

# AXIS CAPITAL

## Company Profile & Policy Analysis



October 16, 2019

**AXIS Capital** has adopted a new policy to restrict coal and tar sands insurance and investing, making it the:

- » First U.S. insurer to restrict insurance for the tar sands sector.
- » Second U.S. insurer to announce a policy on coal insurance, following [Chubb](#).
- » First specialty insurer to adopt a policy restricting insurance for any fossil fuel sector.

The AXIS announcement follows pressure from leading climate and consumer organizations that make up the [Insure Our Future](#) campaign. Since September 2018, Insure Our Future has been calling on U.S. insurers, including AXIS Capital, to stop insuring and investing in coal and tar sands and support the transition to a clean energy future.

Insurance companies have a unique role to play in the low-carbon transition, because fossil fuel companies rely on insurers to offload the risks associated with dirty energy. Without insurance coverage, new coal or tar sands projects cannot be built and existing ones will have to be phased out.

## WHAT IS AXIS CAPITAL?

- AXIS Capital Holdings Limited (NYSE: AXS) is an insurer and reinsurer. The company is registered in Bermuda but the majority of employees, including senior management, and business operations are in the U.S.
- However, as a global company with nineteen subsidiaries, AXIS also serves more than [200 territories and countries](#) across the Americas, Europe, the Middle East, Africa and Asia-Pacific regions.
- AXIS [reported](#) an insurance underwriting income of \$77 million and reinsurance underwriting income of \$46 million for 2018. Total assets and total capital were reported to be \$24.1 billion and \$6.4 billion, respectively.
- In 2018, AXIS endured significant catastrophic losses from global weather-related events, particularly the devastating California wildfires.
- AXIS is a key player on the [Lloyd's Market](#), which provides specialist insurance services across the globe. In its most recent [Annual Report](#), it reported being one of the top ten insurers at Lloyd's in 2018. CEO Albert Benchimol also serves on the Lloyd's Council, the body responsible for supervising that marketplace.
- AXIS does business across a variety of sectors. In its 2018 [Annual Report](#), AXIS identified itself as a top five insurer in a number of areas: Renewable Energy, Marine, Political Risk, Credit lines, and Cyber.
- AXIS has been a longtime insurer of renewable energy manufacturers and distributors, particularly in North America. The company works closely with major solar and offshore wind developers.

## POLICY ANALYSIS

- » According to the new policy, AXIS will not provide insurance or facultative reinsurance for new thermal coal or oil sands extraction and pipeline projects and their dedicated infrastructure. It will also end cover for companies generating at least 30% of their revenues from thermal coal mining, producing at least 30% of their power from coal, or holding more than 20% of their reserves in oil sands.
- » We applaud AXIS' commitment to phase out cover not just for new projects but also for companies, in line with best practices among global insurers. However, the insurer provides an overly long transition period, as renewals for contracts with existing clients will be considered on a case-by-case basis until January 1, 2023.
- » Furthermore, the policy allows AXIS to continue insuring the construction of new coal power plants in "countries where sufficient access to alternative energy sources is not available" for the next five years. By postponing action until 2025, AXIS could provide coverage for hundreds of new projects in Southeast Asia, where the majority of the 800+ coal-fired power plants currently proposed globally are. To keep warming below 1.5°C, United Nations Secretary-General Antonio Guterres [recently called](#) for no new coal power plants to be built after 2020. AXIS is undermining its commitments with this vague exception criteria, which may apply to most of the new coal plants in the pipeline.
- » In addition to ruling out the tar sands sector, AXIS Capital should adopt a policy to not insure companies that seek to build projects without the Free, Prior, and Informed Consent of impacted Indigenous Peoples globally.
- » In the [2018 Unfriend Coal Scorecard](#), AXIS Capital received 0 points for its coal insurance and coal investment stance. Its ranking is expected to improve significantly in the 2019 scorecard to be released in early December.

**AXIS' announcement is part of a growing trend.** The company is joining a global movement of insurers.

- Including AXIS Capital, there are now:
  - » **Seventeen** insurance companies that have adopted [policies restricting coal insurance underwriting](#), and **30+** that have adopted policies on coal investing.
  - » **Four** insurance companies that have adopted policies restricting tar sands insurance underwriting, and **eight** that have adopted policies on tar sands investing.
- The movement of insurers out of coal is picking up steam. More than half of the 17 companies with coal exit policies adopted them in 2019. The trend is also expanding geographically, with North American and Australian companies now joining the European industry in limiting insurance and investments in fossil fuels.
- This new policy will increase pressure on Liberty Mutual, which is facing a new campaign calling on them to stop insuring and investing in tar sands and coal.

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