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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510–6175

October 13, 2025

Dr. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street NW
Washington, DC 20431

Dear Managing Director Georgieva:

I write to urge that the International Monetary Fund (IMF) continue its important work analyzing and preparing for the significant risks that climate change poses to global financial markets and economic stability. It has been reported that the IMF may bend to pressure from the Trump administration to scale back this work.[1] Doing so would be a grave mistake that would undermine the IMF's mission to ensure economic growth and financial stability and compromise its reputation for integrity and adherence to facts.

Multiple international financial and economic experts have recognized that climate change poses serious and systemic risks to the global economy. Examples of some of the most significant warnings include:

- An April 2024 issue of *The Economist* magazine, titled "The Next Housing Disaster," warned of a potential $25 trillion hit to homeowners from climate risk, noting that "if the size of the risk suddenly sinks in, and borrowers and lenders alike realize the collateral underpinning so many transactions is not worth as much as a they thought, a wave of repricing will reverberate through financial markets. . . . Climate change, in short, could prompt the next global property crash."[2]

- First Street warned that climate change could erase $1.4 trillion in U.S. real estate value by 2055 due to increasingly expensive and unavailable insurance and shifting consumer demand away from the highest-risk places.[3]

[1] Jorgelina do Rosario, "IMF to Revamp Key Unit as US Objects to Climate, Gender Stance," *Bloomberg*, Sep. 11, 2025, https://subscriber.politicopro.com/article/eenews/2025/09/12/imf-to-revamp-key-unit-as-us-objects-to-climate-gender-stance-00557771.
[2] The Economist, "Weekly Edition: 13 April 2024," Economist, accessed Oct. 10, 2025, https://www.economist.com/weeklyedition/2024-04-13.
[3] "Climate-Driven Population Shifts and Insurance Increases Are Set to Erase $14 Trillion in American Real Estate Value," First Street, accessed Oct. 10, 2025, https://firststreet.org/press/climate-driven-population-shifts-and-insurance-increases-are-set-to-erase-14-trillion-in-american-real-estate-value.

- Federal Reserve Bank Chair Jerome Powell testified before the Senate Banking Committee that, in 10-15 years, it will be impossible to get insurance or a mortgage in certain coastal and fire-prone regions of the country.[4]

- Eric Andersen, U.S. President of Aon, testified before the Senate Budget Committee: "Climate risk is a global, systemic risk. . . . Just as the US economy was overexposed to mortgage risk in 2008, the economy today is overexposed to climate risk."[5]

- Dr. Sean Becketti, a former chief economist at Freddie Mac, testified before the Senate Budget Committee about property losses from sea level rise and increased coastal flooding: "You look at the Housing Crisis of 2007/8, it was a long time before property values came back, but they did come back. But this is a different type of dynamic where property values are probably physically not able to come back. And so this is equity that's lost forever. It's extremely difficult to estimate [total losses] nationally—I'm not sure I have enough zeros to do it."[6]

- A board member of Allianz, one of the world's biggest insurance companies, recently warned that the world is fast approaching temperature levels where insurers will no longer be able to offer coverage for many climate risks.[7]

- The Financial Stability Board warned of cascading harms: from rising climate risk, to increased insurance premiums and reduced coverage, to market withdrawal and second-round effects, like mortgage crises and bank insolvencies.[8]

- The Mortgage Bankers Association stated that "chronic physical risk associated with climate change may also exceed the capacity of insurance and government assistance to sustain some areas."[9]

- The Bank of International Settlements warned that "climate change is a source of major systemic financial risks," that "climate catastrophes are even more serious than most systemic financial crises," and that "[e]xceeding climate tipping points could lead to

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[4] "What Is Happening to the Availability of Mortgage Insurance in Disaster Areas," *NPR*, Feb. 18, 2025, accessed Oct. 10, 2025, https://www.npr.org/2025/02/18/nx-s1-5294490/what-is-happening-to-the-availability-of-mortgage-insurance-in-disaster-areas.

[5] "Testimony of Mr. Eric Andersen," Senate Budget Committee (pdf), accessed Oct. 10, 2025, https://www.budget.senate.gov/imo/media/doc/Mr.%20Eric%20Andersen%20-%20Testimony%20-%20Senate%20Budget%20Committee.pdf.

[6] "Risky Business: How Climate Change Is Changing Insurance Markets," Senate Budget Committee hearing, Mar. 22, 2023, accessed Oct. 10, 2025, https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

[7] "Climate, Risk, Insurance: The Future of Capitalism," *LinkedIn*, Mar. 25, 2025, accessed Oct. 10, 2025, https://www.linkedin.com/pulse/climate-risk-insurance-future-capitalism-g%C3%BCnther-thallinger-smw5f/.

[8] "Assessment of Climate-related Vulnerabilities," Financial Stability Board, accessed Oct. 10, 2025, https://www.fsb.org/uploads/P160125.pdf.

[9] "The 30-Year Mortgage Wasn't Designed for Climate Chaos," *Bloomberg*, Dec. 23, 2024, accessed Oct. 10, 2025, https://www.bloomberg.com/features/2024-home-loan-mortgage-insurance-climate-risks/.

catastrophic and irreversible impacts that would make quantifying financial damages impossible."[10]

- The central bank-led Network for Greening the Financial System warned that "[e]stimates suggest that absent action to reduce emissions, the physical impact of climate change on the global economy in the second half of the century will be substantial. The more sophisticated studies suggest average global incomes may be reduced by up to a quarter by the end of the century."[11]

- Multiple studies warn that stranded fossil fuel assets could run into the trillions of dollars and lead to sharp economic losses in many large economies.[12]

Legions of central bankers, economists, insurers, and financial experts are sounding the alarm about the multiple threats that climate change poses to the global economy. Do not yield to bullies' fact-free bloviation that this mass of evidence is all a "woke" "hoax." I appreciate the IMF's excellent work on climate risks and fossil fuel subsidies, based on peer-reviewed methods of analysis, and I look forward to your future honest work on these topics.

Thank you for your consideration. I remain, as always, available to discuss at your convenience.

Sincerely,



Sheldon Whitehouse
United States Senator
Ranking Member, Committee on
Environment and Public Works

cc: Honorable Scott Bessent
Secretary
U.S. Department of the Treasury

Dan Katz
First Deputy Managing Director
International Monetary Fund

[10] "The Green Swan: Central Banking and Financial Stability in the Age of Climate Change," *BIS Other Paper 31*, Jan. 20, 2020, Bank for International Settlements, accessed Oct. 10, 2025, https://www.bis.org/publ/othp31.htm.
[11] "First Comprehensive Report 'A Call for Action,'" NGFS, accessed Oct. 10, 2025, https://www.ngfs.net/en/publications-and-statistics/publications/first-comprehensive-report-call-action.
[12] *See, e.g.*, J.-F. Mercure et al., "Macroeconomic Impact of Stranded Fossil Fuel Assets," *Nature Climate Change* 8 (June 4, 2018): 588–593, accessed Oct. 10, 2025, https://www.nature.com/articles/s41558-018-0182-1.