



THE GOOD, THE BAD AND THE UGLY

**The Fossil Fuel Policies of
Lloyd's Managing Agents**

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Reclaim Finance, international NGO engaged in the Insure Our Future* coalition. Reclaim Finance was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

**Insure Our Future is an international campaign calling on insurance companies to exit coal, oil and gas in line with a pathway limiting global warming to 1.5°C.*

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EXECUTIVE SUMMARY

This report explores the fossil fuel underwriting policies of the top 20 managing agents at Lloyd's of London,¹ which together represent around 84%² of the annual insurance premium of Lloyd's of London's market. It is informed by outreach to Lloyd's and its managing agents during February and March 2023, combined with desk research and policy analysis.³

It examines the alignment between Lloyd's managing agents' policies, Lloyd's climate commitments and the actions that need to be taken to align with the global goal of limiting climate change to 1.5°C. It highlights the best practices, the climate laggards and the role of Lloyd's in certain controversial fossil fuel projects.

Our research shows many Lloyd's members have not adopted any fossil fuel restrictions and appear to simply ignore Lloyd's recommendations.

It also finds that Lloyd's of London is one of the last members of the Net-Zero Insurance Alliance (NZIA)⁴ to be still open to insuring coal expansion and that has yet to adopt meaningful measures to tackle oil and gas expansion. This is in contrast to the best practices of other NZIA peers that have committed not to cover new coal projects or new oil and gas projects.⁵

In 2020, Lloyd's released its first ESG report stating it would ask its managing agents to stop providing cover for new coal plants,

mines, oil sands and Arctic energy exploration activities by January 2022. However, Lloyd's does not enforce its recommendations and leaves it to the discretion of its managing agents to apply these policies, or not.

Lloyd's fossil fuel guidelines fall short of what is needed to act consistently with its NZIA membership and its net-zero pledge. Even benchmarked against the current insufficient demands of Lloyd's, close to half of its top 20 managing agents have not yet implemented Lloyd's initial ESG recommendations for coal and unconventional oil and gas. Lloyd's itself still avoids mentioning the issue of oil and gas expansion, despite its membership of the NZIA and the fact its peers, and even a few of its more progressive managing agents, have already adopted policies excluding insurances for new oil and gas development.

Six out of the 20 largest Lloyd's managing agents have not adopted any fossil fuel restrictions (RiverStone Managing Agency, Chaucer Syndicates, RenaissanceRe Syndicate Management, Ascot Underwriting, Aegis Managing Agency, Atrium Underwriters). **They ignore the guidance that Lloyd's issued to its market members in 2020 and tarnish the reputation of Lloyd's and all other Lloyd's insurers, including those such as Munich Re Syndicate and Argenta Syndicate Management which have adopted more substantive climate policies.**

On coal, only 12 of the 20 managing agents⁶ have exclusions of certain new coal mines

and power plants, whilst eight have either no coal policy or a coal policy that is not compliant with Lloyd's guidance on coal: **Aegis Managing Agency, Argo Managing Agency, Ascot Underwriting, Atrium Underwriters, Chaucer Syndicates, Liberty Managing Agency, RenaissanceRe Syndicate Management, RiverStone Managing Agency.** Liberty Mutual does have a basic coal policy, but it does not exclude new coal mines or power plants.

Regarding unconventional oil and gas, only eleven of the top 20 have publicly committed to certain diverse underwriting restrictions for tar sands and Arctic oil and gas exploration activities: **Argenta Syndicate Management, AXA XL Underwriting Agencies, AXIS Managing Agency, Beazley Furlonge, Brit Syndicates, Canopus Managing Agents, Hiscox Syndicates, Munich Re Syndicate, QBE Underwriting, Talbot Underwriting, Tokio Marine Kiln Syndicates.**

Just three managing agents have committed to go beyond Lloyd's weak guidance; Argenta Syndicate Management and Munich Re Syndicate have committed not to cover new oil and gas fields, and **AXA XL Underwriting Agencies** have committed to stop support for new oil fields.

As long as Lloyd's of London does not implement an enforcement mechanism, RiverStone Managing Agency, Chaucer Syndicates and other Lloyd's members will continue insuring projects and companies that put the climate and our society at risk.

We call on Lloyd's of London to:

- Immediately require its managing agents to align their practices with its policy on

fossil fuels within a year after adoption by Lloyd's, and set enforcement mechanisms and sanctions if they do not comply after the one-year deadline.


- Condition the approval of any new managing agent's business at Lloyd's to the respect of its fossil fuel guidance.
- Monitor and transparently report every year the compliance and progress of its managing agents with regards to the Lloyd's fossil fuel guidance on coal, oil and gas.

Lloyd's of London's current fossil fuel policy remains inconsistent with its net-zero pledge and we call on Lloyd's to urgently, and no later than July 2023, update and strengthen its fossil fuel guidance by adding the following minimum standards on underwriting practices for its managing agents:

- Immediately stop offering any insurance services that support the expansion of coal, oil and gas production, and phase out within two years all insurance services for fossil fuel companies that are not aligned with a credible 1.5°C pathway.

