THE HARTFORD

Coal & Tar Sands Policy Analysis

RAINFOREST ACTION NETWORK

January 15, 2020

The Hartford adopted a new policy to restrict coal and tar sands insurance and investing in December 2019, making it the:

» Fourth U.S. insurer to restrict insurance for the coal sector and second for the tar sands sector.

» First mainstream U.S. insurer to adopt a policy on both coal and tar sands insurance.

The Hartford's policy 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 The Hartford, to stop insuring and investing in coal and tar sands and support the transition to a clean energy future.

With this announcement, The Hartford has joined a global movement of insurers that are shifting contracts and capital out of coal and tar sands.

- As of January 2020:
    - » **Nineteen** insurance companies have adopted policies restricting coal insurance underwriting, and **35+** have adopted policies on coal investing.
    - » Together the action takers account for **47.6%** of the reinsurance market, and divestment policies apply to more than **$9** trillion of assets.
    - » **Five** insurance companies have adopted policies restricting tar sands insurance underwriting, and **ten** have adopted policies on tar sands investing.
- The shift away from coal is accelerating, with more than half of these policies adopted in 2019.
- The Hartford's announcement will increase the pressure on AIG to rule out coal, as it is one of the few remaining major U.S. insurance companies with no restrictions on underwriting coal, as well as on Chubb and Liberty Mutual to include tar sands in the scope of their policy.

POLICY SUMMARY

According to the press release announcing the new policy, The Hartford will:

» No longer insure new coal power plants.

» No longer insure or invest in new clients that depend on coal power for more than 25% of energy production or generate more than 25% of their revenues from coal mining or tar sands extraction.

» Phase out existing insurance cover and divest from companies exceeding these thresholds by 2023.

WHAT'S MISSING?

» **Coal company definition:** The Hartford policy defines coal companies as those that generate"25 percent of their revenues from thermal coal mining or more than 25 percent of their energy production from coal." This definition does not include absolute thresholds – which account for large, diversified companies that are mining or combusting large quantities of coal – or expansion criteria, to identify if a company is building out new coal.

  » Many diversified companies fall under the 25% revenue threshold but continue to actively facilitate new coal projects across the globe, as Global Coal Exit List data reveals. For example, 101 companies under a 25% revenue threshold are planning to build new coal mines, and coal power companies and utilities under a 25% power generation threshold are currently planning 192 gigawatts (GW) of new coal power.

» **Coal phaseout**: A 25% threshold is a start, but The Hartford must commit to revisiting the policy and ratcheting down this threshold over time, in line with the Global Coal Exit List definition of a coal company. Furthermore, The Hartford provides an overly long transition period for clients, as existing coverage to companies that fall within the 25% threshold will be phased out over a period of three years (by 2023).

» **Tar sands transport**: The Hartford's restrictions on insuring tar sands extraction companies are a first step, but the policy does not address pipelines and other transport infrastructure projects, or tar sands transport companies. Given this loophole, The Hartford continues to be at risk of supporting Indigenous rights abuses. Pipelines, in particular, are enabling the increased extraction of the destructive tar sands sector and posing grave risks to Indigenous rights, local waterways and environments, and the climate.

  » As an example, Enbridge's Line 3 pipeline, which falls outside the scope of The Hartford's new policy, is being pushed through without the consent of directly impacted Native nations and would allow for expanded tar sands extraction.

» **Tar sands mines:** On tar sands extraction, the policy has a carve-out for new tar sands mines. Furthermore, companies whose revenue streams are more diversified than 25% are eligible for coverage. Under this criteria, the massive Teck Frontier Mine, proposed by the diversified company Teck Resources Limited, would be eligible for insurance coverage from The Hartford.

» **Free, Prior, and Informed Consent (FPIC):** In addition to limiting the tar sands sector, The Hartford 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, as articulated in the United Nations Declaration on the Rights of Indigenous Peoples.

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