# FOR A FEW DOLLARS MORE

## The fossil fuel policies of Lloyd's managing agents 2

RECLAIM Finance

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**Published by:**
Reclaim Finance is an 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 align their underwriting and investments with a pathway limiting global warming to 1.5°C.*



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# EXECUTIVE SUMMARY

Within the insurance industry, Lloyd's of London stands out as the world's leading insurance marketplace. A position earned over the centuries by its ability to seize opportunities and develop new markets.

With almost **$10 trillion of insurance capacity**[1] required to cover transition investments[2] between now and 2030, this might be one of the biggest opportunities for the Lloyd's market. But while Lloyd's pretends it wants to become the insurance market of the transition and makes the commitments to reaching net-zero emissions by 2050 in its underwriting business, it has fallen behind in the fight against the expansion of fossil fuels.

For the first time, this report looks at the **fossil fuel underwriting policies of the 51 Lloyd's managing agents responsible for monitoring the business of over 80 syndicates.**[3] It evaluates the commitments made by managing agents against the scientific imperative to stop supporting the development of **new coal projects, new upstream oil and gas projects**[4] **and new liquefied natural gas (LNG) export terminals**, as projected in the International Energy Agency's Net Zero Emissions by 2050 Scenario (NZE).

The Lloyd's market is made up of these 51 managing agents. Together they manage more than 80 syndicates that underwrite corporate risks following underwriting policy and with the oversight of the managing agents.

Although more than 25 managing agents have an underwriting policy on fossil fuels, our assessment shows that a very small minority are passing the net zero test of stopping underwriting the risks related to new fossil fuel projects.

On the question of coal expansion, out of the 51 Lloyd's managing agents, **only 15 – or 49% of the Lloyd's market (managed GWP**[5]**) – have committed not to underwrite risks related to new coal** mines and new coal plants. This notably includes Axis Managing Agency, QBE Underwriting, Munich Re Syndicate and SCOR Managing Agency.

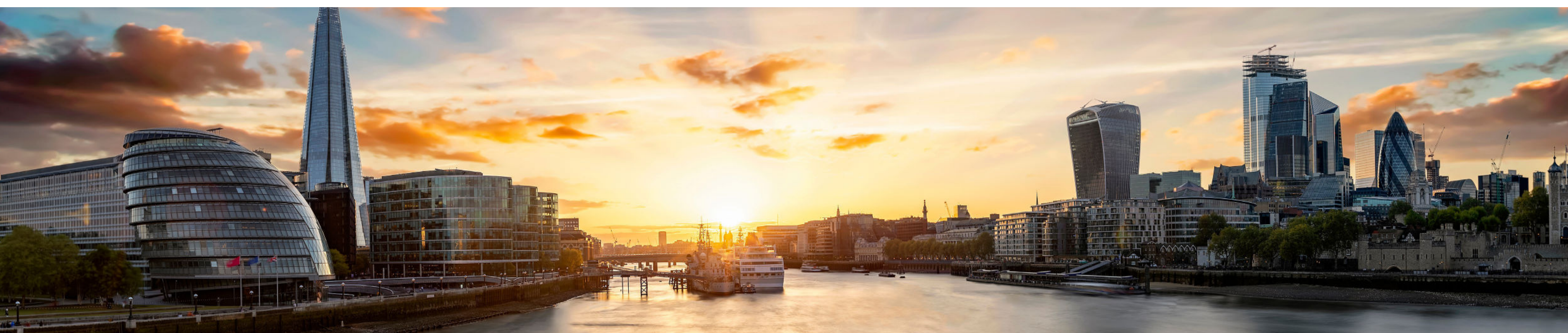
However, **36 managing agents**, including Ascot Underwriting, Apollo Syndicate Management, Chaucer Syndicates, Inigo Managing Agent and smaller managing agents overseeing third-party syndicates[6] such as Ariel Re Managing Agency, Managing Agency Partners and S.A. Meacock & Company, **which combined represent the other half of the market**, have not yet formalised a policy not to underwrite the risks of new coal projects.

Regarding the expansion of the oil and gas sector, **46 managing agents, which represent close to 93% of the market**, have yet to commit to stop insuring new oil and gas fields. These include market leaders Beazley Furlonge, Hiscox Syndicates, MS Amlin Underwriting and Tokio Marine Kiln Syndicates, as well as smaller players such as Allied World Managing Agency, Atrium Underwriters and Starr Managing Agents.

**Only five managing agents** – Argenta Syndicate Management, AXA XL Underwriting Agencies, Munich Re Syndicate, Probitas Managing Agency and SCOR Managing Agency – **which represent around 7% of the market's GWP**, are committed to no longer underwriting the risks related to new oil and gas fields, in line with the commitments made by their parent groups: Hannover Re,[7] AXA,[8] Munich Re,[9] Aviva and SCOR, respectively.[10]

Finally, **none of the managing agents at Lloyd's** have made a commitment not to provide coverage for new LNG export terminals even though these new projects also threaten the achievement of the net-zero emissions by 2050 target, as projected by the IEA.

With so few commitments to combat the development of new fossil projects, we assume that Lloyd's will continue to cover new fossil fuel projects with risks as great as those of existing projects. Reclaim Finance was able to identify more than 25 fossil fuel deals supported by more than 20 managing agents between 2021 and 2024, with thanks to the NGOs Public Citizen,[11] Rainforest Action Network[12] and Greenpeace Nordic,[13] which



uncovered the insurance certificates of some of the largest fossil fuel infrastructure in the US and the North Sea.

Among these deals, Lloyd's syndicates under the supervision of their managing agents provided liability cover for the world's largest coal mine in the world, the North Antelope Rochelle Mine.[14] Beazley Furlonge was also involved in insuring offshore oil and gas assets in the Arctic Region, known as one of the planet's most sensitive regions to climate change. Finally, between 2022 and 2023, Talbot Underwriting participated in covering the second-largest LNG export terminal in the US, Freeport LNG, known for violating Texas' state air pollution rules multiple times between 2019 and 2021.[15]

Reclaim Finance encourages each Lloyd's managing agent to adopt the most ambitious underwriting policy to avoid fuelling the climate risks that directly impact the profitability of the syndicate(s) they manage by:

- No longer providing (re)insurance for new thermal and metallurgical coal mines, new coal plants and dedicated infrastructure, by 1 January 2025.
- No longer providing (re)insurance for new oil and gas fields, whether conventional or unconventional, by 1 January 2025.
- No longer providing (re)insurance for new LNG export terminals, by 1 January 2025.

Lloyd's is responsible for controlling the type of risks allowed in its market and has the power to regulate its managing agents,[16] but it has decided to solely rely on the willingness of its managing agents to implement climate commitments.[17] Lloyd's must finally use its power by defining a clear and binding fossil fuel policy for all its managing agents. Reclaim Finance calls on Lloyd's to:

- Immediately require each managing agent to stop underwriting fossil fuel expansion and align with the Lloyd's net zero underwriting target.
- Make the establishment of a new managing agent conditional on the submission of an underwriting strategy aligned with the market-wide net zero commitment by 2050, including the Lloyd's underwriting policy for risks related to new fossil fuel projects underwritten by managed syndicate(s).
- Require each managing agent to disclose its underwriting policy for risks related to new fossil fuel projects underwritten by managed syndicates (coal, oil and gas) as part of the publication of an annual sustainability strategy.
- Monitor and transparently report a summary of all its managing agents' policies on coal, oil and gas and LNG in the Lloyd's annual ESG report, and set enforcement mechanisms and sanctions if managing agents do not comply after a one-year deadline.

If Lloyd's is serious about its strategy to become the insurance market for the transition,[18] it must **leverage its regulatory power to ensure its managing agents use all their resources to cover the transition and to prevent them from supporting fossil fuel expansion**. The transition will happen with or without Lloyd's, and every penny spent to insure new fossil fuel projects is a penny lost in insuring energy transition projects. Lloyd's is taking the risk of missing out on the opportunities offered by the transition, putting its position as the world's largest insurance market on the line.

