Unfriend COAL

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Unprecedented action from insurers puts coal industry under pressure

AXA and SCOR fall behind as growing numbers of insurers end cover for coal

Insurance companies are taking unprecedented action against the coal industry, ending insurance for coal companies, mines and power plants and excluding coal from $6 trillion of investments, reveals the Unfriend Coal campaign's second annual scorecard on the industry.

Momentum is growing as four of the world's biggest insurers have announced new restrictions on coal insurance this year, bringing the total number to seven. But as the UN Climate Summit gets underway in Poland, the report reveals that insurers in the US, Japan and Australia are still supporting an industry that is undermining efforts to avoid dangerous climate change.

Peter Bosshard, Unfriend Coal coordinator, said: "Some of the world's biggest and most trusted insurers are now exiting the coal sector, sending a strong message to governments and investors that the dirtiest fossil fuel has no future. Going forward we will focus attention on the laggards in order to reach critical mass and make coal uninsurable."

The scorecard shows that AXA, the first insurer to divest from coal and end insurance for coal projects, and SCOR, another early leader, have been overtaken by companies with more ambitious policies. They rank 5th and 6th on underwriting but still have some of the best divestment policies, ranking 2nd and 3rd.

Lucie Pinson, finance campaigner with Friends of the Earth France and European coordinator of Unfriend Coal, said: "AXA and SCOR led the insurance industry in taking action on climate change, but they cannot stand still. To prove they are taking climate change seriously they must now commit to end insurance for all coal companies and projects."

Insuring Coal No More: The 2018 Scorecard on Insurance, Coal and Climate Change reveals that:

- **Europe's four biggest primary insurers have now restricted insurance for coal.** Allianz and Generali limited underwriting and AXA tightened its policy this year, while Zurich announced restrictions in November 2017.
- **One third of the reinsurance market has now restricted cover for coal.** Reinsurance giants Swiss Re and Munich Re announced underwriting restrictions this year, going beyond those already announced by SCOR.
- **At least 19 major insurers with more than $6 trillion in assets, 20% of the industry's global assets**, **have divested from coal,** up from $4 trillion and 13% a year ago. Generali, Lloyd's, Hannover Re, AG2R La Mondiale and Groupama announced new divestment policies this year while AXA, Allianz and Munich Re strengthened their policies.

Insurance broker Willis Towers Watson has warned that “finding alternative sources [of coal insurance] is likely to become increasingly challenging – especially if North American insurers begin to follow the European lead”.

The report notes: “Just as significant as the contraction in insurance market capacity may be the withdrawal of expertise.” Only a small group of insurers have the ability to lead on due diligence for power plants in Asia, where most new coal projects are being developed, and all of these global leaders have ended or limited involvement except AIG and Chubb. If others step in to fill the gap, they may charge higher premiums because they lack a mass market and are likely to require more reinsurance.

The scorecard ranks 24 of the world’s biggest insurers on their action on coal and climate change, assessing and scoring their policies on underwriting, divestment and other aspects of climate leadership. It is based on responses to a questionnaire from 18 companies, including all European and Asia-Pacific insurers, and on publicly available information.

Swiss Re ranks highest for the most comprehensive policies on both coal insurance and divestment (see table in Notes to Editors). The insurer has divested from companies relying on coal for more than 30% of their mining income or power generation, and it announced in July that it would no longer offer them insurance cover. The policy applies to both existing and new projects and across all lines of business worldwide. Its underwriting and divestment policies also cover tar sands and other extreme fossil fuels.

Pressure grows on US, Japan and Australia to follow Europe’s lead

In Europe, most major insurers have by now taken action on coal. Out of 10 major companies assessed on underwriting, all but three have ended or limited insurance for coal projects: Mapfre is considering action, Lloyd’s is in a special position as a marketplace, while Hannover Re is continuing to actively support coal. Of 12 major companies assessed on investment all but three have divested: Mapfre has stopped making new investments, while Aviva and Legal & General are focusing on engagement with coal companies.

In the US, none of the nine leading insurers assessed have taken action on coal. Companies like AIG, Chubb[1], Liberty Mutual and Berkshire Hathaway continue to underwrite and invest in the industry.

Annie Leonard, Executive Director of Greenpeace USA, said: “US insurers are betraying their shareholders, their customers and the wider public by continuing to support fossil fuels. They should follow the lead of their European peers who realize that coal is a bad investment, causes thousands of premature deaths each year, and must be phased out rapidly to avoid dangerous climate change.”

[1] Chubb is incorporated in Switzerland but managed from the US and listed on the New York Stock Exchange. Chubb is considered a US company by the scorecard report.

Asia-Pacific insurers also continue to insure and invest in coal, although there are the first signs of change. Three of Japan's largest life insurance companies, Nippon, Dai-ichi and Meiji Life, have announced they will no longer fund new coal projects. Australia's QBE is currently reviewing its coal underwriting and investment policies.

However, even the coal exit policies of European insurers still contain large loopholes. Some fail to cover leading coal developers because their definition of coal companies is exceedingly narrow. Others do not apply to certain types of insurance or only restrict certain coal projects. Most divestment policies do not apply to assets insurers manage on behalf of third parties – more than $1 trillion in the case of Allianz.

