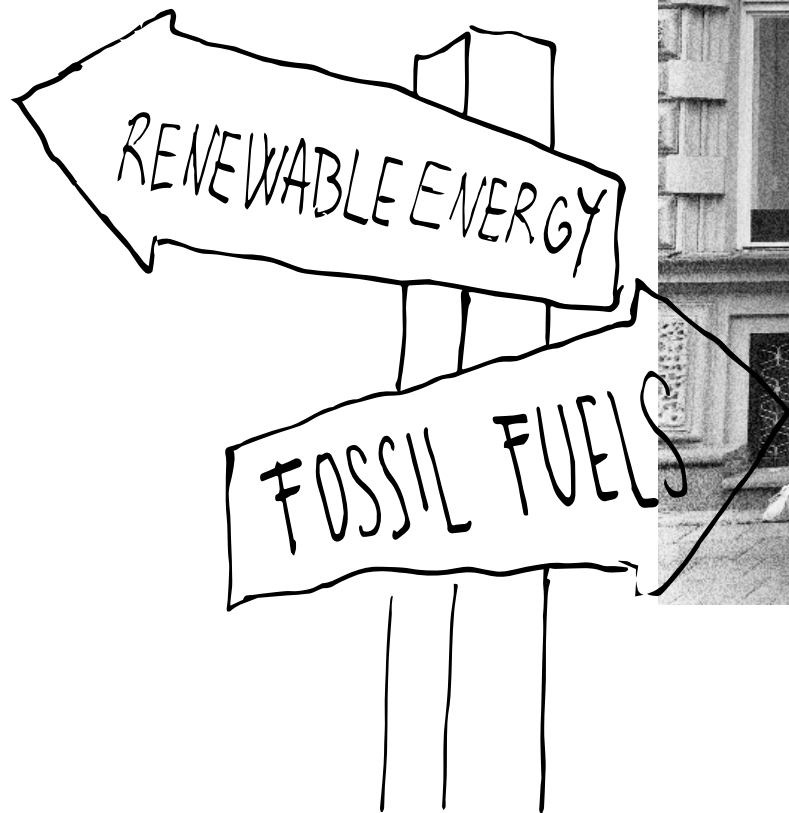


# Insurance and Energy Sectors at a Crossroads:

Feeding the Fossil Monster, or Clean Energy?