**Figure 1: Classification of Lloyd's managing agents according to their fossil fuel underwriting policy**

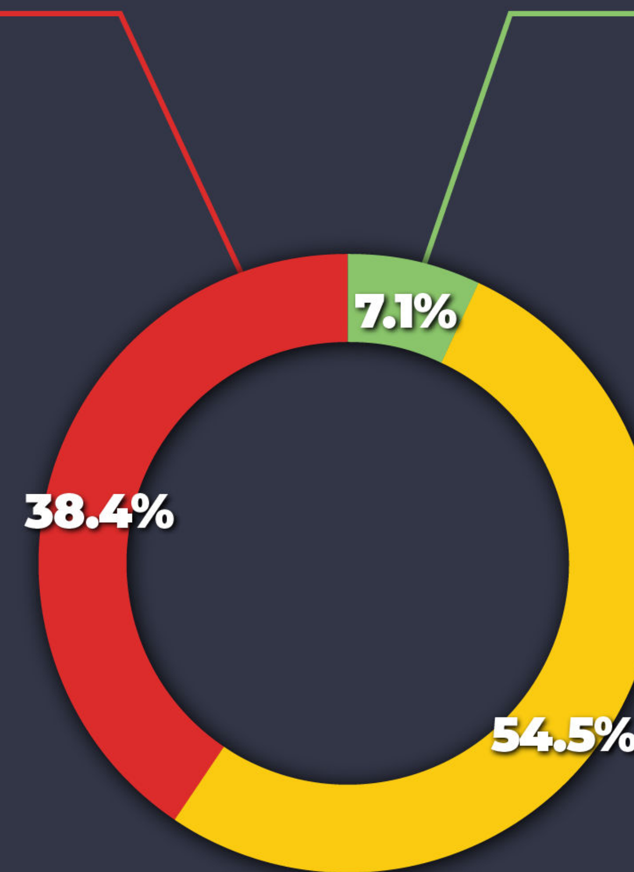
Reclaim Finance carried out an analysis of the coal and oil and gas policies applicable to the underwriting activities of the 51 Lloyd's managing agents, rating them in three main categories: Ultimate laggards, Slow movers, Front runners.

- **Ultimate laggards:** Managing agents with or without a coal and/or an oil and gas policy that have not yet committed to stop underwriting risks related to new fossil fuel projects (e.g new coal mines, new coal plants, new oil and gas fields).
- **Slow movers:** Managing agents that have committed at least to stop underwriting risks related to new coal mines or new coal plants, but that have not yet committed to stop underwriting risks related to new oil and gas fields, either conventional and unconventional.
- **Front runners:** Managing agents that have committed to stop underwriting risks related to new coal mines, new coal plants but also new oil and gas fields, either conventional and unconventional.

These three categories make it possible to compare the underwriting policies of Lloyd's managing agents in regard to fossil fuel expansion. However, there is still room for improvement if the managing agents are to comply with the scientific imperative to stop supporting fossil fuel expansion, since no managing agent has yet committed to stop underwriting risks related to new LNG export terminals.

## Ultimate laggards (28)

| *Company* | *Lloyd's Market share* |
|---|---|
| Chaucer Syndicates | 3,8% |
| Asta Managing Agency | 3,2% |
| Liberty Managing Agency | 3,0% |
| Ascot Underwriting | 2,6% |
| Aspen Managing Agency | 2,0% |
| Inigo Managing Agent | 1,9% |
| AEGIS Managing Agency | 1,8% |
| RenaissanceRe Syndicate Management | 1,8% |
| Atrium Underwriters | 1,7% |
| Lancashire Syndicates | 1,5% |
| Ark Syndicate Management | 1,5% |
| Ariel Re Managing Agency | 1,2% |
| Markel Syndicate Management | 1,2% |
| Managing Agency Partners | 1,2% |
| Hamilton Managing Agency | 1,2% |
| Faraday Underwriting | 1,2% |
| Westfield Specialty Managing Agency | 1,0% |
| WR Berkley Syndicate Management | 1,0% |
| Nephila Syndicate Management | 1,0% |
| Starr Managing Agents | 0,9% |
| Blenheim Underwriting | 0,7% |
| Dale Managing Agency | 0,7% |
| Hardy Underwriting Agencies | 0,6% |
| Cincinnati Global Underwriting Agency | 0,5% |
| Newline Underwriting Management | 0,5% |
| Sirius International Managing Agency | 0,3% |
| S.A. Meacock & Company | 0,2% |
| Polo Managing Agency Limited | 0,0% |




## Front Runners (5)

| *Company* | *Lloyd's Market share* |
|---|---|
| AXA XL Underwriting Agencies | 2,4% |
| Munich Re Syndicate | 2,1% |
| Argenta Syndicate Management | 1,5% |
| SCOR Managing Agency | 0,6% |
| Probitas Managing Agency | 0,5% |

## Slow movers (18)

| *Company* | *Lloyd's Market share* |
|---|---|
| Beazley Furlonge | 10,1% |
| Brit Syndicates | 6,8% |
| QBE Underwriting | 4,7% |
| Hiscox Syndicates | 4,6% |
| Tokio Marine Kiln Syndicates | 4,0% |
| Talbot Underwriting | 3,8% |
| Canopius Managing Agents | 3,6% |
| Axis Managing Agency | 3,1% |
| MS Amlin Underwriting | 3,1% |
| Arch Managing Agency | 2,0% |
| IQUW Syndicate Management | 1,9% |
| Apollo Syndicate Management | 1,8% |
| Chubb Underwriting Agencies | 1,2% |
| Antares Managing Agency | 1,1% |
| Travelers Syndicate Management | 0,8% |
| Allied World Managing Agency | 0,7% |
| Hartford Underwriting Agency | 0,7% |
| HCC Underwriting Agency | 0,4% |

# SCOPE OF THE ANALYSIS

Reclaim Finance carried out its analysis of the Lloyd's managing agents' underwriting policies on fossil fuels using the latest publicly available information between April and September 2024. Notably, the ClimateWise/ESG/sustainability reports of the managing agents and, when applicable, the sustainability report of parent groups were assessed.

The following (re)insurance groups confirmed to Reclaim Finance that their fossil fuel policies apply to their managing agent(s): AIG, AXA, Axis Capital, Hannover Re, MS&AD, Munich Re, QBE, SCOR, The Hartford, and Tokio Marine. Reclaim Finance was not able to confirm that the fossil fuel policies of the following (re)insurance groups apply to their managing agent(s): Aviva, Chubb, Hiscox, Liberty Mutual, Fairfax Financial, The Hartford, Travelers.

Reclaim Finance analysed the policy measures of managing agents or parent companies aimed at halting support for new coal and oil and gas projects. Their commitments to reduce support for companies active in the coal or unconventional oil and gas sector according to a certain threshold on turnover/production were not taken into account.