Finally, Lloyd's of London's inadequate recommendations and lack of enforcement even on these fossil fuel restrictions shows that its managing agents cannot rely on Lloyd's recommendations alone to protect the climate and our society. **We encourage all Lloyd's managing agents to adopt comprehensive fossil fuel exclusion policies in line with the best practices of their peers and the recommendations of the Insure Our Future network,⁷ including a commitment not to insure or invest in any new oil and gas projects and instead to direct support to renewable energy projects.**





“The undoubted impact of fossil fuels on climate change demands a proactive stance from insurers.”

*Dominick Hoare,
chief underwriting officer,
Munich Re Specialty Group,
member of the Council of Lloyd's
and member of the Lloyd's Market
Association Board,
September 2022*

INTRODUCTION

LLOYD'S OF LONDON: INADEQUATE AND UNFULFILLED POLICY RECOMMENDATIONS ARE NOT CLIMATE LEADERSHIP

As the climate catastrophe accelerates, costs are reaching new heights. For the second year in a row, economic losses due to climate disasters have exceeded the \$270 billion mark.^{8,9} Yet, fossil fuel companies, responsible for more than 86% of CO2 emissions in the past decade,¹⁰ continue to plan the expansion of oil, gas and coal and carbon lock-in, which will exponentially accelerate climate chaos and related climate, human and financial risks, losses and damages.

As the window to take urgent climate action is rapidly closing, some of the world's largest insurance companies are stepping up. There was a major wake-up call in 2022 with two of the biggest industry players, Allianz¹¹ and Munich Re,¹² ruling out the coverage of new oil and gas fields as well as new midstream oil infrastructure and power plants. Munich Re's commitment was taken a few days after its managing agent, Munich Re Syndicate, revealed it will exit the oil and gas business to focus on renewables.¹³

Faced with the growing costs and risks of climate change, these insurers have had the foresight to restrict coverage for high-emitting industries such as the fossil fuel industry, the expansion of which is only adding fuel to the fire. By refusing to facilitate new oil and gas assets, Allianz and Munich Re, as founding members of the Net-Zero Insurance Alliance (NZIA),¹⁴ showed clear leadership and met the most urgent requirement of the UN Race

To Zero Campaign¹⁵ (of which the NZIA is a partner). The UN High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (HLEG)¹⁶ has also confirmed¹⁷ that supporting the expansion of fossil fuel supply cannot be consistent with any net-zero pledge and only constitutes greenwashing.

At the same time, some insurers refuse to follow these requirements and take the risk of delaying the energy transition by maintaining support for fossil fuel expansion. Even worse, some take it as an opportunity to develop business that has been left behind by others.

What about Lloyd's of London? Lloyd's of London is a member of the NZIA and also chair of the Sustainable Markets Initiative's Insurance Task Force (SMI's ITF),¹⁸ as well as a member of ClimateWise.^{19,20} **But are these memberships followed by a real change in Lloyd's of London's market practices? Are the ESG guidelines of Lloyd's followed by its marketplace and, more specifically, its managing agents? Are the guidelines commensurate with the climate urgency? And are the managing agents really committed to complying with the Lloyd's of London net-zero pledge?**

In this report, Reclaim Finance answers these questions by highlighting the large diversity of coal and oil and gas policies among the top 20 Lloyd's of London managing agents.

1. LLOYD'S OF LONDON'S TIMID ACTION IS INCONSISTENT WITH ITS NET-ZERO PLEDGE

In 2020, five years after COP21 and more than three years after the first insurers' coal policies, Lloyd's of London published its first ESG report asking its managing agents not to cover new coal power plants and coal mines, or oil sands and Arctic energy exploration activities.

A year later, while insured losses from natural catastrophes caused by climate change were surpassing the \$100 billion mark,²¹ International Energy Agency (IEA) experts²² and IPCC scientists concluded for the first time that we must urgently stop the development of new oil and gas fields after 2021 in order to reach net-zero emissions by 2050 on a 1.5°C pathway. The IEA mentioned several important milestones in its Net Zero Emissions by 2050 Scenario (NZE) that would see carbon neutrality by mid-century:

- 🏠 For coal, no new unabated coal plants approved for development after 2021, and a coal phase-out of unabated coal by 2030 in advanced economies²³ and by 2040 globally.
- 🏠 For oil and gas, no new oil and gas fields approved for development after 2021 – applicable to both conventional and unconventional new oil and gas fields.

These statements from IEA experts should have encouraged Lloyd's of London to update and strengthen its fossil fuel guidelines to remain consistent with its net-zero pledge. But Lloyd's of London went in the completely opposite direction. In its second ESG report, it

decided to downgrade its initial commitments: as of 2022, Lloyd's of London only encourages its managing agents to adopt its already-outdated fossil fuel exclusions.

