

- 1 (1) join the Network for Greening the Financial
2 System and other international organizations fo-
3 cused on climate financial risk;
- 4 (2) formally join the Task Force on Climate-
5 Related Financial Risks of the Basel Committee on
6 Banking Supervision; and
- 7 (3) work with international regulators on cli-
8 mate financial risk whenever possible, consistent
9 with United States law.

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