

Introducing the Unfriend Coal Campaign



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Outline of the Presentation



1. Why take action on coal?
2. Why should insurers act?
3. Brief case study
4. Who is Unfriend Coal?
5. What are we asking insurers to do?
6. Progress achieved so far
7. Outlook and Poll

1. Why Take Action on Coal?

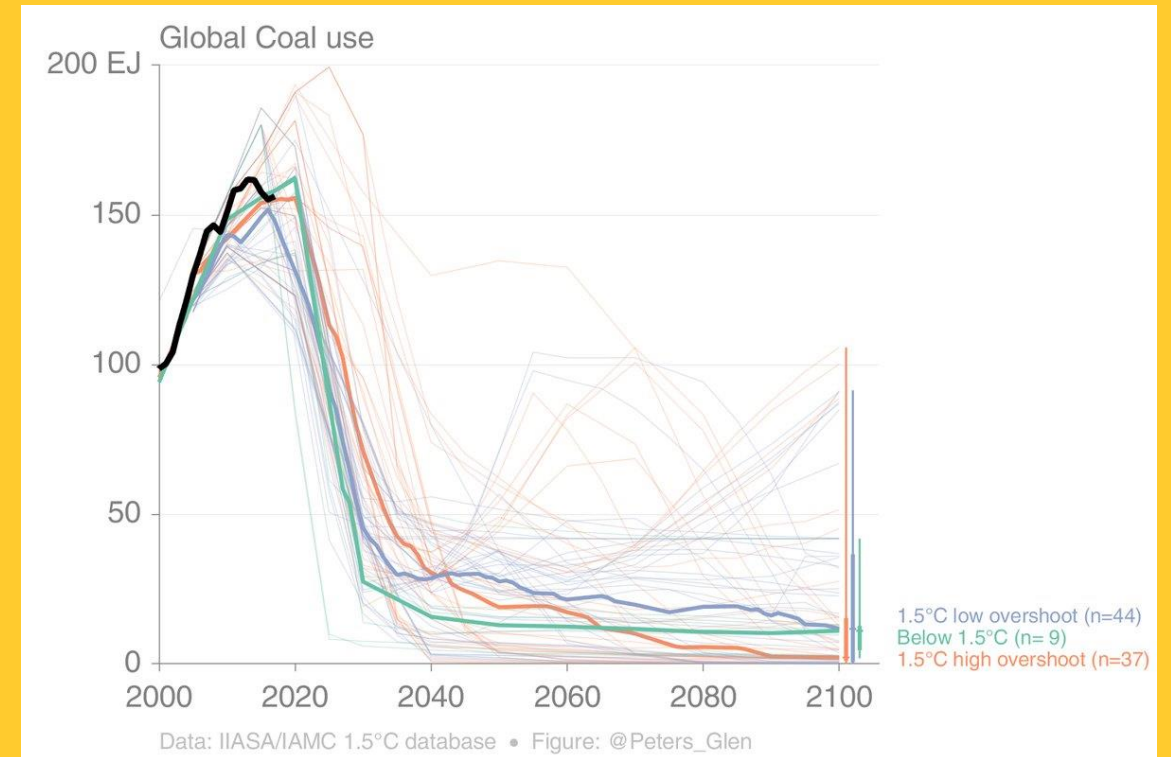
IPCC 1.5°C report, October 2018:
Limiting global warming to 1.5°C instead of 2°C will significantly reduce impacts in terms of
→ life-threatening heatwaves, droughts, floods, sea level rise, species loss, human health, water stress and food security.



Unprecedented Action Required

IPCC 1.5°C report calls for action on “unprecedented scale”:

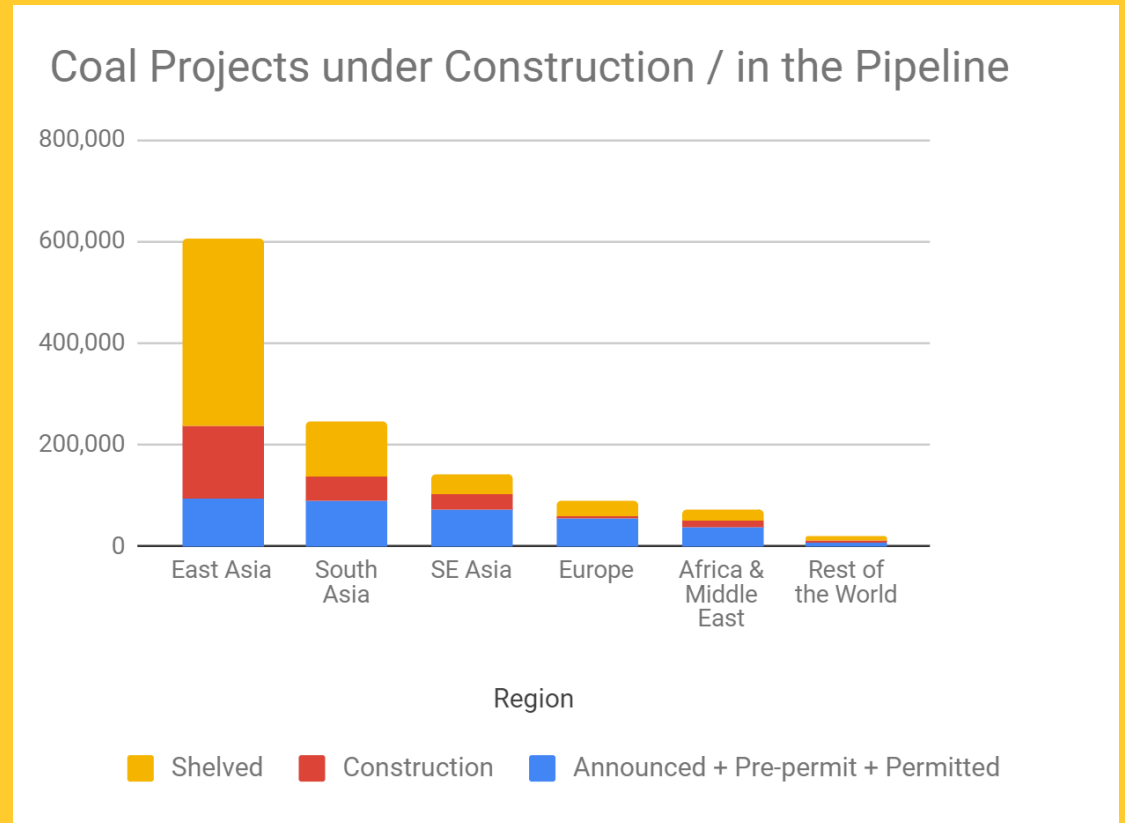
- by 2030, 59-78% of 2010 coal capacity to be phased out;
- by 2050, 98-100% of coal capacity to be phased out;
- no space for any new coal projects!



No Space For More Coal Projects

Currently under construction or in the pipeline: 1,380 new coal power plants with a combined capacity of 672 GW.

Would increase current capacity by one third. No space for any of these projects to go forward!



2. Why Should Insurers Act on Coal?



All actors in society – governments, private sector, civil society – need to work together to reach Paris goals.

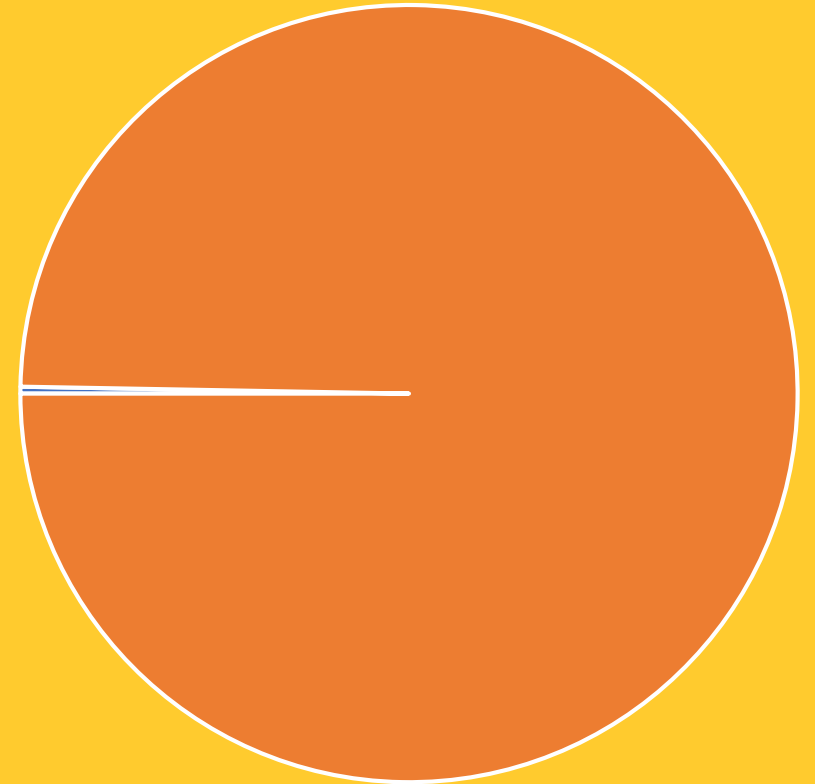
Insurers not singled out: similar NGO campaigns on governments, utilities, coal miners, banks.