re→set

Platform for  
socio-ecological  
transformation





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# Introduction

## – At a Crossroads

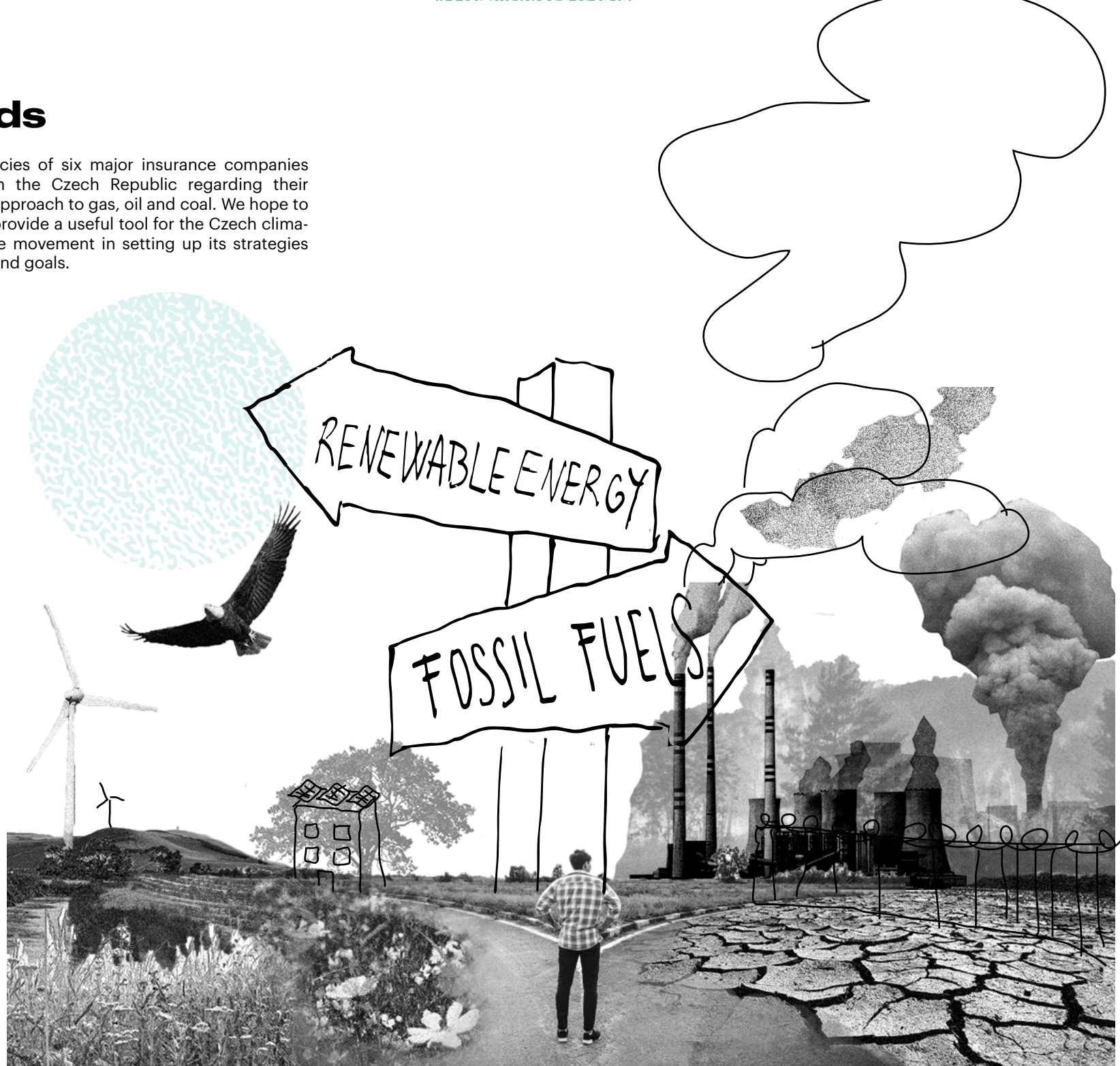
We find ourselves at a historic crossroads. The climate crisis, COVID-19 pandemic and Russia's war against Ukraine have derailed society and opened new questions about our future. For years, scientific research has warned us to phase out fossil fuels rapidly.<sup>1</sup> The pandemic has shown that a long-term emergency can come about overnight. War in Ukraine reminds us that dependence on fossil fuels poses threats for our security and peace as Putin is able to finance his war machinery from billions-worth sales of gas, oil and coal.<sup>2</sup>

Affected by the global turmoil, the energy industry has been undergoing turbulent changes. Increasing prices of gas and coal result in higher energy bills. With record-breaking prices of heat and power<sup>3</sup>, prices of food<sup>4</sup>, housing and fuels have been rising, too. More and more people are facing energy poverty: approximately one million people are threatened by it in the Czech Republic<sup>5</sup>, and some estimates mention up to 20 percent households to be endangered.<sup>6</sup> In the EU, energy poverty may apply to 125 million people.<sup>7</sup> This is mostly caused by our dependence on fossil fuels, mainly expensive fossil gas.<sup>8</sup>

There are two major options at our crossroads – our decision will depend on many factors including the pressure of the civil society. Financial institutions, namely banks and insurance companies, will play an important role. Their internal policies will largely influence whether we continue feeding the fossil monster which devastates the planet and fuels wars, or whether we give preference to a sustainable future.

In this report, we will present our current options. Subsequently, we will assess po-

licies of six major insurance companies in the Czech Republic regarding their approach to gas, oil and coal. We hope to provide a useful tool for the Czech climate movement in setting up its strategies and goals.



# One Possible Way – Feeding the Fossil Monster

One possible way is to increase our support for fossil fuels. In response to Russia's aggression against Ukraine, some countries including Italy, Bulgaria and the Czech Republic are considering postponing their coal phase-out.