These steps backwards are even more surprising when we know that, between its two ESG guidelines, Lloyd's of London decided to join the NZIA,²⁴ thus committing to transition its insurance and reinsurance underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050. Its NZIA membership must not hide the "elephant in the room": Lloyd's is still refusing to take a clear stance on coal and oil and gas expansion, and it remains entirely silent on conventional oil and gas while its members continue to insure this expansion globally.

The IEA, the original mission of which consisted of ensuring energy safety, stipulated in 2022 that even the war in Ukraine could not justify a new wave of fossil fuel infrastructure.²⁵

Lloyd's of London's current "encouragement" to only exclude new coal plants and mines and certain energy exploration activities in Arctic and oil sands is far from being consistent with these imperatives. At the same time, many managing agents are still not compliant with Lloyd's of London's initial fossil fuel exclusions, making its market even further remote from adequately responding to the climate emergency.



I think it's important we have a flexible approach to managing agents and challenge where needs to be challenged, but ultimately hopefully we'll be seeing some positive actions being taken by managing agents.

*Rebekah Clement,
Sustainability director,
Lloyd's of London*

Comparison of alignment between Lloyd's of London fossil fuel guidelines and its top 20 Managing Agents commitments

Top 20 Lloyd's managing agents	Estimated managed GWP (in £million) - 2021	NZIA Signatory	Aligned with Lloyd's coal guidelines	Aligned with Lloyd's unconventional oil and gas guidelines
Beazley Furlonge	4,311	Yes	Yes	Yes
Brit Syndicates	3,318	No	Yes	Yes
Hiscox Syndicates	2,334	No	Yes	Yes
RiverStone Managing Agency	2,309	No	No	No
Talbot Underwriting*	2,045	No	Yes	Yes
QBE Underwriting*	1,896	Yes	Yes	Yes
Chaucer Syndicates	1,774	No	No	No
Tokio Marine Kiln Syndicates*	1,706	Yes	Yes	Yes
AXIS Managing Agency*	1,473	No	Yes	Yes
Liberty Managing Agency*	1,424	No	No	No
Canopus Managing Agents	1,414	No	Yes	Yes
AXA XL Underwriting Agencies*	1,389	Yes	Yes	Yes
MS Amlin Underwriting*	1,340	Yes	Yes	No
RenaissanceRe Syndicate Management	1,133	No	No	No
Argo Managing Agency**	1,064	No	No	No
Ascot Underwriting	1,045	No	No	No
Munich Re Syndicate*	901	No	Yes	Yes
Argenta Syndicate Management*	788	Yes	Yes	Yes
AEGIS Managing Agency	774	No	No	No
Atrium Underwriters	633	No	No	No
Total "Yes"		6	12	11

*AXA, AXIS, Hannover Re, Munich Re, MS&AD, QBE, Tokio Marine confirmed that their fossil fuel policy is group wide and applies to their managing agent. Liberty Mutual Agency indicates in its Climate Wise report that it follows Liberty Mutual's coal policy. AIG did not answer our inquiry regarding Talbot Underwriting.

**In February 2023, Argo completed the sale of Argo Lloyd's syndicate 1200 (around £600 million of gross written premium in 2021)

Specific cases



The managing agent set measures to screen its business related to coal and oil sands. These measures are not aligned with Lloyd's fossil fuel guidelines.



The managing agent only decided to restrict its business with certain companies heavily involved in the coal sector and did not rule out its potential support for new coal projects. It has not yet implemented exclusions regarding exploration projects in Arctic and tar sands aligned with Lloyd's fossil fuel guidelines.



The managing agent set exclusions for new coal mines and plants aligned with Lloyd's coal guidelines but has not yet implemented exclusions regarding exploration projects in Arctic and tar sands aligned with Lloyd's fossil fuel guidelines.

2. FOSSIL FUEL UNDER-WRITING - BENCHMARK OF THE TOP 20 MANAGING AGENTS

In the absence of guidance aligned with genuine net zero commitments from Lloyd's of London, and in the absence of enforcement of even the weak initial ESG recommendations Lloyd's has provided, its market members have designed and implemented a variety of differing commitments regarding fossil fuels, or have made no commitments at all. Only a rare few, driven more by their parent company commitments than by any recommendations or action by Lloyd's, have policies that, while not perfect, can be recognised as currently best in class

a. Climate laggards

It is very surprising to spot managing agents that are members or signatories of major "sustainable insurance initiatives" in the list of climate laggards, such as RiverStone Managing Agency, RenaissanceRe Syndicate Management and Ascot Underwriting;²⁶ two ClimateWise members that have not yet implemented any fossil fuel exclusion policy, neither for coal nor oil and gas activities.

Do not respect Lloyd's guidance on tar sands and Arctic oil & gas

Do not respect Lloyd's guidance on coal



8 managing agents

9 managing agents

Best coal policies

Best oil & gas policies



The ESG guidance from Lloyd's on coal and oil and gas is far from the best standard among European insurers and reinsurers.

