Jun 10, 2025

Subject — Stop insuring LNG methane expansion and scale up clean energy cover

To the CEOS of major fossil fuel insurers:

Dear CEO,

In 2025, escalating climate shocks are deepening an insurance crisis that threatens both social resilience and financial stability—shifting unaffordable risks onto people while exposing the limits of an insurance system under intensifying strain. As Munich Re stated, "climate change is showing its claws". This is a time for clarity and bold leadership.

Allianz board member Günther Thallinger recently emphasized: "*This is about saving the conditions under which markets, finance, and civilization itself can continue to operate*." As both risk managers and major institutional investors, you are uniquely positioned to drive systemic change in how rapidly we decarbonize, which is essential for effective adaptation to climate risks.

The scale of recent losses is staggering. 2024 was the hottest year in recorded history and the first year to breach the dangerous 1.5°C limit, with a trail of disasters in its wake. Extreme weather cost thousands of lives and more than 400 billion USD in damages - with around 150 billion USD insured - leaving a protection gap of 250 billion USD. Communities and governments are shouldering the shortfall as insurers retreat from risk, raise premiums, or withdraw coverage altogether.

This is not just a social issue - it's a direct and growing threat to the industry's bottom line and the financial system. Analysts signal that as the protection gap widens, governments will oblige insurers to shoulder even more of the climate bill. This means the insurance sector's future viability depends on reducing, not merely pricing and transferring, climate risk.

Scientists have uncovered clear climate change fingerprints in recent extreme weather events worldwide – from historic floods in Brazil, to hurricanes in the Caribbean, US, and the Philippines, to drought crippling harvests in Southern Africa, to extreme heatwaves affecting billions. Actuaries have termed this emerging reality "life in the tail" of the risk curve.

Insurance markets are stressed. In the US, the home insurance market is teetering. In France, more than 1,500 municipalities are struggling to obtain insurance cover for climate risks. More examples are discussed in our recent scorecard report, *Within Our Power* -- estimating over USD 600 billion in climate-attributed insured losses this century.

The growing litany of catastrophes worldwide share a common driver of risk: the unsustainable combustion of coal, oil — and, increasingly, LNG methane gas.

Gas is a bridge to catastrophic tipping points

The International Energy Agency states gas production must fall more than 70% by mid-century to hold warming to 1.5 °C; that leaves zero room for new LNG methane export and import terminals. Even exceptions for so-called "transition" companies only erode credibility. A majority of 1,500 business executives support bypassing gas and prioritizing renewables and electric storage systems.

By supporting new gas projects today, insurers lock in both stranded asset risk and escalating physical risk claims tomorrow. The first planetary health check found that global temperatures have already pushed us within the uncertainty range of five tipping points, that could devastate major coastal cities, destabilize megaforests including the Amazon, and disrupt rainfall cycles. These

catastrophic outcomes tomorrow – that threaten to make resilience efforts ineffective – are preventable with rapid decarbonization today.

Insure Our Future's demands

Please see the Annex included at the end for additional details on starred sections.

1. Immediately stop insuring new and expanded coal, oil, and gas projects* across the entire value chain*, including LNG infrastructure.
2. Immediately stop new or existing insurance services to companies engaged in fossil fuel expansion*, or that are otherwise not aligned with a credible 1.5°C pathway* with minimal to zero overshoot.
3. Immediately stop new investments* and phase out existing investments in companies engaged in fossil fuel expansion.
4. Immediately adopt underwriting and investment targets that align with a global 6:1 ratio* of Clean and Sustainable Energy* supply relative to fossil fuels by 2030.
5. Immediately adopt insured emissions reductions targets*, including customers' scope 3 emissions for material sectors. Develop, disclose and implement comprehensive transition plans that include phasing out insurance coverage for fossil fuel companies and is aligned with a credible 1.5°C pathway with minimal to zero overshoot for all insurance services.
6. Use all available mechanisms to ensure insurance remains affordable and accessible for communities while supporting efforts to make polluters pay for climate disasters, for example by bringing fossil fuel companies to court.
7. Immediately establish, and adopt as policy, robust due diligence and verification mechanisms to ensure clients fully respect all human rights. Including a requirement that they obtain and document the Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples*; and consent of all other local communities.
8. Immediately exclude insurance services to high impact activities* that are located in, or impact, areas of high biodiversity importance*. Develop a broader policy on biodiversity and water protection incorporating robust due diligence and verification mechanisms.
9. Immediately align lobbying, political spending, fossil fuel customer stewardship, trade associations and public positions as a shareholder* to limit warming to 1.5°C with minimal overshoot, under board oversight, transparent metrics, reporting and escalation protocols.