Germany, Poland and Slovakia are discussing rapid building of new LNG terminals<sup>9</sup> to import fossil gas from the USA where it is extracted with the method of hydraulic fracturing (fracking).<sup>10</sup> The United Kingdom has advanced its plans to extract gas and oil in the North Sea.<sup>11</sup> The fossil industry has started promoting fracking in the EU. Naomi Klein pointed out that the fossil industry in North America has been trying to restore long cancelled fossil projects.<sup>12</sup>

**"Within hours of the invasion, every planet-torching project that the climate justice movement had managed to block over the past decade was being frantically rushed back onto the table by right-wing politicians and industry-friendly pundits: every cancelled oil pipeline, every nixed gas export terminal, every protected fracking field, every Arctic drilling dream. Since Putin's war machine is funded with petrodollars, the solution we are told, is to drill, frack, and ship more of our own."**

**Naomi Klein, The Intercept.<sup>13</sup>**

The EU is planning to replace Russian oil and gas with fossil fuels from other countries, possibly importing gas from Azerbaijan and Qatar, CNG and LNG from the USA, and boosting imports of oil from the Middle East, mainly Saudi Arabia and the UAE.<sup>14</sup> By 2027, the EU would like to discontinue all imports of Russian oil and gas. This means we would exchange imports from one authoritarian regime for another one, or perhaps replace it with fracked US gas with devastating environmental impacts.

While temporary replacement of Russian gas and oil with imports from other countries may be necessary, building new gas infrastructures threatens to prolong dependence on this fossil fuel. As mentioned in our previous report, gas is not a clean source or a bridge to sustainable future; it paves a path to climate collapse. Prolonged use of coal and oil will result in the collapse of global ecosystems. Luckily, there is another way.

## Fossil gas – a bridge to climate collapse

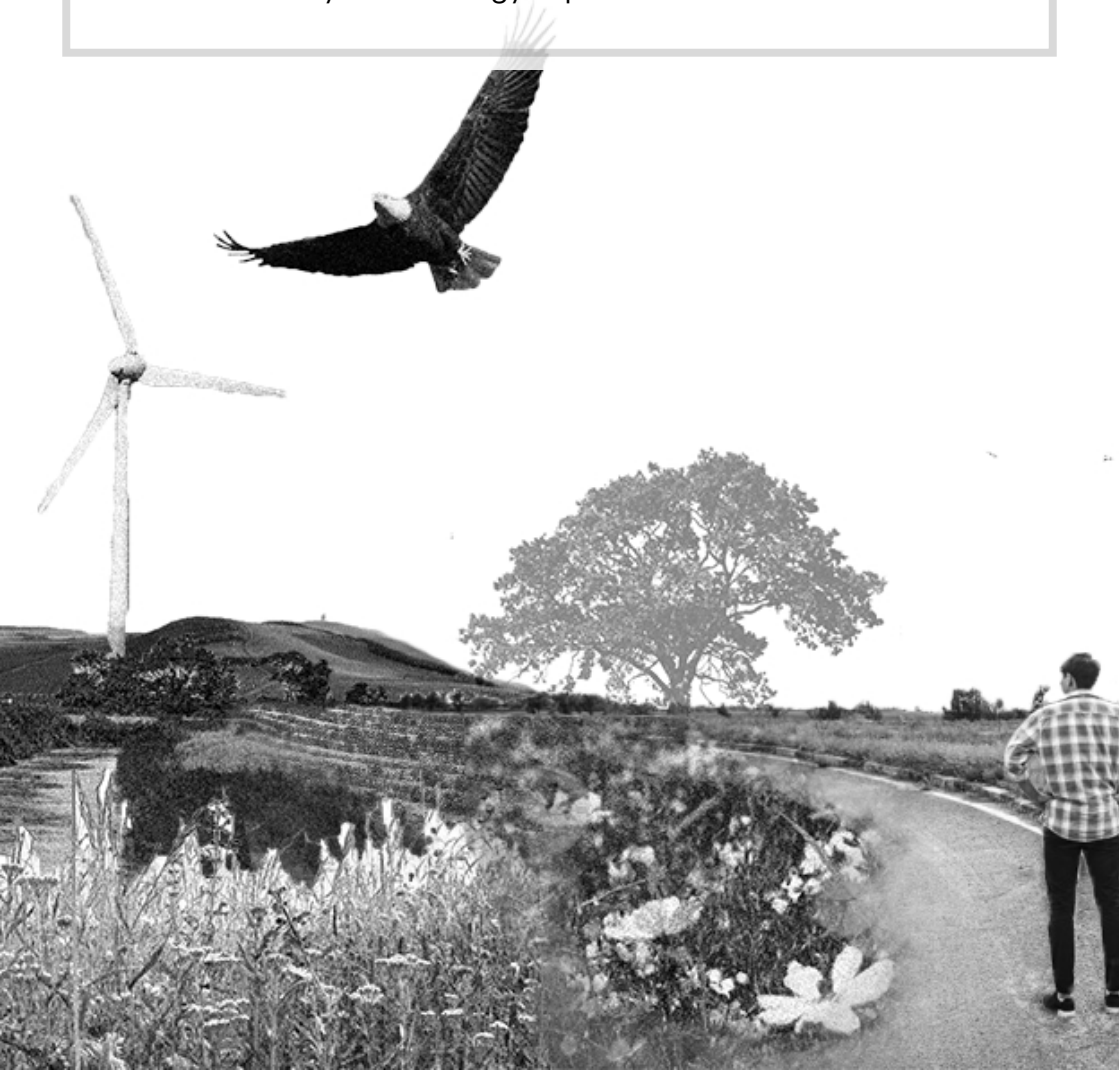
Gas is often mistaken for a clean energy source. In fact, its use poses a dramatic threat for our climate. Its emissions from direct combustion may be lower compared to coal, but if we calculate leaks of methane during extraction and transport, it is not so much different from other fossil fuels. Furthermore, gas imports make us dependent on trade with authoritarian regimes. Building new gas infrastructure would make us dependent on dirty fossil fuels for decades. For more details, see our previous report on fossil gas.<sup>15</sup>





