



To the CEOs
of leading insurance companies
in the energy sector

July 13, 2018

Call to U.S. Insurance Companies to Act on Coal and Tar Sands

Dear Madam/Sir:

Averting catastrophic climate change is the most important challenge of the 21st century, and the global community needs to urgently scale up efforts to mitigate the climate crisis. We have no chance to keep average global temperature increases well below 2°C if we don't immediately accelerate the transition from coal, tar sands and other fossil fuels to clean energy sources.

The Intergovernmental Panel on Climate Change's (IPCC) recent draft Special Report on Global Warming of 1.5 °C finds: "There is a very high risk that under current emissions trajectories and current national pledges global warming will exceed 1.5 °C above pre-industrial levels... Delayed action or weak near-term policies increase the severity of projected impacts and adaptation needs."¹

Burning coal is by far the single biggest source of CO₂ emissions and has serious impacts on ecosystems and public health. The recent IPCC draft report found that "coal use would be phased out rapidly in most 1.5 °C pathways", and the UN's 2017 Emissions Gap Report called for a stop on new coal power plants and the accelerated phase-out of existing plants as important steps towards achieving the goals of the Paris Agreement.² Extracting tar sands is among the most CO₂-intensive ways of producing oil and has serious impacts upon Indigenous peoples.

At a time when the U.S. government is suppressing climate science and abdicating its responsibility to avert a climate crisis, other actors in society need to step up and address their responsibility for mitigating climate change. Given your access to top-level climate science and your role in shaping modern industrial society as risk managers and investors, insurance companies must be part of this effort.

In recent years, we have witnessed growing momentum towards an exit of the insurance industry from the coal and tar sands sectors³. So far, 17 insurers with assets of at least \$10 billion each have divested from coal. The combined assets of these companies is more than \$6 trillion. Four of the world's biggest insurers – Allianz, AXA, SCOR and Zurich – have limited or ceased their underwriting of coal projects, and Swiss Re is currently preparing a policy on these issues. AXA and Swiss Re have also ceased or limited their underwriting of tar sands projects.

¹ IPCC, Special Report on Global Warming of 1.5 °C, Summary for Policy Makers, January 2018 (draft), pp. 3f.

² [The Emissions Gap Report 2017](#), A UN Environment Synthesis Report, November 2017.

³ See for example, "Insurance giant Axa dumps investments in tar sands pipelines," [The Guardian](#), 12 December 2017.

Given the momentum in the international insurance industry, which includes decisive shifts by some of the world's largest insurers, action by the U.S. insurance industry is long overdue⁴. Therefore the undersigned organizations are calling on your company to take the following measures:

1. Immediately start divesting from coal companies and companies developing projects to extract and transport tar sands.⁵ Divestment should include your company's own assets and assets managed for third parties.
2. Immediately cease insuring 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 °C.
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.

U.S. property and casualty insurers have suffered \$90 billion in losses from climate-related disasters in 2017,⁶ and many are now making their policies in regions threatened by climate disasters more expensive or even unavailable. It is not acceptable for the insurance industry to abandon people living in areas suffering the worst impacts of climate change while continuing to exacerbate climate change by insuring and investing in coal and tar sands projects.

At the Global Climate Action Summit in San Francisco of September 12-14 and other upcoming opportunities we plan to increase awareness among regulators, policyholders and the public about the responsibility of the insurance industry for helping facilitate a rapid transition to a low-carbon economy.

We ask you to inform us about the actions your company intends to take on these issues by September 3, 2018, if possible, and by September 24 at the latest. Your response will help us in our plans to identify and publicize climate leaders and laggards within the insurance industry.

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,

⁴ See Jacques Leslie, "Insurers are backing fossil fuel companies and then charging you for climate change risks," [Los Angeles Times](#), 13 March 2018.

⁵ 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.

⁶ [Property Casualty Insurers Association of America](#), "The Year of the CATs", 2018.

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