



Brief: Insurance is a Sustainability Opportunity

Climate Change and the Insurance Industry

Insurance companies are in the business of risk management. They are experts at modeling and pricing risk and designing preventive measures. Insurance industry leaders were among the first to publicly acknowledge the risks from climate change and to call for action in the 1970s.

Paradoxically, the insurance industry has a close financial relationship with the fossil fuel industry, which is largely responsible for climate change.

Insurance companies financially support fossil fuels in two main ways:

- *Insurance for Fossil Fuel Projects* - Insurance coverage allows carbon-intensive projects such as coal plants, oil pipelines, and gas export terminals to be built and operated. Without insurance, these projects typically can't get financed.
- *Investing in Fossil Fuel Companies* - Insurance companies invest customers' premiums in, among many things, fossil fuel companies. In 2019, 77% of U.S. insurers held over \$536 billion in coal, oil, gas and electric utility stocks and bonds.¹

Recognizing their role in the fossil fuel economy, and thus, their contribution to climate change, 45 insurers worldwide have agreed to place some restrictions on insurance for coal and 18 have placed some restrictions on oil and gas. *Of these, just five U.S. insurers have taken action thus far.* This presents an opportunity for U.S. insurance customers to demand greener insurance options and encourage greater climate action from the insurance sector.

The Corporate Sustainability Case Against Insuring Fossil Fuels

Companies continue to make progress to address their carbon footprint, but often-overlooked financial services like insurance should be a part of any good corporate sustainability strategy and to avoid undermining your company's climate efforts. Given the insurance industry's role in the fossil fuel economy, businesses should assess their insurance carriers' fossil fuel policies, if they exist, and communicate their desire for greener insurance options.

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<https://www.insurancebusinessmag.com/us/news/environmental/insurers-still-have-over-half-a-trillion-invested-in-fossil-fuels-458310.aspx>

Steps Your Company Can Take

There are simple but effective steps your company can take as part of this growing initiative to move away from fossil fuel investments and underwriting and accelerate the transition to a clean energy economy and a stable climate.

- Survey your insurance carriers about their investments and underwriting - see our [assessment tool](#) as a template
- Communicate your concerns to your insurance carrier - [template letter here](#)
- Adopt an internal policy to give preference for insurance carriers that divest from and limit coverage for fossil fuels

Contact Us

If you want to learn more or discuss how your business can engage its insurers to be part of the solution – email info@insure-our-future.com and someone will reply to you promptly.