**Table 1 – Managing agents assessed in the report**

| Ranking at Lloyd's of London (by managed GWP) | Managing Agent | Estimated managed GWP (in £million) - 2023 | Share of the Lloyd's market |
|---|---|---|---|
| 1 | Beazley Furlonge | 5706.2 | 10.1% |
| 2 | Brit Syndicates | 3828.3 | 6.8% |
| 3 | QBE Underwriting | 2640.1 | 4.7% |
| 4 | Hiscox Syndicates | 2594.5 | 4.6% |
| 5 | Tokio Marine Kiln Syndicates | 2236.9 | 4.0% |
| 6 | Talbot Underwriting | 2163.2 | 3.8% |
| 7 | Chaucer Syndicates | 2147.3 | 3.8% |
| 8 | Canopius Managing Agents | 2044.5 | 3.6% |
| 9 | Asta Managing Agency | 1827.1 | 3.2% |
| 10 | Axis Managing Agency | 1760 | 3.1% |
| 11 | MS Amlin Underwriting | 1748.7 | 3.1% |
| 12 | Liberty Managing Agency | 1696.5 | 3.0% |
| 13 | Ascot Underwriting | 1440.9 | 2.6% |
| 14 | AXA XL Underwriting Agencies | 1351 | 2.4% |
| 15 | Munich Re Syndicate | 1212.6 | 2.1% |
| 16 | Arch Managing Agency | 1145.1 | 2.0% |
| 17 | Aspen Managing Agency | 1115 | 2.0% |
| 18 | Inigo Managing Agent | 1099.4 | 1.9% |
| 19 | IQUW Syndicate Management | 1065.7 | 1.9% |
| 20 | AEGIS Managing Agency | 1039.8 | 1.8% |
| 21 | RenaissanceRe Syndicate Management | 1033.9 | 1.8% |
| 22 | Apollo Syndicate Management | 1023.3 | 1.8% |
| 23 | Atrium Underwriters | 971.6 | 1.7% |
| 24 | Lancashire Syndicates | 864.8 | 1.5% |
| 25 | Argenta Syndicate Management | 837.8 | 1.5% |
| 26 | Ark Syndicate Management | 827.8 | 1.5% |
| 27 | Ariel Re Managing Agency | 705.1 | 1.2% |
| 28 | Markel Syndicate Management | 701.5 | 1.2% |
| 29 | Chubb Underwriting Agencies | 694.2 | 1.2% |
| 30 | Managing Agency Partners | 678.4 | 1.2% |
| 31 | Hamilton Managing Agency | 662.4 | 1.2% |
| 32 | Faraday Underwriting | 661.9 | 1.2% |
| 33 | Antares Managing Agency | 599.1 | 1.1% |
| 34 | Westfield Specialty Managing Agency | 582.4 | 1.0% |
| 35 | WR Berkley Syndicate Management | 554.9 | 1.0% |
| 36 | Nephila Syndicate Management | 553.7 | 1.0% |
| 37 | Starr Managing Agents | 527.9 | 0.9% |
| 38 | Travelers Syndicate Management | 433.4 | 0.8% |
| 39 | Allied World Managing Agency | 416.8 | 0.7% |
| 40 | Hartford Underwriting Agency | 414.6 | 0.7% |
| 41 | Blenheim Underwriting | 392.2 | 0.7% |
| 42 | Dale Managing Agency | 378.5 | 0.7% |
| 43 | Hardy Underwriting Agencies | 364.4 | 0.6% |
| 44 | SCOR Managing Agency | 325.7 | 0.6% |
| 45 | Cincinnati Global Underwriting Agency | 289.8 | 0.5% |
| 46 | Probitas Managing Agency | 288.2 | 0.5% |
| 47 | Newline Underwriting Management | 255.5 | 0.5% |
| 48 | HCC Underwriting Agency | 239.3 | 0.4% |
| 49 | Sirius International Managing Agency | 159.8 | 0.3% |
| 50 | S.A. Meacock & Company | 115.2 | 0.2% |
| 51 | Polo Managing Agency Limited | 24.5 | 0.0% |

# INTRODUCTION

## CLIMATE CHANGE - PROPERTY AND PEOPLE AT RISK

For over 300 years,[19] the Lloyd's of London market has developed to conquer new markets, create new products and adapt to the many risks faced by its clients. But with the growing climate risk, such as natural disasters, the task could be more complicated.

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 norm. While these figures may seem significant, they are only the tip of the iceberg. The cost to society as a whole is much greater, and exceeds $300 billion with only 31% of insured losses according to estimates by Aon, Swiss Re and Munich Re.[20]

Back in 2015, a few weeks before COP 21, the former Governor of the Bank of England Mark Carney gave a warning to the financial industry in the heart of the Lloyd's building: "once climate change becomes a defining issue for financial stability, it may already be too late".[21] We would think that the increase in claims due to natural disasters would cause the industry, and Lloyd's, to react and prevent climate risks in the long run.

But nine years later, at a time when scientists no longer have any doubts about the impact of fossil fuel combustion on global warming,[22] the institution where Mark Carney gave his speech remains a prime location for the insurance of fossil fuel expansion.

Rather than preventing climate risks by not covering new fossil fuel projects, Lloyd's and its industry have only taken advantage of the hard market conditions[23] to significantly increase the cost of their natural catastrophe cover.

Between 2022 and 2023, catastrophe reinsurance treaty prices for insurers rose everywhere in the main markets, increasing by more than 20% in the UK, and even doubling for treaties underwritten by US insurers.[24] With over 30% of its $52 billion[25] in premiums coming from the reinsurance market, the Lloyd's market is benefitting from these "favourable" market conditions.

Price effects in reinsurance treaties at the top of the chain are felt all the way down by customers. Among the many areas affected by these price increases, we can take the example of British policyholders who experienced a sharp spike in home insurance coverage in 2023 – on average 36% – mostly driven by more severe extreme weather events and inflation in rebuilding costs.[26]

In extreme cases, insurers decide to protect their profitability rather than their customers and withdraw entirely from the areas most at risk from climate change, leaving citizens unprotected. Earlier this year, State Farm and Allstate, respectively the first- and fourth-largest home insurers in the US, decided to stop providing home insurance policies to new customers in California[27] because of wildfire risks.

While the industry advocates[28] publicly about the need to prevent climate risks, in practice its main preventive measure consists of limiting the impact of climate change on its business through limited coverage and higher prices, rather than the other way around – which would be to stop fuelling climate risks at their source by not covering new coal projects and new oil and gas projects.

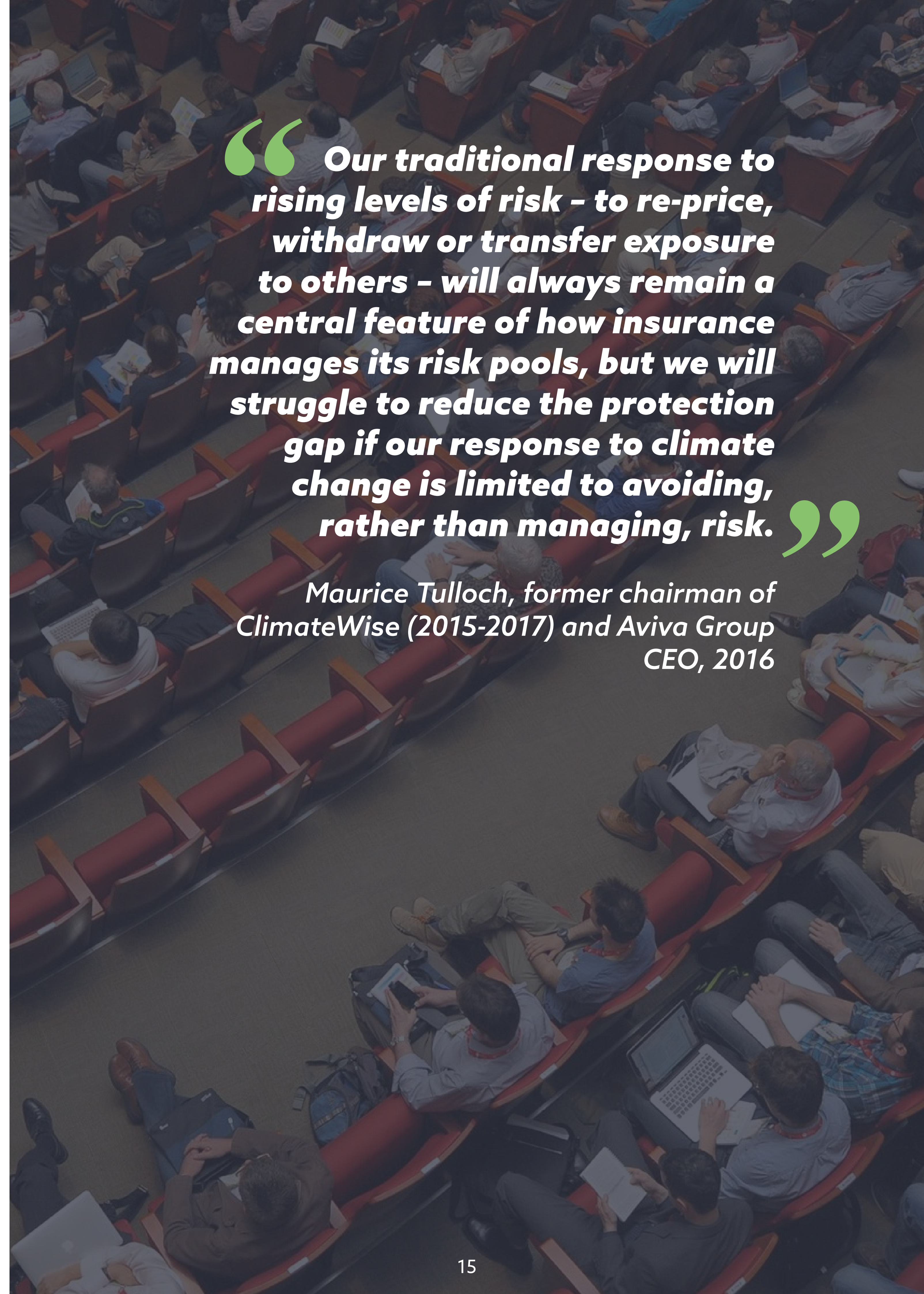
**European (re)insurers such as Munich Re, Allianz, and Swiss Re have begun implementing these initial preventive measures. But has the trend crossed the English Channel and reached the City of London? This report considers this question. It provides an unprecedented insight into the fossil fuel-related underwriting practices of the 51 managing agents active on the Lloyd's market; the biggest insurance market in the world.** While our first report[29] focused on the fossil fuel policies of the 20 largest Lloyd's managing agents, representing around 84% of the market, this second report analyses the policies of all 51 managing agents **responsible for monitoring the business of over 80 syndicates.[30]**

