

Munich Re coal announcement: Welcome step, but lacking consequence

- **Positive: Many more coal companies to be divested**
- **Too little: Only excludes coal insurance in industrialised countries**
- **Hannover Re is now under increased pressure to act**

Munich, August 6, 2018: The Unfriend Coal campaign, together with Urgewald and the social movement Avaaz, today welcomed the latest announcement by Munich Re CEO Joachim Wenning on his group's future handling of coal. According to Wenning's guest article in the Frankfurter Allgemeine Zeitung, the world's second largest reinsurer plans to stop offering insurance for new coal-fired power plants and mines in industrialised countries. In addition, Munich Re will no longer invest in shares and bonds of coal companies that generate more than 30% of their revenues in the coal sector.

The announcement follows months of criticism from Unfriend Coal and its member NGOs. It comes after coal exclusion announcements by many other insurance groups in the recent months, including Allianz and the reinsurers Swiss Re and SCOR. After CEO Wenning recently publicly underlined his position that his company wanted to remain on the side of coal, he is now showing insight. This will further increase the pressure on the entire industry to quickly end its climate-damaging coal business, especially on Munich Re's competitor Hannover Re – the world's third-largest reinsurer – which has so far announced only a minimal coal exclusion.¹

Regine Richter, energy campaigner at the German environmental NGO Urgewald, said: *"For years Munich Re has tried to hide behind its own climate studies and refused to act seriously on climate protection. Today's announcement comes only after massive public pressure. We are, however, pleased that CEO Joachim Wenning now finally wants to change tack. Ostrołęka C in Poland and other planned new coal-fired power plants and mines in Europe can no longer be (re)insured following his announcement. At the same time, we know that these new guidelines are far from being enough to align Munich Re with the Paris Climate Targets."*

There are obvious loopholes and weak points in Munich Re's announcement: while Munich Re's commitments cover only some new coal projects (depending of where they are located) Swiss Re, the world's largest reinsurer, announced early July that it would no longer offer insurance and reinsurance for companies that make more than 30% of their revenues with coal, regardless of where they operate. Moreover, Munich Re allows exceptions for emerging countries and does not touch existing coal plants or commit to reducing its exposure to coal to zero by 2040, as Allianz did early May.

Lucie Pinson the European coordinator of the Unfriend Coal campaign, said: *"Countless new coal-fired power plants are currently being planned in developing and emerging countries, each one of which is a nail in the coffin for the Paris Climate Targets. As one of the most important insurers in the world, particularly in Asia, it will be very decisive how the Group's announced criteria for such exceptions to its coal exclusion will look like. Climate science and the collapsing price of renewable energies make crystal clear that new coal is a total non sense and Munich Re should rather follow other insurers such as Allianz which have ruled out support for new coal and committed to a total coal phase-out by 2040"*

Munich Re's support for coal has attracted increasing criticism in recent months. Its subsidiary, Ergo Hestia, has insured 18 Polish coal projects since 2013, research for the Unfriend Coal

¹ <https://unfriendcoal.com/2018/06/19/close-to-half-global-reinsurance-market-divests-from-coal/>



campaign by Polish NGO Development YES - Open-Pit Mines NO has revealed. This includes the biggest coal power plant under construction in the European Union at Opole which is due to start operating in 2019. More than 850,000 people have now signed a petition, started by the campaign organisation Avaaz, calling on Munich Re CEO Joachim Wenning to end the Group's coal business.

Bert Wander, Avaaz Campaign Director said: *"After massive public pressure and huge payouts for climate disasters, Munich Re has done the right thing in beginning to dump coal. It's a good start, but Munich Re will still invest in and insure some coal projects, and the only way to avoid climate catastrophe is to abandon coal completely."*

Following the new announcement, six major international insurers – Munich Re, Allianz, AXA, SCOR, Swiss Re and Zurich – have, with differing degrees, restricted the insurance of coal projects. Now, close to half the global reinsurance market has announced a divestment from coal as measured by the share of written premiums.

The Unfriend Coal campaign is an initiative by international civil society organisations to hold insurers to account for their action and inaction on climate change. It is supported by: 350.org; CIEL; ClientEarth; Friends of the Earth France, Greenpeace Switzerland; Market Forces; Rainforest Action Network; Re:Common; The Sierra Club; The Sunrise Project; the UK Tar Sands Network, Urgewald; Waterkeeper Alliance. They are calling on all insurers to end cover for all new and existing coal plants, mines and associated infrastructure projects.

They are also calling on insurers to stop underwriting coal projects and adopt exclusion criteria based on Urgewald's Global Coal Exit List. Insurers should stop underwriting and divest both their own assets and assets managed on behalf of third parties from all companies which:

1. plan investments in new coal power plants, mines and associated infrastructure;
2. generate more than 30% of power from coal or have more than 10 GW of installed coal power capacity;
3. derive more than 30% of their turnover from coal or produce more than 20 million tonnes of coal a year.

Further information:

Updates on the latest coal exclusions from global insurers: <https://unfriendcoal.com/updates/>

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