## Clean energy in the Czech Republic

The potential of clean energy in the Czech Republic is closely connected with speedy thermal insulation of buildings and reducing consumption of households and the industry. A 2020 shows that improved energy efficiency of buildings can save up to 34 percent of energy.<sup>16</sup> By 2030, renewables can replace up to 80 percent of coal consumption.<sup>17</sup> At the very latest, we can produce all our energy from renewables by 2050.<sup>18</sup> The Czech Republic is one of the biggest energy exporters. Fossil fuels can thus be reduced also by lower energy exports.



## Another Possible Way – Clean Energy of Freedom

The alternative based on a rapid fossil phase-out is much more favourable. While dependence on fossil fuels is a threat to the environment and safety around the world, the use of renewables hand in hand with energy savings will strengthen peace and protect the climate. The good news is we can become independent on Russian gas as early as in 2025 without having to build new gas infrastructure or burn more coal.

Eleven EU countries supported an initiative calling for a faster energy transition as a tool to break free from Russian fossil fuels.<sup>23</sup> Potential scenarios for the Czech Republic have been outlined in the “Nová dohoda” manifesto.<sup>24</sup> However, in most countries, there is a lack of political will for speedy transformation that would help us stabilize the global climate, deal with social issues and eliminate dependency on authoritarian regimes.

A recent study by Ember and E3G shows that in the next three years, approximately two thirds of imported Russian gas can be spared thanks to thermal insulation, energy savings and solar and wind energy. The rest can be temporarily replaced with imports from other countries without building new LNG terminals and pipelines.<sup>20</sup> This should be followed by ambitious investments in development of renewables, building insulation, replacement of solid fuel boilers with heat pumps<sup>21</sup> and transition from individual automotive transport to the public one. The energy transformation can also solve social problems related to increasing energy prices as the above-mentioned measures will decrease energy consumption and thus also the energy bills. Unlike gas, solar and wind energy is the cheapest in the market.<sup>22</sup>

**“It’s now or never, if we want to limit global warming to 1.5°C; without immediate and deep emissions reductions across all sectors, it will be impossible.”**

**James Skea, Professor of Sustainable Energy at Imperial College London and Co-author of the recent IPCC report<sup>25</sup>**

In this very situation, insurance companies have an important opportunity to lead the way – as it is the future of the whole world at stake.

**“Renewable energy is freedom energy.”**

**Christian Lindner, Head of FDP, a German liberal party<sup>19</sup>**

# Assessment: Climate Policies of 6 Major Insurance Companies in the Czech Republic

Insurance companies in the Czech Republic took an important step last year. Influenced also by the “Let’s Stop Dirty Money” campaign, the Allianz, Kooperativa and Generali insurance companies terminated contracts with energy companies Sev.en Energy and ČEZ. The coal industry has become basically uninsurable. Unfortunately, this does not apply to gas and oil.