Still, a group of eight managing agents out of the top 20 has not yet implemented coal restrictions aligned with Lloyd's guidance: RiverStone Managing Agency, Chaucer Syndicates, RenaissanceRe Syndicate Management, Ascot Underwriting, Aegis Managing Agency, Atrium Underwriters, Liberty Mutual Agency and Argo Managing Agency.

This figure increases to nine managing agents that have not yet implemented the Lloyd's unconventional oil and gas guidance: RiverStone Managing Agency, Chaucer Syndicates, RenaissanceRe Syndicate Management, Ascot Underwriting, Aegis Managing Agency, Atrium Underwriters, Liberty Managing Agency, MS Amlin Underwriting and Argo Managing Agency.

b. Managing agents and coal

According to our assessment, only 12 of the top 20 managing agents have set coal

policies consistent with Lloyd's of London's "encouragement" to stop underwriting new cover for coal mines and plants, while only six have set comprehensive coal project exclusions for new coal mines, plants and their dedicated infrastructure;²⁷ Argenta Syndicate Management, AXA XL Underwriting Agencies, AXIS Managing Agency, Canopus Managing Agents, Munich Re Syndicate and QBE Underwriting.

AXA XL and AXIS Managing Agency have gone further by setting underwriting exclusions for companies developing new coal projects²⁸ (mine, plant, dedicated infrastructure) and committing to a comprehensive coal phase-out by 2030 in OECD/European countries and by 2040 globally.

c. Managing agents and Arctic oil and gas

Eleven out of the managing agents assessed in this briefing have set a variety of differing underwriting restrictions for oil and gas exploration activities located in the Arctic Area, following the unconventional oil and

CLASSIFICATION OF LLOYD'S MANAGING AGENTS ACCORDING TO THEIR FOSSIL FUEL POLICY



gas guidance set by Lloyd's: Brit Syndicates, Beazley Furlonge, Hiscox Syndicates, Talbot Underwriting, QBE Underwriting, Tokio Marine Kiln Syndicates, AXIS Managing Agency, Canopus Managing Agents, AXA XL Underwriting Agencies, Munich Re Syndicate and Argenta Syndicate Management.

However, because Lloyd's has not given even the most basic guidance on what definition of the Arctic its recommendations refer to, the scope of its managing agents' commitments regarding Arctic oil and gas exploration activities differ from one another.

Two managing agents define the Arctic by referring to the Arctic Monitoring and Assessment Programme (AMAP) definition without the Norwegian territories (AXA XL Underwriting Agencies and Munich Re Syndicate); three managing agents define the Arctic by referring to the Arctic National Wildlife Refuge (Hiscox Syndicates, Tokio Marine Kiln Syndicates and AXIS Managing Agency); Argenta Syndicate Management defines the Arctic by referring to the Arctic Circle, which runs in a circle of latitude 66.34°; and four managing agents do not define the Arctic area at all (Brit Syndicates, Talbot Underwriting, QBE Underwriting and Canopus Managing Agents).

d. Managing agents and tar sands

The same list of managing agents that committed not to insure oil and gas exploration activities in the Arctic also decided to rule out support for exploration activities in tar sands. For many reasons, tar sands have been flagged by studies as one of the most polluting types of oil to produce, involving huge amounts of energy and heavy land clearing for extraction. According to Rystad Energy, one barrel of oil from tar sands could emit up to three times more CO2 than a barrel from oil sources.

However, according to the Global Oil and Gas Exit List (GOGEL) developed by the German NGO Urgewald,²⁹ tar sands are responsible for only 1.5% of potential oil and gas short-term expansion globally, while other

unconventional sectors, such as shale oil and gas, could be responsible for around 29% of global oil and gas short-term expansion.

By targeting exploration activities in only two unconventional oil and gas sectors, Lloyd's of London sends a misleading signal to its managing agents that oil and gas expansion in conventional and other unconventional sectors is not an issue. In 2022, more than half of oil and gas expansion still comes from conventional oil and gas sources.³⁰

e. Managing agents and conventional oil and gas

Argenta Syndicate Management and Munich Re Syndicate seem to have read the latest IEA recommendations carefully. The two managing agents committed in 2022 not to provide insurance cover for new oil and gas fields³² following the oil and gas policies of their parent companies, Hannover Re³² and Munich Re,³³ respectively. AXA XL Underwriting Agencies, applying the AXA group oil and gas policy,³⁴ has gone in the same direction but is only halfway there with its commitment not to underwrite risks related to new oil fields.

Finally, none of the top 20 managing agents has ruled out insuring companies that are planning new upstream oil and gas projects³⁵ (exploration/development of new oil and gas fields).