Informed by a detailed analysis of Lloyd's managing agents' underwriting policies related to the fossil fuel sector,[31] the report follows a **letter sent by Reclaim Finance[32] in April 2024 to the CEOs and/or Chief Underwriting Officers (CUOs) of all managing agents** urging them to no longer underwrite the risks related to new fossil fuel projects, which are undermining the ability of Lloyd's to reach its net zero underwriting target by 2050.

More particularly, it provides an overview of the climate commitments and underwriting policies of all managing agents operating in the market and evaluates them against Lloyd's net zero commitment and the **scientific imperative to stop supporting the development of new coal projects, new upstream oil and gas projects[33] and new liquefied natural gas (LNG) export terminals.**

While it **highlights examples of best practice among the managing agents**, it also reveals the significant role still played by Lloyd's in covering the fossil fuel industry, linking its syndicates and managing agents to nearly **25 deals related to some of the largest coal mines and LNG export terminals in the US, and companies involved in oil and gas extraction in the Arctic region.**





> ***"Our traditional response to rising levels of risk – to re-price, withdraw or transfer exposure to others – will always remain a central feature of how insurance manages its risk pools, but we will struggle to reduce the protection gap if our response to climate change is limited to avoiding, rather than managing, risk."***
>
> *Maurice Tulloch, former chairman of ClimateWise (2015-2017) and Aviva Group CEO, 2016*

# 1. LLOYD'S OF LONDON, A FREE-RIDER WITHIN THE INSURANCE INDUSTRY

The insurance industry has been aware of the risks associated with climate change for decades but the sector, and Lloyd's of London in particular, continues to fuel these risks. While Lloyd's and its managing agents keep covering new fossil fuel projects, some (re) insurers have begun to take the first preventive measure against climate risk: ceasing to cover new coal projects and certain new oil and gas projects. This is not the path taken by Lloyd's, which has preferred to join the insurance industry's international initiatives only.

## a. Climate change is no surprise to the insurance industry

For more than fifty years, insurers have warned of the effects of climate change on their industry and our society. Munich Re sent out a first warning signal in 1973 after releasing a study showing that rising temperatures could potentially increase flooding risks.[34] It is no coincidence that Lloyd's includes "Catastrophe Exposure" at the heart of its 13 principles,[35] requiring managing agents to monitor the natural and non-natural catastrophe exposure of the syndicates they manage. No other risk is so strongly considered in these 13 principles.

If the insurance industry considers climate change as the greatest risk in the years to come – ahead of cyber or geopolitical risks[36] – it has been working for more than a hundred years on developing climate catastrophe modelling in an attempt to estimate the financial impacts.

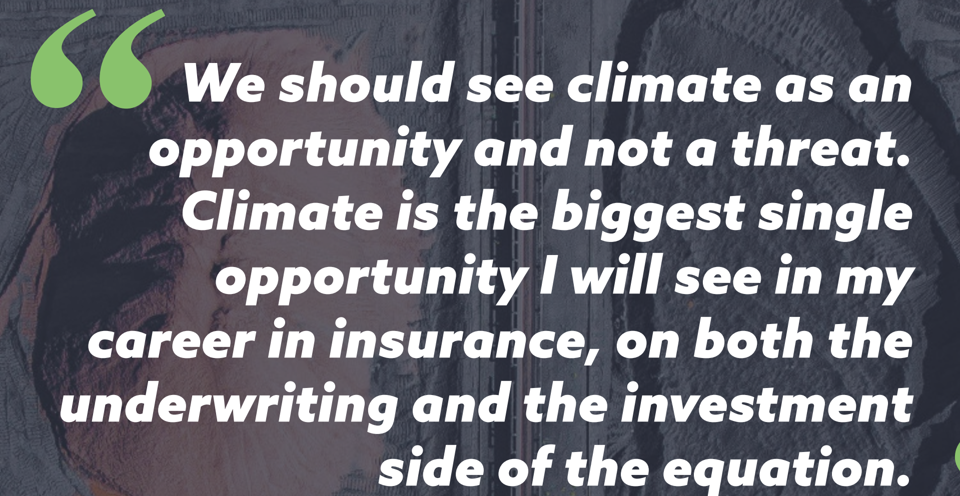
## b. Industry's response to growing climate risks

Even though insurers knew early on that greenhouse gas (GHG) emissions build-up due to fossil fuel burning could lead to increased flooding risks, the first commitments to reduce insurance industry support for certain new fossil fuel projects only appeared after COP 21 in Paris.

In 2017, leading industry players like AXA[37] and SCOR[38] were the first to make a commitment to reduce their insurance offering for new coal mines. Since then, the insurance industry's fight against coal expansion has gained momentum – according to the Insure Our Future campaign, 45 (re)insurers[39] globally have implemented restrictions on coal underwriting and six (re)insurers now refuse to cover any new coal projects or any company planning to develop new coal infrastructure.[40]

Regarding the oil and gas industry, 18 (re)insurance groups have a policy to restrict their underwriting for the sector, while a group of 11 (re) insurers have now committed not to provide insurance capacity for new oil and gas fields.[41]





***"We should see climate as an opportunity and not a threat. Climate is the biggest single opportunity I will see in my career in insurance, on both the underwriting and the investment side of the equation."***

John Neal, Lloyd's CEO, interviewed in Insurance Insider, 2021

## c. Lloyd's far behind the frontrunners

While some industry players are trying to limit the impact of their insurance activities on worsening climate change by no longer insuring new fossil fuel projects, Lloyd's is failing to grasp the urgency of the situation. The Lloyd's market has made no commitment to reduce support for new coal projects (mines, power plants, coal-dedicated infrastructure) or for new upstream oil and gas projects.

Since 2020 and its first ESG report,[42] which called on its managing agents to stop covering new coal plants and coal mines, oil sands and Arctic energy exploration activities, Lloyd's has revised its commitments by making them optional and non-binding for managing agents.

In its latest roadmap consultation, 'Insuring the Transition',[43] Lloyd's focuses solely on the market's ability to avoid the consequences of climate change while taking advantage of the transition to develop new products. At no point does this consultation address the need to halt the market's support for the expansion of fossil fuels, one of the main factors exacerbating climate change.