We have approached six major insurance companies operating in the Czech Republic and inquired about their gas and oil policies. We have also studied available resources about their involvement in the gas industry.

Only two of these insurance companies, Generali Česká pojišťovna and ČSOB pojišťovna, have specific gas and oil policies. The Allianz insurance company is currently discussing it. However, all presented measures are inadequate in the face of the climate crisis. Other insurance companies have no relevant policies at all.

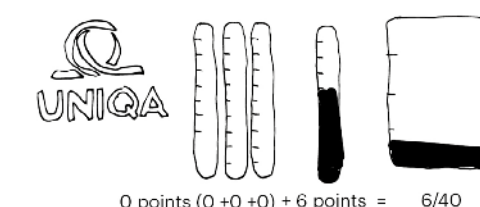
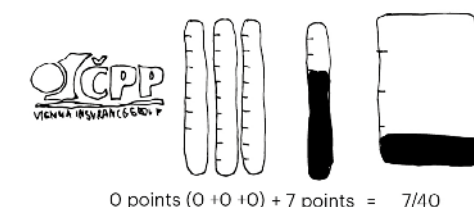
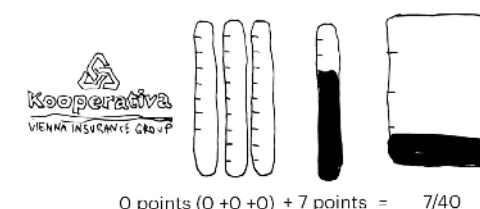
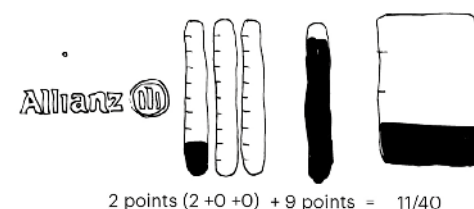
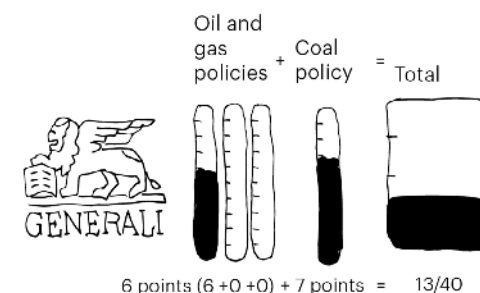
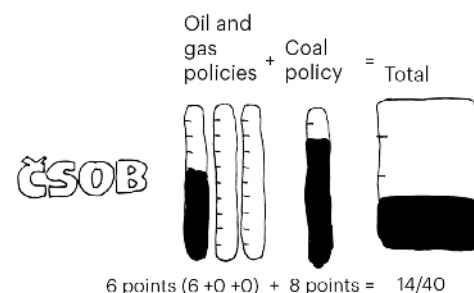
## Assessment method:

The method was inspired by the organization Reclaim Finance and its Oil and Gas Policy Tracker project.<sup>26</sup> It evaluates three areas: firstly, the po-

licy of terminating insurance for new or existing oil and gas projects; secondly, plans to exclude services for companies that extract, transport or burn oil and gas; and thirdly, the final phase-out commitment. Ten points are available for each area, i.e. 30 in total.

The assessment also takes into consideration the approach to the coal business. A high-quality and elaborate coal policy can receive up to ten points. The assessment was based on the data collected in the Coal Policy Tool projects by Reclaim Finance.<sup>27</sup> The total score is a sum total of these categories with the maximum of 40 points.

For some insurance companies, general information about their involvement in the domestic gas business has been indicated.



## An ideal insurance company

An ideal insurance company supporting a clean future:

- ☒ actively excludes all services for fossil industry
- ☒ refuses to insure all new coal, gas and oil projects
- ☒ has an ambitious and timely phase-out goal for all fossil fuels
- ☒ lets clients know that cooperation is impossible if they continue operating fossil infrastructure.

