



To the CEOs
of 25 leading insurance companies
in the energy sector

May 22, 2018

Unfriend Coal recommendations to the insurance industry

Dear Madam/Sir:

It is auspicious that the Geneva Association will hold its annual meeting in Paris this year. As they convene in the patron city of the Paris Agreement, insurance CEOs will need to discuss further steps through which they can make their businesses compatible with the goals and the timeline of the climate agreement.

We note with appreciation that earlier this month the city council of Paris called on the members of the Geneva Association to “withdraw their support from projects and enterprises in the coal sector” and has encouraged “the insurance companies with which [the city] has contracted not to invest in the companies of the coal sector”.¹

In June 2017, the organizations engaged in the Unfriend Coal campaign called on you and other CEOs of leading insurers to divest from coal companies and, if applicable, to cease underwriting coal projects. We appreciate that 18 of the 25 companies which we contacted have responded to our letter, and that we have since experienced significant momentum towards an exit of the insurance industry from the coal sector.

¹ Conseil de Paris, Voeu No. 28 relatif à la responsabilité du secteur de l’assurance dans la pollution de l’air, May 2, 2018

So far, at least 16 major insurance companies have divested an estimated \$22 billion from the coal sector, and five insurers - including Allianz only recently - have stopped underwriting many or all coal or tar sands projects or are about to do so. This shift away from coal has been applauded by numerous observers including the *Financial Times*, which in an editorial in January 2018 called it a “welcome and logical development”.

Since June 2017 the impacts of climate change – including in the form of floods, hurricanes and wildfires – have become ever more manifest and serious. One of the world’s leading reinsurers recently warned that the economic and human losses of the past year “have given us a taste of the future”.

At the same time the planet’s carbon budget has continued to dwindle. A draft report by the Intergovernmental Panel on Climate Change found in January 2018 that meeting the Paris goals will require an “unprecedented” leap from fossil fuels to renewable sources of energy, and that “coal would be phased out rapidly in most 1.5C pathways”. In the same vein the UN’s Emissions Gap Report called for stopping new coal power plants and an accelerated phase-out of existing coal capacity in November 2017.

Climate science and real-life experience confirm that the transition from fossil fuels to clean energy sources must be accelerated rapidly. Yet according to the 2018 Boom and Bust report, 447 GW of new coal capacity currently remain in the development pipeline.² Meanwhile, Canada’s National Energy Board in its latest energy future assessment expected tar sands extraction to increase by 77% from 2.5 to 4.5 million barrels per day by 2040.³ These increases in extreme fossil fuel production would make it impossible to achieve the goals of the Paris Agreement.

As the CEOs of the insurance industry gather in Paris, the undersigned civil society organizations call on you and your peers in the insurance industry to scale up your ambitions, align them with the urgency of the moment and take the following actions:

1. Immediately start divesting from coal companies and companies developing projects to extract and transport tar sands.⁴ Divestment should include your company’s own assets as well as assets managed for third parties (if applicable).

² Christine Shearer, Neha Mathew-Shah, Lauri Myllyvirta, Aiqun Yu and Ted Nace, Boom and Bust 2018, Tracking the Global Coal Plant Pipeline, Coal Swarm, Sierra Club and Greenpeace, March 2018

³ National Energy Board, Canada’s Energy Future 2017: Energy Supply and Demand Projections to 2040, January 2018

⁴ We define coal companies as companies that meet any one of the following criteria:

- They generate more than 30% of their revenue from producing coal, or produce more than 20 million tons of coal per year;
- They generate more than 30% of their electricity from burning coal, or operate at least 10 GW of coal-fired power stations;
- They are in the process of developing any new coal mining or coal power infrastructure.

We define tar sands companies as companies that hold at least 20% of their oil reserves in tar sands.

These criteria will have to be tightened over time. Ultimately, all investment and insurance portfolios have to be clearly aligned with the Paris goals meaning that companies invested in cannot continue developing other extreme oil and gas projects.

2. Immediately cease underwriting coal and tar sands projects and companies (unless they are engaged in a rapid transition process from coal and tar sands to clean energy that would normally take no longer than two years). Extreme fossil fuel projects which insurers should stay away from include, among others, the Trans Mountain, Keystone XL and Enbridge Line 3 tar sands pipelines. Workers compensation policies, which directly benefit workers in the fossil fuel industry, should be exempt from this policy.

3. Quantify the carbon footprint of your investments and insurance activities and reduce the overall footprint of your company's activities in line with a science-based path which limits average temperature increases to 1.5 degrees Celsius.

4. As you divest from and stop underwriting coal and other fossil fuel projects, at a corresponding pace scale up investments in clean energy companies and insurance coverage for clean energy projects that follow international human rights, indigenous rights, social and environmental standards.

We ask you to respond to our call to action by September 23, 2018. Like last year we will assess and compare the responses received in a public scorecard report. We will provide you and your staff with additional technical information on the scoring process in a follow-up letter in the coming months.

The 2017 scorecard report, which summarizes the responses to our call from last June as well as other commitments on fossil fuels and climate change, is available at <https://unfriendcoal.com/scorecard>. We shared a copy of the report with you before we published it in November 2017.

We would be happy to discuss our concerns in a personal meeting with you or members of your staff. Thank you for your attention.

Yours sincerely,



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Head of Finance Campaigning
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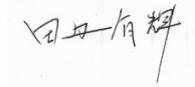
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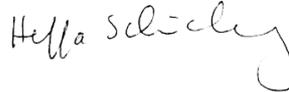
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