Insurers' Special Responsibility

As risk managers, insurers silently shape modern society.

Without insurers' risk management, few new coal projects could be built, many existing operations would have to phase out.

Insurance is important for coal, but overall, coal is negligible for insurers (0.3-0.5% of non-life premiums?).



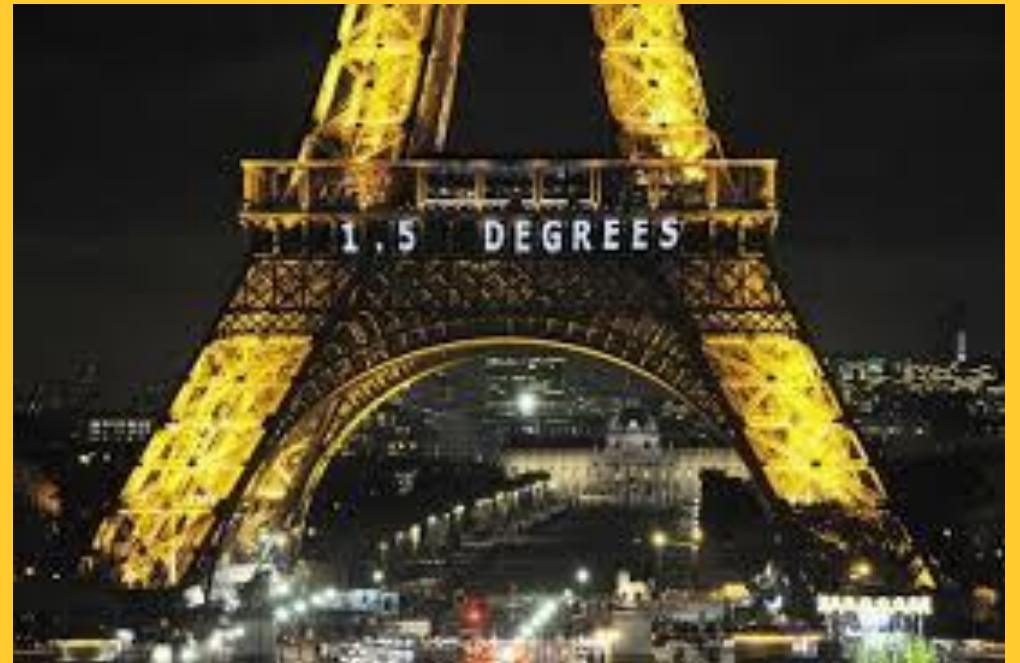
Public Credibility at Stake

Insurers have warned about climate risks since the 1970s.

Example Paris Pledge of Action:

“We pledge our support to ensuring that the level of ambition set by the agreement is met or exceeded.”

Supported by ISS, Insurance Europe, Allianz, MS&AD, Zurich, Munich Re, Swiss Re etc.



Case Study: Insuring Coal in Poland



Poland plans to build >10 GW of coal power plants and open new mines with >3 mt of lignite. No space under Paris Agreement! Test case: Ostroleka C.

Pollution from Polish coal plants causes 5,830 premature deaths per year, incl. 4,690 in other countries.

Polish coal only viable with subsidies!

Insurers Caught in the Act



Research Unfriend Coal on Polish coal insurance contracts, 2013-18:

- PZU, Talanx: 20 contracts each
 - Munich Re: 18 contracts
 - Allianz, Generali: 13 contracts each
- Health insurers underwriting premature deaths and climate change!

Climate Hypocrisy as Reputational Risk



Example Munich Re: First insurer to warn about climate risk in 1973.

CEO Joachim Wenning, Oct. 2017:
“On behalf of future generations, we should be making every effort to reduce CO2 emissions.”

And yet, leading insurer of coal projects in Poland with 18 contracts since 2013!

Unfriend Coal Campaign

Launched in April 2017 by NGOs in Europe, US and Japan

Mission: accelerate the transition to a low-carbon economy by pressuring the insurance industry to stop insuring and investing in coal and tar sands sectors.



Who Is Involved?

Active groups include Client Earth, Greenpeace, Foundation Development Yes – Open Pit Mining No, JACSES, Market Forces, Rainforest Action Network, Re:Common, The Sunrise Project, Urgewald, 350.org and others

Informal network, no formal structures.



Campaign Demands

1. Stop insuring coal and tar sands projects and companies;
2. Divest from coal and tar sands companies (GCEL criteria);
3. Develop plans to bring business in line with Paris Agreement;
4. Scale up innovative insurance services and investments for clean energy sector.