Comparison of underwriting policies of Lloyd's of London's top 20 managing agents

Top 20 Lloyd's managing agents	Exclusion of new coal projects (mines, plants, dedicated coal infrastructure)	Exclusion of coal developers	Coal phase-out	Exclusion of new upstream oil and gas projects	Exclusion of upstream oil and gas developers
Munich Re Syndicate	Stronger policy	No policy	Limited policy	Stronger policy	No policy
Argenta Syndicate Management	Stronger policy	No policy	Limited policy	Stronger policy	No policy
AXA XL Underwriting Agencies	Stronger policy	Stronger policy	Stronger policy	Limited policy	No policy
AXIS Managing Agency	Stronger policy	Stronger policy	Stronger policy	Weak policy	No policy
QBE Underwriting	Stronger policy	No policy	No policy	Weak policy	No policy
Canopus Managing Agents	Stronger policy	No policy	No policy	Weak policy	No policy
Talbot Underwriting	Limited policy	No policy	Weak policy	Weak policy	No policy
Beazley Furlonge	Stronger policy	No policy	No policy	Weak policy	No policy
Brit Syndicates	Limited policy	No policy	No policy	Weak policy	No policy
Hiscox Syndicates	Limited policy	No policy	No policy	Weak policy	No policy
Tokio Marine Kiln Syndicates	Limited policy	No policy	No policy	Weak policy	No policy
MS Amlin Underwriting	Limited policy	No policy	No policy	No policy	No policy
Liberty Managing Agency	Weak policy	No policy	No policy	No policy	No policy
Argo Managing Agency	Weak policy	No policy	No policy	No policy	No policy
RiverStone Managing Agency	No policy	No policy	No policy	No policy	No policy
Chaucer Syndicates	No policy	No policy	No policy	No policy	No policy
RenaissanceRe Syndicate Management	No policy	No policy	No policy	No policy	No policy
Ascot Underwriting	No policy	No policy	No policy	No policy	No policy
AEGIS Managing Agency	No policy	No policy	No policy	No policy	No policy
Atrium Underwriters	No policy	No policy	No policy	No policy	No policy

Stronger policy

Limited policy

Weak policy

No policy

Policies on coal and oil and gas of the top 20 managing agents have been assessed based on the Reclaim Finance methodology used in its benchmark tools: the [Coal Policy Tool](#) and the [Oil and Gas Policy Tracker](#).

Definition:

Coal developer – Companies are identified as coal developers if they meet at least one of the following criteria:

- Mining: companies engaged in coal exploration activities, planning to develop new coal mines, extending coal mines by applying for new permits, or involved in coal exploration activities.
- Power: companies planning to develop new coal-fired power capacity of at least 100 MW prorated (based on a company's ownership of a project, or on the number of companies involved in a project).
- Services: companies involved in the development or expansion of coal transportation assets or infrastructure assets dedicated to support coal mines, coal transportation and coal-to-gas facilities.

Coal phase-out – To effectively support a coal phase-out in line with a 1.5°C pathway, managing agents must commit to have no further insurance/reinsurance portfolio exposure to coal projects and companies active in OECD and European countries by 2030, and by 2040 worldwide.

New upstream oil and gas projects – Exploration or development of new oil and gas fields (i.e. fields that are not yet in production), or the redevelopment or expansion of existing fields already in production.


Oil and gas developers – Companies intending to add oil and/or gas resources to their production capacities in the short term (at least 20 million barrels of oil equivalent (mboe) of resources to their production portfolio in the near future), i.e. resources associated with assets under development and field evaluation (the two stages preceding production), or in the long term by their involvement in exploration activities. Or, companies with oil and/or gas pipelines or LNG terminals proposed or under construction.



“ Fossil fuel demand can be met through continued investment in existing assets and already approved projects, but without any new long lead time upstream conventional projects. ”

*International Energy Agency,
World Energy Outlook 2022,
2022*

3. LLOYD'S OF LONDON'S MARKET SUPPORT TO HIGHLY CONTROVERSIAL CARBON BOMBS

 Click on the maps to learn more about the projects

Trans mountain pipeline - TMX

Location : Canada

Status : Construction

Project: Tar sands pipeline extension (1,150km)

Purpose: Boosting oil sands transportation from 300,000 boe/d to around 900,000 boe/d between Edmonton (Alberta) and Burnaby (British Columbia).

Environmental impacts:

- More than 80 oil spills were reported within the period 1961 to 2016.

Social impacts: Free Prior and Informed Consent (FPIC) of Indigenous communities has not been secured.

Controversy level: Very high due to civil society's opposition.

Lloyd's of London's involvement: Lloyd's underwriters have been involved for years in this project at least from 2014 to 2020. Since the insurance contract renewal of August 2020, Trans Mountain has been allowed to hide its insurers by the Canada Energy Regulator (CER).

Top 20 managing agents who ruled out TMX - 5

Argo Managing Agency, AXA XL Underwriting Agencies, AXIS Managing Agency, Munich Re Syndicate, QBE Underwriting.

Top 20 managing agents who did not rule out TMX - 15

This list includes Beazley Furlonge, Brit Syndicates, Chaucer Syndicates, Hiscox Syndicates, Liberty Managing Agency, MS Amlin, Tokio Marine Kiln Syndicates, Argenta Syndicate Management, Talbot Underwriting and the others not mentioned above.