## d. Signing initiatives rather than taking action

Lloyd's has a long record of participation in sustainable insurance market initiatives. It was one of the 31 Net Zero Insurance Alliance (NZIA) members committed to achieving net-zero emissions in their insurance and reinsurance portfolios[44] before the alliance collapsed in 2023.[45] Through its CEO John Neal, Lloyd's is also a member of the Insurance Development Forum (IDF)[46] steering committee and chairs the Insurance Task Force (ITF) of the Sustainable Market Initiative (SMI)[47] launched in 2020 by King Charles III.[48] Finally, Lloyd's participates in the UK sustainable insurance initiative as a member of ClimateWise.[49]

**Figure 2: Lloyd's participation in sustainable insurance initiatives**

But Lloyd's seems to limit its action in the fight against climate change to a communication and a marketing opportunity, advertising its participation in numerous initiatives rather than taking real action to stop its market support for the development of new fossil fuel infrastructure.

# 2. ANALYSIS OF EXISTING FOSSIL FUEL POLICIES OF LLOYD'S MANAGING AGENTS

While the combustion of fossil fuels is responsible for more than 60% of global greenhouse gas (GHG) emissions, the IEA projected in its most updated Net Zero Emissions by 2050 Scenario (NZE, published in 2023) a halt to the development of new coal projects, new oil and gas fields and new LNG export terminals. Despite this imperative, only five Lloyd's managing agents have committed not to underwrite the risks related to new coal mines and/or coal plants and new oil and gas fields, while no managing agents to date have made the commitment not to cover new LNG export terminals.

With so few commitments to halt their support for fossil fuel expansion, we can assume that Lloyd's managing agents will continue to cover new projects with risks as great as those of existing projects.
Thanks to the investigative work of the NGOs Public Citizen, Rainforest Action Network and Greenpeace Nordic, Reclaim Finance has been able to flag the involvement of Lloyd's managing agents in the insurance of more than 25 fossil fuel deals. According to our assessment, managing agents provided sometimes billions in cover for some of the world's largest fossil fuel infrastructure, from coal mines and Arctic oil and gas to LNG export terminals.

In order to meet Lloyd's market-wide pledge to reach net-zero emissions by 2050, each managing agent must update its fossil fuel underwriting policy to be in line with the IEA's projections.

## a. The net zero target and fossil fuel expansion

The impact of fossil fuel combustion (coal, oil and gas) on the climate has been recognized for years. Today, it accounts for close to 65% of global GHG emissions[50] and 91% of the energy sector's CO2 emissions.[51]

Developing new fossil fuel projects will lock in GHG emissions for decades to come, bringing our society closer to a future exceeding 1.5°C compared to pre-industrial levels. With a planet 1.5°C warmer, between half and three-quarters of the world's population could be exposed to deadly heat stress by 2100,[52] and for each additional degree of warming, extreme precipitation events are projected to increase by 7%.[53]

But it does not have to be this way. Insurers are key providers of the coverage required by the companies building new fossil fuel projects. Without their cover, fossil fuel companies cannot move ahead with their expansion plans.

It was around 2015 during COP 21 that it became clear that to curb the global warming trend as quickly as possible and limit its consequences, no new coal infrastructure should be developed. In 2021, with the first publication of its NZE Scenario,[54] the IEA also projected an end to the development of new coal mines and coal-fired power plants, as well as new oil and gas fields. Successive versions of this scenario have also included a halt to the development of new oil and gas transport infrastructure such as new LNG export terminals.

In line with the IEA's net zero projections, the Lloyd's of London commitment to get to a "net zero underwriting position by 2050" should mean a halt to underwriting the risks of new fossil fuel projects for the syndicates managed by its managing agents. Such a commitment would not put an end to Lloyd's support for the fossil fuel industry and would only affect the risks associated with the construction of new fossil fuel infrastructure. As the world's leading fossil fuel insurer, with approximately $1.6 billion to $2.2 billion in gross written premium (GWP) from the fossil fuel sector,[55] such a commitment would be a major milestone for Lloyd's, aligned with the latest net zero projections from the IEA.

Each managing agent is responsible for the business conducted by a managed syndicate(s). If syndicates underwrite the risks related to new fossil fuel projects with the agreement of the managing agent, they jeopardise Lloyd's net zero goal. It makes each managing agent a key player in reaching this market-wide goal for Lloyd's of London.

> ***In the NZE (Net Zero Emissions) Scenario, investment in existing fields is needed to ensure that supply does not decline faster than demand, but no new conventional long lead time oil and gas projects are developed after 2023 and investment is much lower than today.***

International Energy Agency,
World Energy Outlook 2023

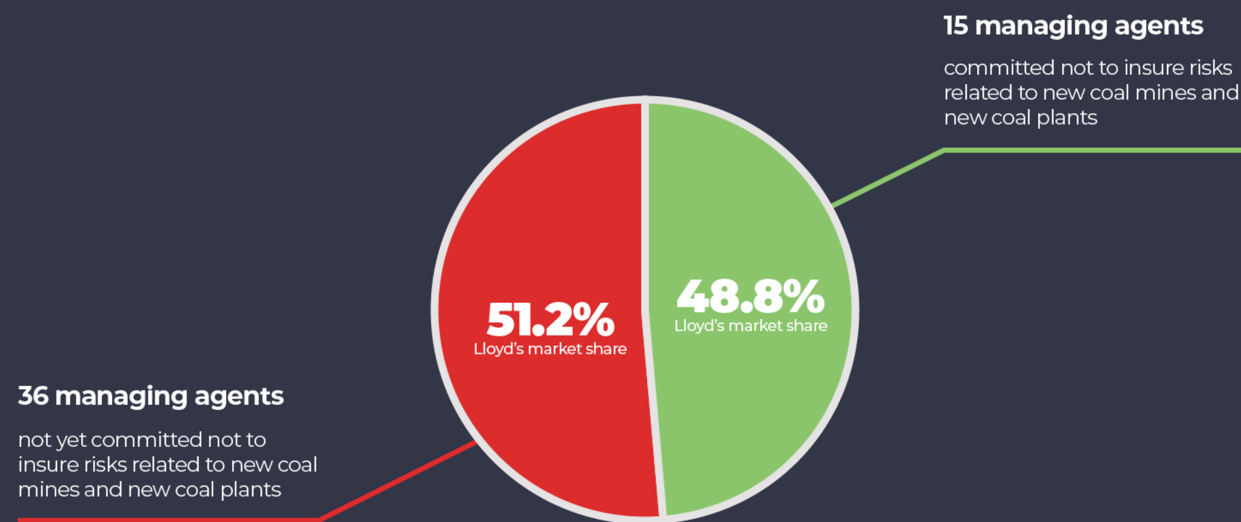
## b. Managing agents and coal expansion

In 2018, almost three years after some European insurers issued their first coal policies, Lloyd's finally adopted a commitment to stop investing its Central Fund assets in the coal sector.[56] But, as yet, Lloyd's has made no commitment to halt its insurance support for new coal projects (mines, power plants, dedicated infrastructure), leaving its managing agents without any clear direction to follow.

This has led to measures being taken by only some of its managing agents. As of September 2024, **28 managing agents, representing close to 70% of the managed GWP at Lloyd's**, have implemented a coal policy. However, **only 15 of these** have made a commitment not to insure new coal mines and new coal plants, **representing 49% of the managed GWP at Lloyd's**.

In other words, **36 managing agents, managing more than half of the Lloyd's market GWP**, have not yet formalised a policy not to underwrite risks related to new coal projects. This includes **Ascot Underwriting, Apollo Syndicate Management, Chaucer Syndicates, Inigo Managing Agent** and smaller managing agents managing third-party syndicates,[57] such as **Ariel Re Managing Agency, Managing Agency Partners and S.A. Meacock & Company**.