Despite minor flaws, AXA and Allianz insurance companies are approaching these expectations in terms of their coal policies. In terms of oil and gas, Australia-based Suncorp insurance company is pushing such goals.<sup>28</sup>



## ČSOB pojišťovna

### Oil and gas policies:

The ČSOB pojišťovna insurance company is a part of the Belgian KBC group which adopted a policy excluding any financial support (including insurance) to new oil and gas exploration and extraction projects last year. By 2030, it is going to terminate collaboration with all companies still planning oil and gas projects.<sup>29</sup> There are no policies regarding new projects insurance or oil and gas phase-out commitment.

### Coal policy – identified issues:

The KBC excluded insurance for almost all coal projects and set a goal to operate fully outside the coal industry by 2030. However, there are methodological issues in evaluating the share of coal with energy companies.

### Score:

Oil and gas policies: 6 (6+0+0)

Coal policy: 8

Total: 14

## Generali Česká pojišťovna

### Oil and gas policies:

The Italian Generali company is an exception among the world's 30 biggest insurance companies as it has at least a basic oil and gas policy.<sup>30</sup> It excludes insurance services for all new oil and gas exploration and extraction projects. Nevertheless, there is no policy for new infrastructure projects and no phase-out year.

### Coal policy – identified issues:

Generali's coal exclusion policy is comparatively good, yet with persisting flaws.<sup>31</sup> There are vaguely defined exceptions from the coal policy that apply to countries with more than

45% energy from coal. It is not clear whether some services are still provided to the coal business in the Czech Republic. Furthermore, Generali does not address its coal investments.

### Score:

Oil and gas policies: 6 (6+0+0)

Coal policy: 7

Total: 13

### Involvement in Czech gas business:

On a long-term basis, Generali Česká pojišťovna has provided services for ČEZ and EPH companies. It is possible that the company insures their gas projects. When asked directly, Generali did not exclude these options.<sup>32</sup>





## Allianz

### Oil and gas policies:

Part of a German group headquartered in Munich, Allianz has no comprehensive oil and gas policy. According to unofficial information, it may be published in May before the shareholders' meeting. Its existing internal policy excludes insuring oil-sands based companies.<sup>33</sup> There are also no policies regarding new projects or phase-out commitment.

### Coal policy – identified issues:

Together with AXA, Allianz has one of the strongest insurance policies related to coal. Within its sector, it ranks very high on the Insure our Future list although it achieved less than a half of possible points. Besides its weak gas policy, there are issues with po-

ssible exceptions (these could be granted to coal infrastructure projects made by companies with credible phase-out plans).

### Score:

Oil and gas policies: 2 (2+0+0)

Coal policy: 9

Total: 11

### Involvement in Czech gas business:

The Allianz company is strongly involved in the Czech gas business. Its daughter company Allianz Infrastructure Luxembourg owns a half of NET4GAS which operates the Gazela and Antilopa pipelines. It is not clear whether the company insures these projects, however, it may be probable given the NET4GAS proprietary relationships.<sup>34</sup>

## Kooperativa

### Oil and gas policies:

Kooperativa is a part of the Vienna Insurance Group which has no oil and gas policies.

### Coal policy – identified issues:

Kooperativa has a relatively strong coal policy, heading towards exclusion of insurance services for almost all coal power plants.<sup>35</sup> The problem is its low transparency and poor public communication about exclusions. When asked directly, the company informed us they have reduced insurance services in the coal sector by

50% last year. It is not clear which coal infrastructure clients still remain insured.

### Score:

Oil and gas policies: 0 (0+0+0)

Coal policy: 7

Total: 7

### Involvement in Czech gas business:

On a long-term basis, Kooperativa has provided services for ČEZ and EPH companies. It is possible that the company insures their gas projects. When asked directly, Generali did not exclude these options.

## Česká průmyslová pojišťovna (ČPP)

### Score:

Oil and gas policies: 0 (0+0+0)

Coal policy: 7

Total: 7

### Oil and gas policies:

ČPP is a part of Vienna Insurance Group which has no oil and gas policy.

### Coal policy – identified issues:

Same as Kooperativa (the same owner).

