



ROADMAP:

Decarbonizing Your City's Insurance

Background

Cities have an opportunity to direct their dollars away from fossil fuels via their financial services, and one service that is often overlooked, but has outsized impact, is insurance. From a climate finance perspective, insurance is a critical companion to divestment.

The insurance industry is a financial linchpin to the fossil fuel economy. First, the insurance industry is a major global institutional investor—second only to pension funds. Insurers invest hundreds of billions of dollars of their customers' premiums into fossil fuels. Second, insurers provide insurance for the construction and operation of fossil fuel projects—without it, coal plants, pipelines, and mines can't get financed, permitted, and built.

This is where cities, as purchasers of insurance, are well-placed to make a difference and add their voice to the growing call for divestment across the finance sector, beyond pension funds.

Opting for insurance companies that have restricted their fossil fuels investments and insurance is a logical step in aligning your city's procurement financial services with its carbon emission goals across all segments of government. If your city's insurance premiums are being funneled into fossil fuels, its divestment efforts are, in effect, undermined. And cities are well-placed to highlight their climate leadership to residents, employees, and their public sector peers, inspiring more action.

This roadmap outlines the steps your city can take to align its insurance procurement with its climate goals and create a holistic approach to divesting its financial services.



Step 1

Identify Your Current Insurance Providers

The first step is to identify the insurers providing the city insurance for things like general liability, excess liability (additional coverage in case the general liability coverage isn't enough), and employee insurance benefits. Doing this helps to connect your city's relationship with its insurance providers to the larger divestment effort and tells the story to stakeholders. Depending on your city size and structure, you could find this information in a few places or with various employees, including:

- Risk management department / risk manager (if your city has one, this is likely the best place to start)
- Finance department
- City attorney
- City clerk

Obtaining this list of providers is often as simple as asking that person or department for it directly or submitting a public information request.

You may get an answer that your city is self-insured. This means that some or all of the liabilities and claims the city may receive are covered through the city's own finances, set aside in that year's budget rather than paying an insurance company to pay out claims. It's worth going back to confirm that all of the city's liabilities and assets are self-insured in case the city does purchase what is called 'excess liability' insurance in addition to the self-insurance.

Step 2

Identify Your Insurance Providers' Fossil Fuel Investments

Once you have a list of the city's insurance providers, you may want to find out, as best as possible, if and how much they invest and insure fossil fuels. The Insure Our Future campaign can assist here—we'll research your city's insurers and give you a summary of our findings of their fossil fuel investments. This can usually be completed within one week.

Taking this first step gives decision-makers data to make an informed decision about their insurance procurement and to help tell the story about the insurance industry's impact on fossil fuel financing.

For assistance on this step, contact Mary Sweeters, Outreach Manager, The Sunrise Project: mary@sunriseproject.net



Step 3

Identify a Pathway to Action and Pursue It

The goal is for the city to formalize a screening process for insurance providers based on their fossil fuel policies and to give preference, when possible, for insurers that have committed to stop insuring or investing in fossil fuels. The next step is to identify the best pathway in your city to that policy and pursue it.

- Your city could consider taking one of the below actions:
- Passing a city council resolution
 - Examples: [San Francisco Board of Supervisors](#), [Paris City Council](#)
- An executive order from the Mayor
- Including a policy on insurance in your city's Climate Action Plan
 - Sample policy [here](#)

If you haven't yet, this is the point to discuss this with your Risk Management Department or the department responsible for insurance procurement to get their feedback and support, to ensure alignment, and to simplify implementation.

Step 4

Make a Public Announcement

Once your city has adopted the policy or passed a resolution demonstrating commitment to assessing insurance as a divestment strategy, sharing this decision publicly is a key moment on your city's journey towards divesting from fossil fuels through its financial services. It is an important signal to the insurance industry, citizens, and other stakeholders that we need to shift away from fossil fuels towards achieving a zero-carbon economy. The more the insurance industry hears that their customers (and potential customers) want action, the more likely they are to act.

Step 5

Communicate the Policy to Your Insurance Broker

This step is the first part of implementing this policy. This communication should be with your insurance broker, if your city uses one, and to the individual companies with whom you currently have contracts, via your broker. If your city doesn't work with a broker, your communication can go directly to your insurer as you'd normally communicate to them. It is helpful to do this as soon as possible, especially if the city has an upcoming contract renewal or Request For Proposal process.

Step 6

Advocacy

The impact of your efforts will increase exponentially if you share this with city employees, talk about it within city networks, and advocate to other parts of the public sector. Share your journey with other cities that are considering divestment and other finance-related climate action. Your steps will encourage others to do the same, making the collective impact that much greater and more meaningful.

**FOR MORE INFORMATION
OR FURTHER GUIDANCE,
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