Coal is the single biggest source of CO2 emissions, yet in the three years since the Paris Climate Summit, 92GW of new coal power has been built worldwide and there are plans for a further 672GW. The International Energy Agency warned last week that the world cannot meet the Paris target if it builds new polluting fossil fuel power plants.[2] At least 59% of all coal power must be phased out by 2030 to meet the Paris climate target of limiting global warming to 1.5°C, according to the latest report from the UN's Intergovernmental Panel on Climate Change.[3]

The UN Climate Summit is being hosted by Poland, a country whose plans to build more than 7GW of new coal power are inconsistent with the goals of the Paris Agreement.

Kuba Gogolewski, from the Polish NGO Foundation "Development YES Open-Pit Mines NO", said: "Coal companies such as Europe's most aggressive coal plant developer PGE are determined to build more mines and power plants regardless of the impact on the environment and public health, but cannot proceed without insurance. Insurers have the power to end this dirty business, and we will put maximum pressure on the laggards to act."

Insurers are coming under growing political, regulatory and public pressure to take action to support a rapid worldwide phase-out of coal.

- By October 2018, 28 national governments had backed the Powering Past Coal alliance, which calls for coal to be ended across the EU and OECD countries by 2030.
- The Bank of England's Prudential Regulation Authority told insurers and banks to make climate risk a core part of long-term business planning, warning that its impact may "be larger than for other types of risks, and is potentially non-linear, correlated and irreversible".
- Coal pollution is responsible for over 800,000 premature deaths a year globally and many millions more serious and minor illnesses.[4]
- High fuel costs mean that 42% of global coal power capacity is already running at a loss and existing policies could take this to 72% by 2030, according to new research from the financial think tank Carbon Tracker.[5]

[2] World has no capacity to absorb new fossil fuel plants, warns IEA, Guardian, 13-11-18
[3] Intergovernmental Panel on Climate Change, Global Warming of 1.5°C, Summary for Policymakers, October 2018, p. 22
[4] Deadly Energy: The Health Impact of Coal, End Coal
[5] To be published by November 30th

- A warming climate increases the frequency and severity of extreme weather events, and insurers are already facing unprecedented losses. Global losses from natural and human-made disasters such as hurricanes and wildfires reached $337 billion in 2017, with insured losses of $144 billion.

The new report will be available at https://unfriendcoal.com/2018scorecard.
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NOTES TO EDITORS

SCORING GRID

	COUNTRY	COAL INSURANCE		COAL DIVESTMENT			OTHER CLIMATE LEADERSHIP	
		RANK	SCORE	RANK	ASSETS*	SCORE	RANK	SCORE
Swiss Re		1	5.3	1	$156 bn	6.5	4	7.8
Generali		2	3.9	6	$581 bn	4.2	7	5.2
Zurich		3	3.6	3	$276 bn	4.8	2	8.3
Allianz		4	3.2	5	$649 bn	4.3	4	7.8
AXA		5	2.5	2	$1,723 bn	5.7	1	8.7
SCOR		6	1.7	3	$18 bn	4.8	7	5.2
Munich Re		6	1.7	8	$268 bn	3.7	12	3.5
Mapfre		8	0.7	10		2.3	17	1.3
Hannover Re		9	0.0	7	$64 bn	4.0	16	1.7
Lloyd's		9	0.0	9	$4 bn	3.5	13	2.6
Aviva		n/a		11		1.7	2	8.3
Legal & General		n/a		12		0.4	6	6.1
QBE		9	0.0	13		0.0	9	4.8
Sompo		9	0.0	13		0.0	10	4.3
Tokio Marine		9	0.0	13		0.0	11	3.9
Prudential		n/a		13		0.0	14	2.2
TIAA Family		n/a		13		0.0	14	2.2
AIG		9	0.0	13		0.0	18	0.9
Chubb		9	0.0	13		0.0	18	0.9
MetLife		n/a		13		0.0	20	0.4
Axis Capital		9	0.0	13		0.0	21	0.0
W.R. Berkley		9	0.0	13		0.0	21	0.0
Berkshire Hathaway		9	0.0	13		0.0	21	0.0
Liberty Mutual		9	0.0	13		0.0	21	0.0

KEY Multiline insurance Primarily reinsurance Primarily life insurance

The maximum score for each column is 10.
* "Assets" refers to insurers' assets covered by divestment policies.

About Unfriend Coal

The Unfriend Coal campaign brings together a global network of NGOs and social movements calling for insurance companies to divest from and cease underwriting coal and support the transition to clean energy. *Insuring Coal No More: The 2018 Scorecard on Insurance, Coal and Climate Change* is co-published by: 350.org; Center for International Environmental Law (USA); ClientEarth (UK); Consumer Watchdog (USA); Foundation "Development YES - Open-Pit Mines NO" (Poland); Ecologistas en Acción (Spain); Friends of the Earth France; Greenpeace; Indigenous Environmental Network; Market Forces (Australia); Rainforest Action Network (USA); Re:Common (Italy); Sunrise Project (Australia); Urgewald (Germany); Waterkeeper Alliance (USA).