



To the Board chairs and secretary generals of:

- the Global Federation of Insurance Associations
- the International Insurance Society
- the International Cooperative and Mutual Insurance Federation
- the Geneva Association
- the Risk and Insurance Management Society
- the African Insurance Organisation
- the American Risk and Insurance Association
- the Asia-Pacific Risk and Insurance Association
- the Insurance Association of the Caribbean
- Insurance Europe
- the Pan-European Insurance Forum
- the Net Zero Asset Owners Alliance

April 27, 2020

Call on insurance associations to speak up for a green and fair recovery from COVID-19

Dear Mesdames and Sirs:

Global society is confronted by two unprecedented crises: COVID-19 and climate change. As professional risk managers, insurers are fully aware of the threats they pose to our health and wellbeing. Insurance associations, the collective voices of the industry, now need to do all they can to ensure that governments and other actors respond to the COVID-19 pandemic in a way which accelerates rather than sets back global climate action.

The coronavirus has already caused untold human misery, more than 200,000 premature deaths and the loss of millions of jobs. The economic costs are currently being estimated at \$ 1-4 trillion.¹ The crisis is also compounding social inequality at the national and international level.

While COVID-19 is holding global society in its grip, the insurance industry must not lose sight of the most serious threat to our planet: the risk of an unmanageable climate breakdown. As the 1.5° report from the UN Intergovernmental Panel on Climate Change (IPCC) found in October 2018, we need deep and rapid structural changes to keep global warming within manageable levels and meet the Paris climate targets. We don't have the luxury of dealing with one crisis at a time but need to address the COVID-19 and climate crises in conjunction.

¹ ADB, Asian Development Outlook 2020, April 2020

Governments and central banks are responding to the economic fallout of COVID-19 with unprecedented financial bailout and economic recovery programs. These programs offer a historic opportunity for a fair and green restructuring of the economy. If done right, stimulus programs can support the most vulnerable groups in society and accelerate a global shift to a fair and resilient low-carbon economy. If done wrong, they can set back action to address climate change and inequality for many years.

In many countries the lobbying groups of the fossil fuel, automobile and airline industries are already pushing for government subsidies and deregulation to overcome structural problems which these industries faced long before the onset of COVID-19. If governments give in to these pressures we will miss a unique chance to transform economies in ways that move the low-carbon transition forward.

As Fatih Birol, the executive director of the International Energy Agency, stated, stimulus packages “offer an excellent opportunity to ensure that the essential task of building a secure and sustainable energy future doesn’t get lost amid the flurry of immediate priorities”.² These packages should not support companies which have no future in a carbon-constrained world. They should instead boost the development, deployment and integration of clean energy technologies such as solar and wind power, smart grids, hydrogen, battery storage and EV charging infrastructure.

Governments should refrain from relaxing any environmental regulations on carbon-intensive industries. Finally they should phase out fossil fuel subsidies at a time when coal, oil and gas prices are low anyway, and should invest the savings in much-needed social safety nets.

International insurance associations and many of their member bodies have made numerous public commitments about the need for rapid climate action. **If you are serious about these commitments you now need to speak out, vigorously and publicly, at the international and national level for green and fair recovery programs which are consistent with the IPCC’s 1.5°C pathways.**

In addition, the insurance industry has to get its own house in order with regard to the climate crisis. Insurance associations should encourage their member companies to divest from fossil fuel companies, to end cover for coal projects, coal companies and for oil and gas expansion projects, and to commit to phasing out cover for oil and gas companies in line with a 1.5°C pathway. Through such action insurers can not only act as a backstop to prevent projects going ahead that are unsustainable in a carbon-restrained world, but also inject some much-needed scientific rigor into decision-making processes that are often biased towards politically well-connected fossil-fuel companies.

In 2013, in a Towers Watson poll, insurance executives by a large margin identified a “new, highly infectious and fatal” pandemic as the world’s greatest threat.³ The World Health Organization has also warned about the risk of pandemics for many years. Governments and businesses did not take the risk seriously, and the insurance industry did not do enough to prepare global society for the public health risk it was facing.

² Dr. Fatih Birol, Put clean energy at the heart of stimulus plans to counter the coronavirus crisis, EIA, March 14, 2020

³ 2013 Towers Watson Extreme Risks Survey

In 2019, insurance executives identified climate change as the world's greatest threat in surveys conducted by Willis Towers Watson and several national actuarial societies. The world cannot afford to once again ignore the warnings of professional risk managers. Your associations need to speak up loud and clear for strong climate action at this critical moment.

Please let us know what your associations are doing to ensure that the recovery from COVID-19 is green and fair. We look forward to your response in the form of a public statement by May 18, 2020.

Thank you and kind regards,



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