Campaign Activities

- Research and public education
- Engagement with biggest insurers (dialogue, roundtables)
- Public pressure (protests, AGMs, newspaper ads, online petitions)
- Consumer pressure
- Peer pressure (scorecard report)



Public Opinion Support



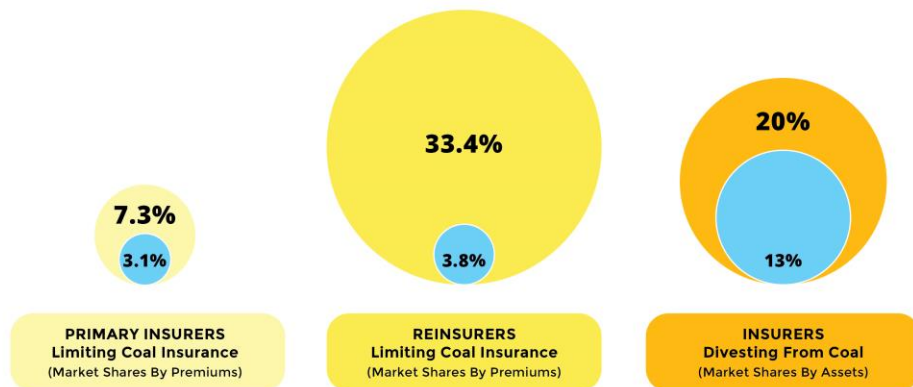
Financial Times, Jan. 2018: ending coal insurance is a “welcome and logical development”.

UN SG Guterres, Sept. 2018: Allianz decision to stop insuring coal a “promising sign”!

Most insurance professionals have no natural affinity to coal.

Insurers' Shift Away From Coal

FIGURE 1: COAL INSURANCE MOMENTUM
2017 → 2018



So far, six leading re/insurers have stopped or limited insuring coal: AXA, Allianz, Zurich, Swiss Re, Munich Re, SCOR

Other insurers considering similar steps. Will Generali follow today?

At least 18 insurers with combined assets of >\$6 trillion have divested from coal.

Gaps and Loopholes

SUMMARY SCORECARD

	COAL UNDERWRITING	COAL DIVESTMENT	OTHER CLIMATE LEADERSHIP
Swiss Re (Switzerland)	👍	👍	👍
Zurich (Switzerland)	👍	👍	👍
AXA (France)	👍	👎	👍
SCOR (France)	👎	👍	👍
Aviva (U.K.)	N/A	👎	👍
Allianz (Germany)	👎	👎	👍
Munich Re (Germany)	👎	👎	👍
Legal & General (U.K.)	N/A	👎	👍
Lloyd's (U.K.)	N/A	👎	👍
Generali (Italy)	👎	👎	👎
MetLife (U.S.)	N/A	👎	👎
Sompo (Japan)	👎	👎	👎
XL Catlin (Bermuda)	👎	👎	👎
AIG (U.S.)	👎	👎	👎
Axis Capital (U.S.)	👎	👎	👎
W.R. Berkley (U.S.)	👎	👎	👎
Berkshire Hathaway (U.S.)	👎	👎	👎
Chubb (Switzerland)	👎	👎	👎
Hannover Re (Germany)	👎	👎	👎
Liberty Mutual (U.S.)	👎	👎	👎
Mapfre (Spain)	👎	👎	👎
Prudential (U.S.)	N/A	👎	👎
QBE (Australia)	👎	👎	👎
TIAA Family (U.S.)	N/A	👎	👎
Tokio Marine (Japan)	👎	👎	👎

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US, Japanese and specialty insurers have so far not taken any action.

Loopholes: weak definition of coal companies; insufficient measures on package insurance and treaty reinsurance

Laggards and loopholes will get increasing attention in 2019!

Impacts on the Ground?



Marsh: possibly 1/6 of power sector capacity affected? – WTW:

Finding alternative sources of insurance for coal is “likely to become increasingly challenging – especially if North American insurers begin to follow the European lead”

Ostroleka C as a first example?

Will opportunistic actors fill the gap?

Outlook

With science and public opinion behind us, campaign will continue, pressure will increase.

Ethical underwriting – a slippery slope?

Full transition to low-carbon economy is inevitable – better embrace it proactively!



Opinion Poll

1. Do insurance companies share a responsibility for **addressing the climate crisis?** (yes/no)
2. Should insurers make their businesses consistent with the **goals of the Paris Agreement?** (yes/no)
3. How should insurers **deal with coal:**
(a) exclude coverage (b) not exclude but not expand coverage (c) offer coverage irrespective of climate risks?



Thank You!

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