East African Crude Oil Pipeline - EACOP

Location : Uganda - Tanzania

Status : Construction

Project: Heated oil pipeline (1,440km – world's longest heated pipeline)

Purpose: Allowing more than 200,000 boe/d to flow from the Tilenga and Kingfisher oil fields neighbouring Lake Albert in Uganda to the Indian Ocean in Tanzania.

Environmental impacts:

- The pipeline will pass next to the Lake Victoria, Africa's largest lake, that more than 40 million people depend on for water and food production.
- It will cross more than 200 rivers and run through thousands of farms.

Social impacts: In total, this project will require the displacement of roughly 118,000 people along the pipeline's route, primarily farming communities who live off their land.

Controversy level: Very high due to local and international opposition.

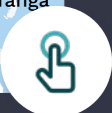
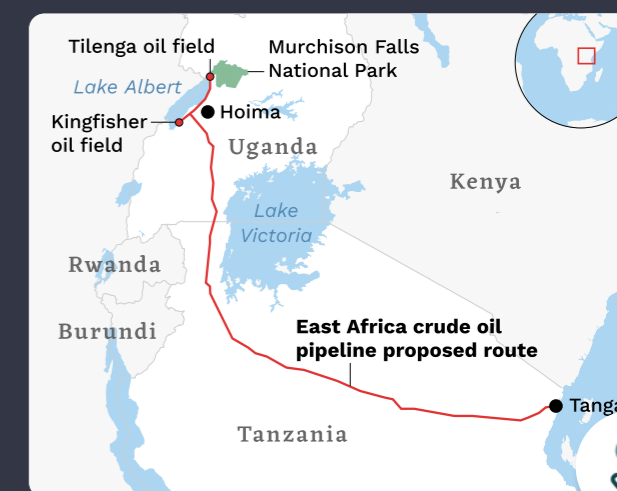
Lloyd's of London's involvement: Leading (re)insurers, including Munich Re, Allianz and Hannover Re have ruled out insuring the EACOP due to the serious environmental, social and governance impacts, many of which are inherent to the project. However Lloyd's has so far refused to comment.

Top 20 managing agents who ruled out EACOP - 9

Aegis Managing Agency, Argo Managing Agency, Argenta Syndicate Management, AXA XL Underwriting Agencies, AXIS Managing Agency, Beazley Furlonge, Canopus Managing Agents, QBE Underwriting, Munich Re Syndicate.

Top 20 managing agents who did not rule out EACOP - 11

This list includes Brit Syndicates, Chaucer Syndicates, Hiscox Syndicates, Liberty Managing Agency, MS Amlin, Talbot Underwriting, Tokio Marine Kiln Syndicates, and the others not mentioned above.



Ichthys LNG

Location : Australia

Status : Operating

Project: One of the world's biggest gas projects gathering extra large infrastructure, such as the world's largest semi-submersible production platform and the longest subsea pipeline of the southern hemisphere (890km).

Purpose: Exporting around 9 mtpa of LNG (roughly 10% of Australia's annual LNG exports).

Environmental impacts:

- Crosses a protected marine national park.
- One of the most carbon-intensive LNG projects in Australia due to high levels of gas flaring.

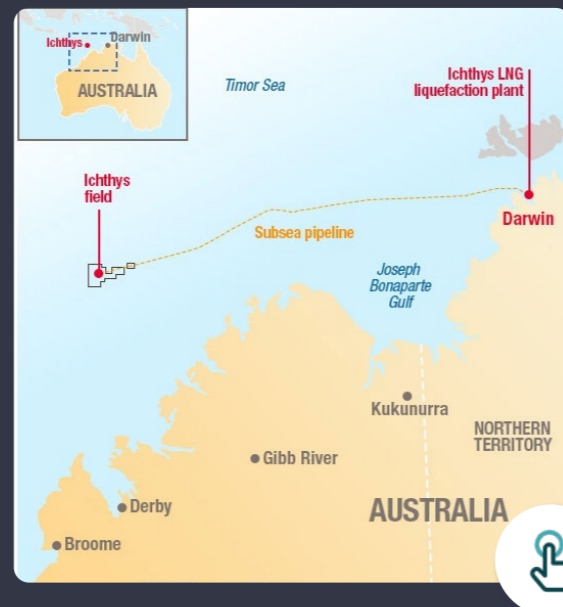
Social impacts: Not yet documented.

Controversy level: High due to local opposition to new or expanded gas projects in Australia (Barossa gas field, Scarborough gas field, etc.).

Lloyd's of London's involvement: Five managing agents of Lloyd's were involved in the project insurance policy of the onshore Ichthys LNG plant between 2012 and 2017. Navigators Underwriting Agency Limited and AmTrust Syndicates in addition to three managing agents, assessed in the report.

Top 20 managing agents involved in Ichthys LNG - 3

Beazley Furlonge, Canopus Managing Agents and Talbot Underwriting. AmTrust Syndicates, which merged with Canopus in 2019, was also involved.