**Figure 3: Managing agents with a commitment not to underwrite risks related to new coal mines and new coal plants (by share of the Lloyd's market)**



## Table 2 – Comparison of managing agents' underwriting policies on coal

| Managing Agent | Underwriting policy on coal | Exclusion of new coal projects (mines, plants, dedicated coal infrastructure) |
|---|---|---|
| Beazley Furlonge | Yes | Stronger policy |
| Brit Syndicates | Yes | Stronger policy |
| QBE Underwriting | Yes | Stronger policy |
| Hiscox Syndicates | Yes | Stronger policy |
| Tokio Marine Kiln Syndicates | Yes | Stronger policy |
| Talbot Underwriting | Yes | Stronger policy |
| Chaucer Syndicates | Yes | No policy |
| Canopius Managing Agents | Yes | Stronger policy |
| Asta Managing Agency | No | No policy |
| Axis Managing Agency | Yes | Stronger policy |
| MS Amlin Underwriting | Yes | Stronger policy |
| Liberty Managing Agency | Yes | No policy |
| Ascot Underwriting | No | No policy |
| AXA XL Underwriting Agencies | Yes | Stronger policy |
| Munich Re Syndicate | Yes | Stronger policy |
| Arch Managing Agency | Yes | Stronger policy |
| Aspen Managing Agency | No | No policy |
| Inigo Managing Agent | No | No policy |
| IQUW Syndicate Management | Yes | No policy |
| AEGIS Managing Agency | No | No policy |
| RenaissanceRe Syndicate Management | No | No policy |
| Apollo Syndicate Management | Yes | Limited policy |
| Atrium Underwriters | No | No policy |
| Lancashire Syndicates | No | No policy |
| Argenta Syndicate Management | Yes | Stronger policy |
| Ark Syndicate Management | No | No policy |
| Ariel Re Managing Agency | No | No policy |
| Markel Syndicate Management | No | No policy |
| Chubb Underwriting Agencies | Yes | Limited policy |
| Managing Agency Partners | No | No policy |
| Hamilton Managing Agency | Yes | No policy |
| Faraday Underwriting | No | No policy |
| Antares Managing Agency | Yes | Stronger policy |
| Westfield Specialty Managing Agency | No | No policy |
| WR Berkley Syndicate Management | No | No policy |
| Nephila Syndicate Management | No | No policy |
| Starr Managing Agents | No | No policy |
| Travelers Syndicate Management | Yes | Limited policy |
| Allied World Managing Agency | Yes | Limited policy |
| Hartford Underwriting Agency | Yes | Limited policy |
| Blenheim Underwriting | No | No policy |
| Dale Managing Agency | Yes | Weak policy |
| Hardy Underwriting Agencies | No | No policy |
| SCOR Managing Agency | Yes | Stronger policy |
| Cincinnati Global Underwriting Agency | No | No policy |
| Probitas Managing Agency | Yes | Stronger policy |
| Newline Underwriting Management | No | No policy |
| HCC Underwriting Agency | Yes | Stronger policy |
| Sirius International Managing Agency | Yes | No policy |
| S.A. Meacock & Company | No | No policy |
| Polo Managing Agency Limited | No | No policy |

| Legend | Description |
|---|---|
| Stronger policy | No underwriting for risks related to new coal mines AND plants |
| Limited policy | No underwriting for risks related to new coal mines OR plants |
| Weak policy | Screening of the risks related to the coal sector, no systematic exclusion of new coal projects |
| No policy | |

## c. Case study - Managing agents and US coal

With no coal policy on underwriting, Lloyd's ensures that its market remains a prime place for fossil fuel companies to insure their assets, whether for expansion plans or current operations.

Thanks to investigative work in 2023 led by the American NGO Public Citizen,[58] Reclaim Finance was able to identify Lloyd's in deals related to the insurance of 10 of the 25 largest coal mines[59] in the US, together responsible for producing more than 135 million short tons per year of coal. It makes Lloyd's of London the second insurer for the top 25 coal mines in the US, behind the American insurer AIG.

Lloyd's syndicates, under the careful supervision of Lloyd's managing agents, participated in the insurance of the world's largest coal mine in the world, the North Antelope Rochelle Mine (NARM). In the 2010s, Peabody Energy River Mining acquired two coal leases (North and South Porcupine extensions) to extend the life of its flagship mine, which could lead to coal extraction on the site until 2040.[60]

Even if the Lloyd's ambition is to become the insurance market of the transition, its syndicates are still providing insurance for the coal assets of the world's tenth-largest developer of new coal production capacity (in 2023).[61]

Net-zero emissions by 2050 means a halt to the development of new coal mines from 2021. Peabody Energy is not on any such transition track, yet it can still rely on the Lloyd's market to find insurance.

This deal is a perfect example of the gap between Lloyd's communication and the reality of the business done by its managing agents and syndicates.

## Table 3: Lloyd's market involvement in US coal mines

| Insured assets | Coal production (Mtpa) | Coal production rank in the US | Syndicates involved | Managing agents involved | (Re)insurance coverage | (Re)insurance capacity (in $) | Last contract period available |
|---|---|---|---|---|---|---|---|
| North Antelope Rochelle Mine | 60,389,761 | 2 | Non disclosed | Non disclosed | Umbrella liability* | 1,000,000 | 2022 - 2023 |
| Caballo Mine | 12,055,977 | 9 | Non disclosed | Non disclosed | Umbrella liability | 1,000,000 | 2022 - 2023 |
| Rawhide Mine | 10,335,565 | 12 | Non disclosed | Non disclosed | Umbrella liability | 1,000,000 | 2022 - 2023 |
| Marshall County Mine | 9,640,814 | 14 | Apollo Liab Consortiums | Apollo Liab Consortiums | Commercial general liability | 2,000,000 | 2021 - 2022 |
| Tunnel Ridge Mine | 8,312,644 | 16 | Non disclosed | Non disclosed | Excess liability | 5,000,000 | 2022 - 2023 |
| Mach #1 Mine | 7,715,724 | 17 | Non disclosed | Non disclosed | Commercial general liability | 2,000,000 | 2021 - 2022 |
| Harrison County Mine | 7,039,318 | 20 | Apollo Liab Consortiums | Apollo Syndicate Management | Commercial general liability | 2,000,000 | 2021 - 2022 |
| Marion County Mine | 6,813,124 | 22 | Apollo Liab Consortiums | Apollo Syndicate Management | Commercial general liability | 2,000,000 | 2021 - 2022 |
| Bear Run Mine | 6,721,885 | 23 | Non disclosed | Non disclosed | Umbrella Liability | 6,000,000 | 2022 - 2023 |
| MC #1 Mine | 6,378,465 | 25 | Non disclosed | Non disclosed | Commercial general liability | 2,000,000 | 2021 - 2022 |

*Umbrella liability: A policy that covers claims exceeding the limit of a general liability insurance cover. It comes in addition to general liability insurance.