## Uniqa

### Oil and gas policies:

The Czech branch of the Austrian UNIQA company that has no oil and gas policy.

applies these criteria to new energy sector clients. Existing clients may not be excluded before 2025. Unlike other insurance companies, there is no deadline for a complete withdrawal from the coal business.<sup>36</sup>

### Coal policy – identified issues:

Uniqa's internal policy excludes most coal projects. However, there are serious flaws – for example, Uniqa only

### Score:

Oil and gas policies: 0 (0+0+0)

Coal policy: 6

Total: 6



# Planeta hoří a já říkám PŘIDEJ PLYN



Fosilní průmysl nám lže. Tváří v tvář konci uhlí se firmy jako EPH Daniela Křetínského a Sev.en Energy Pavla Tykače snaží zachránit přechodem k jinému fosilnímu palivu – plynu. A banky, pojišťovny i státy je v tom podporují. Chtějí nás přesvědčit, že plyn je čistý a zelený, nebo že ho potřebujeme jako "most" k obnovitelné energii. Není to pravda. Sám metan je skleníkový plyn několikanásobně mocnější než oxid uhličitý. Při započítání úniku metanu do atmosféry má plyn podobné emise jako uhlí. Pro čisté obnovitelné zdroje je to konkurence, ne partner.

Každá koruna vynaložená na plynovou infrastrukturu oddaluje řešení klimatické krize. Chtějme po bankách, pojišťovnách i vládách investice do skutečných, ne falešných řešení!

vám přináší:

EPH SEVEN ENERGY

s podporou:

KB UniCredit Allianz

## Conclusion – Help Insurance Companies Make the Right Decision

The analysis shows that climate policies of major insurance companies operating in the Czech Republic are highly inadequate, especially in terms of gas and oil. In the current scenarios, insurance companies are leading the way towards the most serious impacts of the climate crisis. They have actively eliminated support for coal. Only few would support building of a new coal infrastructure, and most of them have been terminating contracts related to coal power plants and mines. However, scientific reports clearly show we need to phase-out all fossil fuels as soon as possible.<sup>37</sup> The crucial question thus is whether insurance companies will or will not support development of gas and oil infrastructures. Very few financial institutions look into the question of gas and oil, and if they do, their policies are very far from satisfactory.

Last year, the "Let's Stop Dirty Money" coalition managed to convince Allianz, Kooperativa and Generali insurance companies to terminate contracts to energy companies Sev.en Energy and ČEZ. To save the planet, we need financial institutions to take the right direction at our crossroads. Help them make the right decision and support initiatives motivating insurance companies to more ambitious climate policies. Follow the campaign, especially during the action days against dirty insurance on 6–10 June 2022.

For more details, e-mail us at [info@spinaveprachy.cz](mailto:info@spinaveprachy.cz) or visit [spinaveprachy.cz](https://spinaveprachy.cz).

Our common future also depends on how financial institutions will approach funding for new gas projects in Europe and globally. Most Czech coal tycoons have considered transitioning from coal to fossil gas. This is a crucial moment to discourage insurance companies from supporting new gas projects. As seen in the past with coal, citizens' pressure is essential for financial institutions' strategies.





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# About Re-set

**Re-set: Platform for Socio-Ecological Transformation** is a Czech organization that uses research, education and public engagement to support efforts for a more sustainable and just society. We develop and popularize concepts for a social, ecological and democratic economy, we investigate the causes of social and ecological problems and we look for solutions.

We support bottom-up initiatives and work with social movements that strive for a good life for all in diverse fields. We help people get organized and promote their interests together. As part of the Europe Beyond Coal campaign and in our Climate Justice program, we conduct research and organising activities to support the rapid phase out of coal and other fossil fuels, and the transition to a new energy system based on decentralized and democratically controlled renewables.

[www.re-set.cz/english](http://www.re-set.cz/english)  
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## “Let’s Stop Dirty Money”

“Let’s Stop Dirty Money” is a diverse coalition of civil society organizations striving for an immediate and just solution to the climate crisis. Our goal is to draw attention to causes of climate change and to speak out against institutions responsible for devastation of our planet. As part of an international movement, we aim to direct funding from the fossil industry to a future economy based on sustainability and justice. We are thus calling for banks, insurance companies and investment funds to stop supporting the fossil industry immediately and redirect money to clean renewable energy sources.

The campaign is supported by: Fridays for Future Česká republika, Limity jsme my, Univerzity za klima, Rodiče za klima, Lékaři za klima a Re-set: platforma pro sociálně-ekologickou transformaci.

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# Imprint

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Would you like to help us? Become a donor and support us with your contribution on [www.re-set.cz/daruj](http://www.re-set.cz/daruj)