Adani Carmichael mine

Location : Australia

Status : Construction

Project: One of the largest coal mines in Australia, which could produce 60 mtpa (million tons per annum) of coal at peak production.

Purpose: Extracting 2.3 billion tons of coal for export to Asia (mainly India).

Environmental impacts:

- The Adani Carmichael mine is known as a carbon bomb and could emit up to 2 billion tons of CO2 during its lifespan.
- Adani's Abbot Point coal port is nestled between ecologically significant wetlands, sacred Juru traditional sites, and the Great Barrier Reef World Heritage Area.

Social impacts: Free Prior and Informed Consent (FPIC) of Indigenous communities has not been secured.

Controversy level: Very high due to local and international opposition.

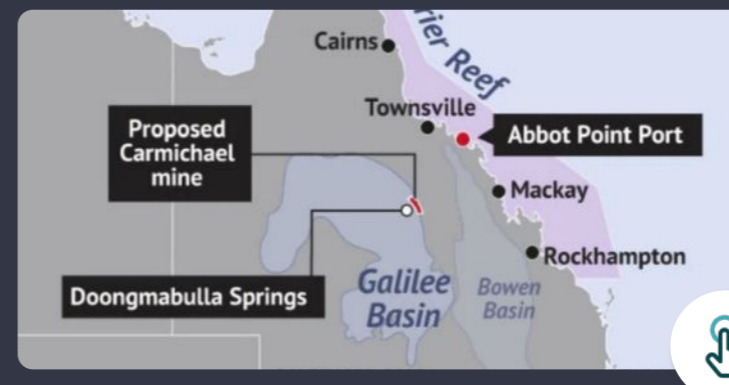
Lloyd's of London's involvement: The Lloyd's insurance market has been involved in providing insurance for the Carmichael coal project since 2019. Probitas has been named as insurer of the Carmichael rail line, coal haulage operation (Bowen Rail Company) and NQXT coal port (formerly Adani Abbot Point Terminal).

Top 20 managing agents who ruled out the Carmichael project - 16

Argenta Syndicate Management, Argo Managing Agency, Ascot Underwriting, AXA XL Underwriting Agencies, AXIS Managing Agency, Beazley Furlonge, Brit Syndicates, Canopus Managing Agents, Hiscox Syndicates, Liberty Managing Agency, MS Amlin, Munich Re Syndicate, QBE Underwriting, Tokio Marine Kiln Syndicates, Talbot Underwriting, Chaucer Syndicates.

Top 20 managing agents who did not rule out the Carmichael project - 4

This list includes Aegis Managing Agency, and the others not mentioned above.



“Delayed mitigation action will further increase global warming and losses and damages will rise and additional human and natural systems will reach adaptation limits (high confidence).”

Synthesis report of the IPCC Sixth Assessment Report, March 2023

CONCLUSION

More than two years after Lloyd's of London released its first ESG guidance for its managing agents, our assessment of the top 20 coal and oil and gas policies reveals that Lloyd's of London is still missing a major portion of its ESG targets related to fossil fuels. It is also lacking proper implementation of its guidance by its members, including even the largest managing agents, such as Hiscox Syndicates, RiverStone Managing Agency and Chaucer Syndicates.

Rather than allowing its managing agents to pick up several indicators on the ESG menu, we call on Lloyd's to set and monitor the adoption of a clear framework for its managing agents regarding their support for new fossil fuel projects. This framework must include the following minimum guarantees on underwriting practices and transparency:

- ✔ Immediately require Lloyd's managing agents to align their practices with its policy on fossil fuels within a year after adoption by Lloyd's, and set enforcement mechanisms and sanctions if they do not comply after the one-year deadline.
- ✔ Condition the approval of any new managing agent to full compliance with Lloyd's fossil fuel guidance, making it mandatory for new managing agents at Lloyd's to follow its fossil fuel guidance. This commitment must apply to current and future guidance on coal and oil and gas, which is updated annually.
- ✔ Monitor and transparently report in its annual ESG report a summary of all its managing agents policies on coal and oil and gas. This summary must include key indicators including:

- ✔ Number and names of managing agents that implemented underwriting exclusions for risks related to new coal projects (mine, plants, infrastructure).
- ✔ Number and names of managing agents that implemented underwriting exclusions for risks related to new unconventional upstream oil and gas projects.³⁷
- ✔ Number and names of managing agents "aligned" with Lloyd's guidance on coal, tar sands and Arctic oil and gas.

Lloyd's of London's unwillingness to stop its members underwriting coal and fossil fuel expansion make a mockery of its membership of the NZIA and its claims to be a climate leader. Its current fossil fuel policy remains inconsistent with its net-zero pledge and we call on Lloyd's to urgently, and no later than July 2023, update and strengthen its fossil fuel guidance by adding the following minimum standards on underwriting practices for its managing agents:

- ✔ Immediately stop offering any insurance and reinsurance services that support the expansion of coal, oil and gas production and phase out within two years all insurance services for fossil fuel companies that are not aligned with a credible 1.5°C pathway.