## d. Managing agents and oil and gas expansion

Lloyd's first indicated at the end of 2020 that it would ask its managing agents to stop providing new insurance cover for oil sands and oil and gas exploration activities in the Arctic zone, but it has since deleted this request to its managing agents.[62]

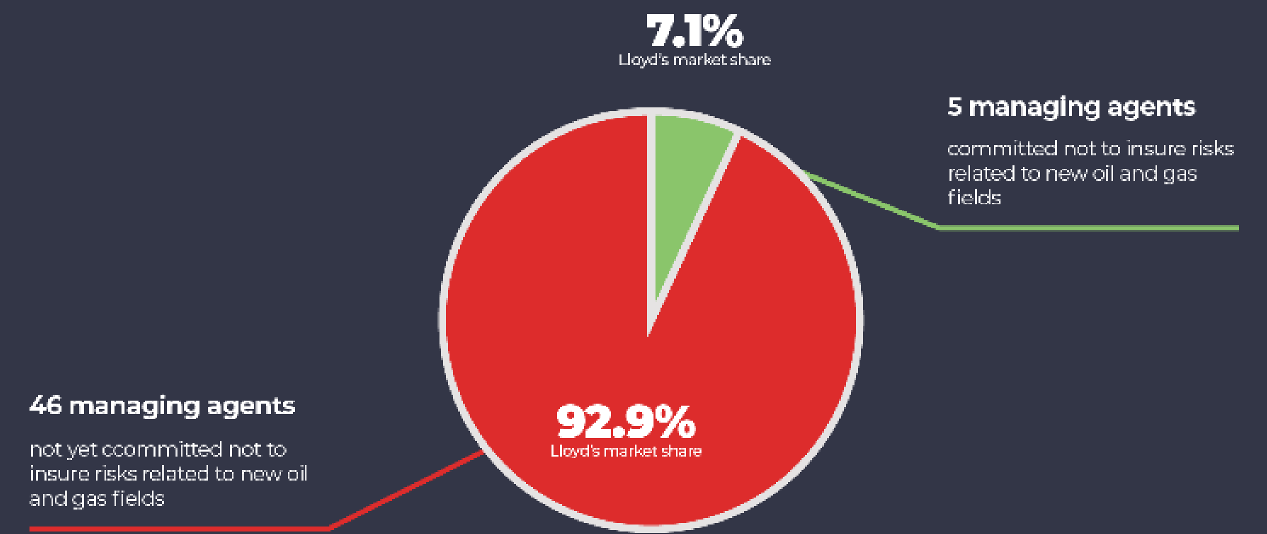
While the request was a first step towards reducing managing agents' support for the development of certain new unconventional oil and gas projects, it was still not enough to effectively stop their support for oil and gas expansion. IEA's experts are unequivocal: any new oil and gas field, whether conventional or unconventional, in the Arctic or elsewhere, threatens the net-zero emissions by 2050 goal.

By deleting the request, Lloyd's allows its managing agents to be a major support for oil and gas expansion despite its market-wide net zero commitment. Of the 51 managing agents that make up the Lloyd's market, **46 managing agents, representing almost 93% of the market**, have yet to commit to stop insuring new oil and gas fields. These include **market leaders such as Beazley Furlonge, Hiscox Syndicates, MS Amlin Underwriting and Tokio Marine Kiln Syndicates**, as well as smaller players such as **Allied World Managing Agency, Ariel Re Managing Agency, Atrium Underwriters or Starr Managing Agents**.

**Only five managing agents, Argenta Syndicate Management, AXA XL Underwriting Agencies, Munich Re Syndicate, Probitas Managing Agency and SCOR Managing Agency, which represent around 7% of the market's GWP,** are committed to no longer covering new oil and gas fields in line with the commitments made by their parent groups, Hannover Re, AXA, Munich Re, Aviva and SCOR, respectively.

While a halt to new oil and gas fields, whether onshore or offshore, is one of the main pillars of the IEA's NZE scenario by 2050, the IEA also projects a halt to the development of new liquefied natural gas (LNG) export terminals.[63] **As of today, no managing agent at Lloyd's** has made a commitment not to provide coverage for new LNG export terminals.

**Figure 4: Managing agents with a commitment not to underwrite risks related to new oil and gas fields (by share of the Lloyd's market)**



## Table 4: Comparison of managing agents' underwriting policies on new oil & gas projects

| Managing Agent | Underwriting policy on oil and gas | Exclusion of new upstream oil and gas projects (incl. new fields) | Exclusion of new LNG export terminals |
|---|---|---|---|
| Beazley Furlonge | Yes | Weak policy | No policy |
| Brit Syndicates | Yes | Weak policy | No policy |
| QBE Underwriting | Yes | Weak policy | No policy |
| Hiscox Syndicates | Yes | Weak policy | No policy |
| Tokio Marine Kiln Syndicates | Yes | Weak policy | No policy |
| Talbot Underwriting | Yes | Weak policy | No policy |
| Chaucer Syndicates | Yes | No policy | No policy |
| Canopius Managing Agents | Yes | Weak policy | No policy |
| Asta Managing Agency | No | No policy | No policy |
| Axis Managing Agency | Yes | Weak policy | No policy |
| MS Amlin Underwriting | Yes | No policy | No policy |
| Liberty Managing Agency | No | No policy | No policy |
| Ascot Underwriting | No | No policy | No policy |
| AXA XL Underwriting Agencies | Yes | Stronger policy | No policy |
| Munich Re Syndicate | Yes | Stronger policy | No policy |
| Arch Managing Agency | Yes | No policy | No policy |
| Aspen Managing Agency | Yes | No policy | No policy |
| Inigo Managing Agent | No | No policy | No policy |
| IQUW Syndicate Management | Yes | No policy | No policy |
| AEGIS Managing Agency | No | No policy | No policy |
| RenaissanceRe Syndicate Management | No | No policy | No policy |
| Apollo Syndicate Management | No | No policy | No policy |
| Atrium Underwriters | No | No policy | No policy |
| Lancashire Syndicates | No | No policy | No policy |
| Argenta Syndicate Management | Yes | Stronger policy | No policy |
| Ark Syndicate Management | No | No policy | No policy |
| Ariel Re Managing Agency | No | No policy | No policy |
| Markel Syndicate Management | No | No policy | No policy |
| Chubb Underwriting Agencies | Yes | No policy | No policy |
| Managing Agency Partners | No | No policy | No policy |
| Hamilton Managing Agency | No | No policy | No policy |
| Faraday Underwriting | No | No policy | No policy |
| Antares Managing Agency | Yes | Weak policy | No policy |
| Westfield Specialty Managing Agency | No | No policy | No policy |
| WR Berkley Syndicate Management | No | No policy | No policy |
| Nephila Syndicate Management | No | No policy | No policy |
| Starr Managing Agents | No | No policy | No policy |
| Travelers Syndicate Management | Yes | No policy | No policy |
| Allied World Managing Agency | Yes | No policy | No policy |
| Hartford Underwriting Agency | Yes | No policy | No policy |
| Blenheim Underwriting | No | No policy | No policy |
| Dale Managing Agency | Yes | Weak policy | No policy |
| Hardy Underwriting Agencies | No | No policy | No policy |
| SCOR Managing Agency | Yes | Stronger policy | No policy |
| Cincinnati Global Underwriting Agency | No | No policy | No policy |
| Probitas Managing Agency | Yes | Stronger policy | No policy |
| Newline Underwriting Management | No | No policy | No policy |
| HCC Underwriting Agency | Yes | Weak policy | No policy |
| Sirius International Managing Agency | Yes | No policy | No policy |
| S.A. Meacock & Company | No | No policy | No policy |
| Polo Managing Agency Limited | No | No policy | No policy |



| Legend | Description |
|---|---|
| Stronger policy | No underwriting for risks related to new oil fields AND new gas fields |
| Limited policy | No underwriting for risks related to new oil fields OR gas fields |
| Weak policy | No underwriting for risks related to certain new unconventional oil and gas fields |
| No policy | |

**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.

## e. Case study - Managing agents and North Sea oil and gas

Uncovering the links between the Lloyd's of London market and the oil and gas industry is no easy task, given the insurance industry's culture of secrecy. However, through numerous Freedom of Information Act (FOIA) requests, Greenpeace Nordic[64] has been able to identify over 50 syndicates involved in insuring major oil and gas companies operating and developing new oil and gas assets in the North Sea, including in the Arctic Region.

**Beazley Furlonge,** through its managed syndicates n°2623 and 0623, participated in half of the 10 deals related to companies active in the North Sea to operate and develop offshore oil and gas assets, including a deal with the Polish National Oil Company Polskie Górnictwo Naftowe i Gazownictwo SA (PGNiG).[65]

With Beazley Furlonge, one other managing agent, **Brit Syndicates**, was involved in the contract despite its underwriting policy on risks related to Arctic oil and gas. This deal should have raised their concern as their client, PGNiG, depends on the Arctic region for more than 30% of its oil and gas production.[66]

Three of the assets listed as insured by the contract with PGNiG – the Morvin Fields, Aergul field and Ormen Lange field – are all located in the Arctic Region (as defined by the Arctic Council's Assessment and Monitoring Programme (AMAP)).[67] These activities pose a serious threat to the Arctic environment, considered as one of the areas most affected by climate change.[68] Oil and gas extraction in the Arctic contributes a threat to the wildlife[69] in this sensitive polar region.