These policies should be applied by both insurance and reinsurance companies at the Group level. Reinsurance companies should apply the policies to direct, facultative and treaty businesses.

Towards rapid risk reduction, cost recovery, and clean energy race to the top

As climate-driven costs escalate faster than models and expert predictions, the cost of inaction is clear. Insurance inaccessibility and unaffordability from non-renewals and insurance premium increases have already soured public opinion on the insurance industry, and growing underinsurance shows that the public cannot keep up with paying more. New sources of revenue are needed to meet climate costs and governments are already pushing back against rate hikes, which means insurers should look for alternative cost recovery options from the fossil fuel industry, such as via subrogation claims.

Additionally, by rapidly scaling up the clean energy transition (with strong human rights safeguards), your company can gain strategic advantages by securing your position in fast growing markets for sustainable and clean energy and climate-resilient infrastructure, providing new underwriting opportunities, long-term investment returns, and reputational benefits.

Redirecting underwriting capacity from gas expansion toward solar, wind, grid-modernisation and storage projects will prevent lock-in of physical and transition risks, and protect the long-term sustainability of your industry. We urge you to insure the core infrastructure of a livable, electrified future.

Next steps

We request a written response to Insure Our Future demands by **Jun 27, 2025** outlining your progress towards:

- Publishing an updated energy underwriting policy excluding all new oil and gas fields, pipelines, and LNG terminals, covering the full value chain.
- Committing to the 6:1 clean-energy ratio with interim milestones.
- Aligning all investment and lobbying activities with a credible 1.5°C transition with minimal to no overshoot.
- Advancing efforts to shift the costs of climate-driven uninsurability from policyholders and the public to the fossil fuel industry.

We stand ready to discuss these measures and to recognise insurers that lead the industry toward genuine climate security and protection.

Sincerely,

Insure Our Future

Annex: Additional notes on Insure Our Future demands

New or expanded coal, oil, and gas projects are defined as infrastructure that drive expanded fossil fuel production and demand. This includes, but is not limited to, all coal, oil and gas projects which had not yet received a Final Investment Decision (FID) by the end of 2021.

For the **coal sector**, this includes new coal plants, thermal and metallurgical coal mines and coal-dedicated infrastructure (such as railways or coal terminals).

For the **oil and gas sector**, this includes new oil and gas exploration projects, new oil and gas fields, oil and gas pipelines as well as new liquefied natural gas (LNG) terminals and new oil and gas power plants.

The entire value chain covers upstream, midstream, downstream.

A **company engaged in fossil fuel expansion** is a company planning:

- new coal projects (new coal mines, new coal plants and new coal-dedicated infrastructure) and/or;
- new upstream oil and gas projects (exploration and new oil and gas fields) and/or;
- new midstream oil and gas projects (new oil and gas pipelines, new liquefied natural gas terminals) and/or;
- new oil and gas plants.

A company engaged in fossil fuel **expansion cannot be aligned with a credible 1.5°C pathway.**

We recommend **requiring short-term interim targets** to ensure fossil fuel companies commit to not expanding production if they want to continue receiving insurance coverage.

In accordance with the Global Coal Exit List, **coal companies** are defined as those that generate 10% or more of their revenue from mining and transporting coal or 10% or more of their electricity from burning coal; or produce 10 million tonnes or more of coal per year, or operate 5GW or more of coal-fired power stations; or are planning new coal mining, power or infrastructure projects.

Oil and gas companies are defined as oil and gas producers, oil service and equipment companies, companies involved in transporting oil, oil traders, companies refining and processing oil, companies involved in the production and transport of LNG and power utilities which depend on oil and gas for more than 20% of their revenue. See the Global Oil and Gas Exit List for a list of companies in the upstream and midstream expansion sectors.

As a matter of priority, the purchase of **new bonds** from companies engaged in fossil fuel expansion but also new investments in listed equities from the same companies must be halted.

New investments in private assets must also be considered: New investments in companies planning fossil fuel expansion or directly in new fossil fuel infrastructure through private equity and private debt must also be halted.

Clean and sustainable energy covers power generation from sustainable sources (mainly solar, wind and hydro under certain conditions), power storage (batteries), and transmission & distribution (modernization and expansion of electricity grids). Certain technologies, such as bioenergy, carbon capture and storage (CCUS), nuclear power, blue/ brown/black/pink hydrogen are not considered clean and sustainable energy. For more details, see here.