Lloyd's of London managing agents can no longer afford to wait for Lloyd's to implement more ambitious ESG guidelines. We encourage them to adopt comprehensive fossil fuel exclusion policies in line with the best practices of their peers and the recommendations of the Insure Our Future network, including a commitment not to support any new oil and gas projects, instead supporting provision of insurance coverage for renewable energy projects.

Convinced that Lloyd's of London and its managing agents are all aware of the impacts climate change can have on their business, Reclaim Finance calls on them to provide the necessary policies and means within their business to achieve their common climate ambitions.

References

1. Ranking by managed Gross Written Premium (GWP) in 2021.
2. The top 20 managing agents are responsible for managing around £33 billion out of £39 billion of gross written premium for the whole Lloyd's of London market in 2021.
3. Based on the Reclaim Finance methodology, the managing agents were assessed on their publicly disclosed sectoral policies on coal, oil and gas. Reclaim Finance gathered fossil fuel policies at parent company level and/or managing agent level.
4. [NZIA](#) members have committed to transition their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100[...].
5. Allianz, Aviva, Generali, Hannover Re, Mapfre, Munich Re, Swiss Re.
6. These 12 managing agents represent around 46% of Lloyd's GWP (close to £18 billion of gross written premium out of £39 billion in 2021).
7. [Insure Our Future](#)
8. According to the Swiss Re Institute, the 10-year average economic losses due to natural catastrophes stands at \$217 billion.
9. Munich Re, [Climate change and La Niña driving losses: the natural disaster figures for 2022](#), 10 January 2023.
10. The Club of Rome, Latest IPCC report requires urgent halt to new fossil fuel production, 2021.
11. Allianz is one of the largest insurers in the world with around €140 billion GWP in 2021.
12. Munich Re is the world's largest reinsurer (outside China) with around €60 billion GWP in 2021.
13. Insurance Insider, [Munich Re Syndicate 457 to pull out of traditional oil and gas](#), 30 September 2022.
14. Allianz and Munich Re are founding members of the NZIA with AXA, Aviva, Generali, SCOR, Swiss Re and Zurich.
15. ['Race To Zero' campaign updates criteria to raise the bar on net zero delivery](#), 15 June 2022.
16. In March 2022, UN Secretary-General António Guterres launched his [High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities](#) to develop stronger and clearer standards for net-zero emissions pledges by non-State entities – including businesses, investors, cities and regions – and speed up their implementation.
17. United Nations, [Integrity Matters - Report from the United Nations' High-Level Expert Group](#), November 2022.
18. Members of the [ITF](#) are committed to supporting the global transition by developing innovative products and services to support customers through the transition and encourage green innovation.
19. The [ClimateWise Principles](#) support ClimateWise members to move from understanding and managing their own emissions and impacts to becoming long-term partners to the wider economy in the journey to a net-zero and climate-resilient future.
20. Beazley Furlonge, MS Amlin Underwriting, QBE Underwriting, RenaissanceRe Syndicate Management and Tokio Marine Kiln Syndicates (TMK) are Lloyd's managing agents that are also members of ClimateWise.
21. Swiss Re Institute, [Natural catastrophes in 2021: the floodgates are open](#), 30 March 2022.
22. The [International Energy Agency](#) was created during the first oil crisis of 1974 to ensure the security of oil supplies.
23. OECD and European countries.
24. Lloyd's of London, [Lloyd's joins the Net-Zero Insurance Alliance and becomes part of the Glasgow Financial Alliance for Net Zero](#), 28 October 2021.
25. In its [World Energy Outlook 2022](#), the IEA slightly nuanced its statement referring to new oil and gas fields. It indicated that short-lived fields could be developed, although these should be avoided as much as possible and their emissions compensated by efforts to reduce emissions in other sectors.
26. Ascot Underwriting is also a member of the SMI's Insurance Task Force.
27. For example: railways, export terminals.
28. Also called "coal developers".
29. [Global Oil & Gas Exit List](#)
30. According to the GOGEL database, 52% of short-term oil and gas expansion comes from conventional sources.
31. Both conventional and unconventional oil and gas.
32. Hannover Re, [Sustainability Report 2021, 2022](#).
33. Munich Re, [Munich Re's approach to fossil fuels in underwriting and investment](#), 2022.
34. AXA, [AXA Group Energy Policy Focus on the Oil and Gas industry](#), 29 October 2021.
35. Also called "oil and gas developers".
36. Unconventional oil and gas definition: extra heavy oil (API < 15); tar sands; coal bed methane; fracking (shale oil and gas); ultra-deep water offshore oil and gas (depth > 1,500 metres); oil and gas resources located in the Arctic area as defined by the Arctic Council's Assessment and Monitoring Programme (AMAP).

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THE GOOD, THE BAD AND THE UGLY

The Fossil Fuel Policies of Lloyd's Managing Agents

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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