

INSURERS & CLIMATE CHANGE



Insurance companies are driving the climate crisis. Insurance companies are supposed to protect us from catastrophic risks. Yet when it comes to climate chaos, many insurers are fueling dangerous global warming in two crucial ways:

1.

Insuring fossil fuels: Insurance companies support the expansion and operation of fossil fuel projects by providing coverage for the risks associated with them, thereby driving climate change. They must stop, and instead, should leverage their unique position as risk managers to accelerate and scale up the required transition to a low-carbon economy.

2.

Investing in fossil fuels: Insurers are huge investors, with approximately \$31 trillion of assets under management globally. Their ongoing financial support for fossil fuels via that investment is another major driver of climate change.

LIBERTY MUTUAL – One of the Top U.S. Fossil Insurers

Liberty Mutual is a major insurer of coal, oil, and gas globally.

As the world's fifth largest global property and casualty insurer, Liberty Mutual provides insurance coverage for multinational energy companies and specific fossil fuel projects (as well as, for example, individual homes and cars).¹ Liberty Mutual insures coal, oil, and gas projects and companies in the U.S. and around the globe.² It is the third biggest US insurer in the nation's power sector, with 11% of the market share, according to Finaccord.³

FOR EXAMPLE: Liberty Mutual is a key player in the carbon-intensive tar sands sector in Canada, which spells disaster for Indigenous rights and the climate. As of September 2019, Liberty Mutual was insuring the Trans Mountain pipeline in Canada.⁴ This means that Liberty Mutual is lined up to insure the proposed Trans Mountain Expansion Project, which would carry hundreds of thousands of tar sands oil barrels, lock in expanded production of Alberta tar sands, and pose a grave threat to Indigenous rights.

Liberty Mutual is a major investor in fossil fuel companies.

Liberty Mutual takes its premiums – the money the company collects from customers – and invests in fossil fuel companies, enabling more fossil fuel projects to be built. According to the California Department of Insurance, Liberty Mutual and its subsidiaries that operate in California have more than \$6.6 billion invested in coal, oil, and gas companies, of \$70.9 billion total assets under management. These investments include TransCanada and Kinder Morgan, the companies behind destructive pipeline projects, as well as coal mining companies like Anglo American and Glencore.⁵

FOR EXAMPLE: Liberty Metals & Mining Holdings, a subsidiary of Liberty Mutual that operates as a private equity investor in the mining sector, is backing the proposed Baralaba South coal mine in Queensland, Australia. At a time when coal needs to be phased out, this project would expand coal extraction in Australia. There is strong resistance from the local community to stop the mine. More than 60 nearby residents and farmers have signed declarations opposing the project due to concerns around flood risk, air pollution, and land degradation. Despite this opposition, Liberty Mutual continues to invest in the project and push for the mine's construction.

Meanwhile, Liberty Mutual is abandoning customers that are experiencing climate impacts.

In wildfire-affected counties across California, Liberty Mutual and other insurers are hiking up the costs and withdrawing insurance entirely for many homeowners. According to the California Department of Insurance, nearly 350,000 rural homeowners have had their coverage dropped in just the past four years across the state.⁶ A Liberty Mutual spokesperson called dropping policies and raising rates a “necessary step to responsibly manage our overall exposure to wildfires,” yet Liberty Mutual refuses to manage, or even acknowledge, the role it is playing in causing the climate crisis.⁷

OUR DEMANDS

1. Immediately cease insuring coal and tar sands projects and companies.
2. Immediately start divesting from coal and tar sands companies.
3. Align all your business activities, including your underwriting and investments, with science-based targets that limit average global temperature increases to 1.5 degrees Celsius.

ENDNOTES

1. Liberty Mutual, “[Company Profile](#),” accessed September 30, 2019.
2. Liberty Mutual, “[Insuring the Energy Industry](#),” accessed September 30, 2019
3. Finaccord provided the authors estimations of market share of power insurance in various countries.
4. Stand.earth, “[Trans Mountain Certificate of Insurance](#),” March 21, 2019.
5. Analysis conducted on data in the California Department of Insurance [Climate Risk Carbon Initiative database](#).
6. “[Insurers dropped nearly 350,000 California homeowners with wildfire risk](#),” SacBee, July 18, 2019.
7. “[Insurance companies recalibrating the risk of wildfires- and dropping some clients](#),” The Press Banner, July 18, 2018.

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