The energy transition must ensure **a fairer, more equitable and more sustainable world for all**. A clean and sustainable energy economy will require a huge amount of renewable energy power generation, storage capacity, grid infrastructure, and energy efficiency measures. A sustainable and fair clean energy economy supports local land rights, biodiversity protection, a just transition for workers, human rights and protects water and marine resources and promotes equality and fairness.

A **clean energy** economy will require scaling up renewable energy generation, energy efficiency measures, storage capacity, grid infrastructure and more. A just transition must provide affordable energy access to underserved communities, support impacted workers, and protect nature. Independent, science-based definitions must guide decision-making and avoid locking in unsafe technologies. According to Bloomberg New Energy Finance a ratio of 4:1 for investments on low carbon infrastructure vs. fossil fuels will be required by 2030, and according to the IEA, a ratio of 6:1 (or 10:1 if energy efficiency investments are included) will be required. Even though the BNEF and IEA definitions are flawed, these ratios indicate the scale of investments needed.

Insurers should adopt a transition scenario compatible with the goal of limiting global warming to 1.5°C by 2100 with little or no overshoot. We recommend a **target of a minimum 6:1 ratio** - 6 dollars of insured value from, or investment in, sustainable electricity supply assets (production, storage, transmission and distribution) for each dollar of insured value from fossil fuel assets (over the entire value chain). The scope of any underwriting target must cover Property & Casualty lines, including Construction & Engineering lines, and exclude Life & Health. Construction & Engineering lines are included in the scope of the calculation in order to take into account insurers' support for the construction of new sustainable electricity supply assets. The target ratio should vary based on an insurer's business and the geography of their holdings.

This target is a subset of the IEA's 10:1 ratio. For more details, see here.

Credible 1.5°C pathways need to give a higher than 50% chance of limiting global warming to 1.5°C, should not rely on offsets and should only rely on negative emissions to a minimal degree, as reflected in the One Earth Climate Model (OECM). According to the OECM's sectoral pathways report, which was commissioned by the Net-Zero Asset Owners Alliance, the scope 3 emissions from fossil fuel production must be reduced as follows under a credible 1.5°C pathway, compared with 2019:

Coal: -49% by 2025, -79% by 2030, -100% by 2050

Oil: -8% by 2025, -31% by 2030, -100% by 2050

Gas: -7% by 2025, -18% by 2030, -94% by 2050

Any company that is building new coal, oil or gas expansion projects is not aligned with 1.5°C. All coal-related assets need to be closed by 2030 in European and OECD countries and by 2040 in the rest of the world. Insurance services to be phased out include reinsurance for the captive insurers of the respective fossil fuel companies.

Workers' compensation policies, which directly benefit workers in the coal, oil and gas industry, renewable energy projects and operations which are ring-fenced from other energy and power sector projects and operations, and existing mine reclamation surety bonds should be **exempt from this policy.**

Insured emissions reduction targets need to set emission reduction targets for new projects as well as ongoing operations and need to define short- and medium-term targets (starting in 2025) across the entire commercial property & casualty portfolio. The targets need to cover all greenhouse gases and the scope 3 emissions of all carbon intensive sectors including coal, oil, gas and electric utilities. They need to aim for a reduction of insured emissions of at least 43% by 2030 (compared with 2019, as required according to the IPCC).

Just as health insurers took tobacco companies to court to make them pay for the cost of smoking related illnesses in the 1990s, insurance companies should explore **subrogation, public nuisance or fraud claims** against major carbon producers in order to keep insurance affordable for customers affected by growing climate risks.

The **FPIC policy** should result in the ending of any insurance services for customers which fail to provide evidence that FPIC has been obtained for all projects on Indigenous lands and territories covered by the insurance policy.

High impact activities include extraction and conversion activities related to agriculture, fishing and aquaculture, forestry, mining, land and infrastructure development, energy production, and the chemicals and pharmaceuticals sectors. For more details, see here and here.

Areas of high biodiversity importance include (but are not limited to) Key Biodiversity Areas (KBAs), IUCN protected areas, Ramsar Sites, Indigenous and Community Conserved Areas, World Heritage Sites (natural or mixed), and Critical Habitats (in line with IFC performance standard 6). These areas are crucial for the food and water systems on which we all depend.

Engage with clients and review terms and conditions: Insurance companies should require the highest environmental and safety standards and criteria when setting up or renewing insurance contracts. They should engage with their clients to ensure that they meet these requirements.