

Paris, 15 April 2024



To the CEOs and/or CUOs of Lloyd's of London managing agents

Dear CEO,

The year just ended was once again marked by the consequences of the climate crisis. In 2023, the AXA Future Risk Report¹ placed climate change at the top of the list of risks of greatest concern to the industry, according to nearly 3,500 experts surveyed. For the fourth year running, insured losses arising from natural catastrophes have exceeded the symbolic \$100 billion mark. What was once exceptional has become the new norm, and insurers, including the Lloyd's of London market, are now on the front line of these disruptions.

Since 2020, Lloyd's has asked you not to provide any new insurance cover for certain coal projects, oil sands and certain oil and gas exploration projects in the Arctic.² Followed in 2021 by a net zero commitment by 2050³ applicable to all underwriting activities within the Lloyd's market, these various commitments remain insufficient. Lloyd's of London, through the activities of its managing agents, continues to support the expansion of fossil fuels.

Providing stamp capacity to new fossil fuel projects is also inconsistent with the latest conclusions of the scientists and experts at the International Energy Agency (IEA). In its Net Zero Emissions Scenario by 2050 (NZE), the IEA projects a halt to the development of new coal projects, new oil and gas fields and new liquefied natural gas (LNG) terminals. At the same time, the IEA indicates that by 2030, for every dollar invested in fossil fuels, US\$10 should be invested in energy transition solutions, including US\$6 for sustainable electricity generation.⁴ These massive developments in new transition projects will not be possible without insurance - this therefore presents an enormous opportunity for forward-thinking insurers.

Your stamp capacity still allocated to fossil fuel expansion is lost capacity - every dollar or pound allocated to fossil expansion will not be able to support the solutions needed for the transition. In line with the IEA's projections, Reclaim Finance calls on you to make an active contribution to achieving the net zero pledge by 2050 by making the following commitments applicable to each of the syndicates under your supervision:

¹ AXA, [AXA Future Risk Report 2023](#), 2023

² Lloyd's of London, [Lloyd's takes action to accelerate transition to sustainable economy](#), 2020

³ Lloyd's of London, [Lloyd's joins the Net-Zero Insurance Alliance and becomes part of the Glasgow Financial Alliance for Net Zero](#), 2021

⁴ The IEA's definition of clean energy includes: fossil fuels with carbon capture and storage/utilisation (CCUS), hydrogen, nuclear, wind, solar, hydro, marine, geothermal, solid biomass, bioenergy and energy from waste.

- No longer provide stamp capacity for new thermal and metallurgical coal mines, new thermal power stations and dedicated infrastructure by 1 January 2025;
- No longer provide stamp capacity for new oil and gas fields⁵, whether conventional or unconventional⁶ by 1 January 2025;
- No longer provide insurance capacity for new LNG terminals by 1 January 2025.

These commitments must apply to your syndicates' direct insurance and facultative reinsurance business lines.

Without such commitments from its managing agents, Lloyd's of London's promise to reach net zero by 2050 will be missed.

Reclaim Finance will publish a report on 10 June 2024 assessing the climate commitments of all Lloyd's managing agents. We hope that by then, your contribution to the net zero goal by 2050, giving us the best chance of limiting global overheating to relatively safe levels, will be reaffirmed through an ambitious fossil fuel policy aligned with the science.

The response to this letter and any public commitments made between now and 1 June 2024 may be used and referred to in future Reclaim Finance reports.

We would be delighted to discuss your commitments with you and present our approach.

Yours sincerely,

Lucie Pinson
Founder and Director of Reclaim Finance

⁵ According to the [IEA](#), new oil and gas fields are defined as any oil and gas field approved for development after 2021.

⁶ Non-conventional oil and gas includes :

- Shale oil and gas
- Oil sands
- Oil and gas produced in the Arctic (definition of the Arctic zone from the [Arctic Monitoring and Assessment Programme - AMAP](#))