Another deal which involved the lead syndicate n°1036,[70] managed by QBE Underwriting, caught Reclaim Finance's attention.

This Lloyd's managed syndicate provided a comprehensive insurance programme (onshore/offshore property, operator's extra expense, third party liability) to the oil and gas company Wintershall DEA for all its Norwegian assets. More than 50% of the company's oil and gas production comes from the Arctic Region[71] and several of Wintershall's assets are located within the Arctic Circle, including the Aasta Hansteen gas field.[72]

For several years, the QBE group has been committed not to insure companies with more than 30% of revenue from Arctic drilling.[73] This deal, which seems to be non-compliant with QBE's guidelines, should have raised the concern of the managing agent's team.

Even today, managing agents continue to provide insurance to clients that are among the most active in Arctic oil and gas extraction and expansion. It is now necessary for them to put in place policies to stop insuring oil and gas expansion in the Arctic and elsewhere.

## Table 5: Lloyd's market involvement in North Sea oil and gas

| Insured Assets | Insured company | Syndicates involved | Managing agents involved | (Re)insurance coverage | Last contract period available |
|---|---|---|---|---|---|
| Edvard Grieg field, Johan Sverdrup Field, Alvheim FPSO, Alvheim field sub-sea equipment, Edvard Grieg export lines | Aker BP ASA | 2623 | Beazley Furlonge | Physical loss or damage to installations, removal of wreck, cost of well control, third party liability | 2022 - 2023 |
| Gina Krug, Gyda field, Sleipner East, Sleipner West, Tamber East, Utgard field, Yme field | KUFPEC Norway AS | Non disclosed | Non disclosed | Property damage, operator's extra expense, third party liability | 2022 - 2023 |
| Non disclosed | DNO Norge AS | Non disclosed | Non disclosed | Physical loss or damage to installations, removal of wreck, cost of well control, third party liability | 2022 - 2023 |
| Yme field new development project | Repsol Norge AS | Non disclosed | Non disclosed | Property damage, operator's extra expense, third party liability | 2021 - 2022 |
| Non disclosed | Sval Energi AS | 3902 | Ark Syndicate Management | Physical loss or damage to installations, removal of wreck, cost of well control, third party liability | 2022 - 2023 |
| All offshore exploration, production and/or development property of any kind or description being the property of the Insured or the property of others in the Insured's care, custody or control or in which they have an insurable interest, or property for which they are contractually liable to insure. | Wintershall Dea AS and AG | 1036 | QBE Underwriting | Offshore property, onshore property, operator's extra expense, third party liability | 2022 - 2023 |
| Edvard Grieg Field, Johan Sverdrup field, Alvheim FPSO, Ivar Aasen Platform, Brynhild field | Lundin Energy Norway AS | 2623 - 0623 - 2003 | Beazley Furlonge - AXA XL Underwriting Agencies | Physical loss or damage to installations, removal of wreck, cost of well control | 2022 - 2023 |
| Non applicable | Lundin Energy Norway AS | 2623 - 0623 | Beazley Furlonge | Third party liability | 2022 - 2023 |
| Non disclosed | Mime Petroleum | 2623 - 0623 | Beazley Furlonge | Physical loss or damage to installations, removal of wreck, cost of well control, third party liability | 2022 - 2023 |
| FPSO "Skarv" and Turret Export Pipeline to Asgard; Gina Krog - Platform and Pipeline and Cable First Loss Limit; Morvin Field - subsea / infield lines; Vilje Field - pipeline / subsea system; Vale Field - pipeline / subsea system; Skogul Field - pipeline / subsea; Ærfugl Field - Skarv FPSO modifications system and pipeline / subsea system / cables; Kvitebjørn - Platform and Pipeline and Cable First Loss Limit; Valemon - Platform and Pipeline and Cable First Loss Limit; Duva - subsea, umbilicals, risers, flowlines, subsea production system; Alve - Subsea Completion; Gyda - Platform; Marulk - Subsea Completion; Ormen Lange - Subsea Assets ( 1 of 4 templates) - Subsea Completion and Infield Flowline/MEG/Umbillical System - Subsea Assets - Subsea Completion and MEG - Pipeline; Ormen Lange - Pipeline and Nyhamna - Onshore Assets | PGNiG | 457 - 1225 - 2623 - 0623 - 2001 - 1969 - 2121 - 1274 - 1686 - 2987 - 382 - 1221 - 33 - 1618 - 3902 - 1183 - 2012 - 1955 | Munich Re Syndicate - Aegis Managing Agency - Beazley Furlonge - MS Amlin Underwriting - Apollo Syndicate Management - Argenta Syndicate Management - Antares Managing Agency - Axis Managing Agency - Brit Syndicates - Hardy Underwriting Agencies - Hartford Underwriting Agency - Hiscox Syndicates - Ark Syndicate Management - Talbot Underwriting - Arch Managing Agency | Physical loss or damage to installations, removal of wreck, cost of well control, third party liability | 2022 - 2023 |

## f. Case study - Managing agents and US LNG

Through Freedom of Information Act (FOIA) requests, Rainforest Action Network, Public Citizen and Better Brazoria[74] accessed the property and casualty insurance certificates of several US LNG export terminals,[75] with their many harmful impacts on the environment. According to these certificates, more than 25 managing agents, including **Beazley Furlonge, Hiscox Syndicates and MS Amlin Underwriting**, were involved in the insurance of five LNG export terminals in the US: Cameron LNG, Freeport LNG, Gulf LNG, Sabine Pass LNG and Tacoma LNG.

The development of new LNG export terminals is a threat to achieving the net-zero emissions by 2050 goal since supply will be required from new gas fields for decades to come. The IEA's projected cut of of 75% in methane emissions[76] from fossil fuel use by 2030 in its Net Zero Emissions by 2050 Scenario does not seem to be holding back the LNG industry and its plans to triple global LNG production capacity from 480 million tonnes per annum (Mtpa) to 1,480 Mtpa (a 208% increase).[77]

A third of these new developments are planned for the US, where LNG production is heavily reliant on shale gas production made possible by highly polluting hydraulic fracturing (fracking). Fracking was banned between 2019 and 2022 in the UK due to its damaging environmental impacts and the risk of earthquakes.[78]

The Gulf of Mexico, where five out of eight existing terminals are in operation and nearly 17 more terminals have been approved for development, accounts for the vast majority of LNG production capacity in the US. The LNG buildout in the Gulf of Mexico contributes to an environmental racism which affects low-income communities in the States of Louisiana and Texas.[79] Many of these export terminals are located very close to residents of colour exposing them to pollution and health risks (asthma, cancer).

One of these projects in Freeport, originally developed as an LNG import terminal, was transformed into an LNG export terminal following the American shale gas boom. With three liquefaction trains and a capacity of around 16 Mtpa,[80] Freeport LNG is the third-largest LNG export terminal in the US[81] and emits around 75 million tonnes of carbon dioxide per year (MtCO2/year).[82] These figures are expected to rise to as much as 21 Mtpa of LNG and 100 MtCO2/year if the planned fourth train is brought into production.

The Freeport terminal is not only dangerous for the environment, it also represents a health hazard for the communities living closest to it. In 2024, the Texas Commission on Environmental Quality (TCEQ) fined Freeport LNG $150,000 for violating state air pollution rules by repeatedly emitting excessive levels of toxic gases[83] between 2019 and 2021.[84] In June 2022, an explosion occurred at Freeport LNG causing 1.6 million cubic feet of methane to burn during a fire, releasing tonnes of toxic gas into the air.[85]

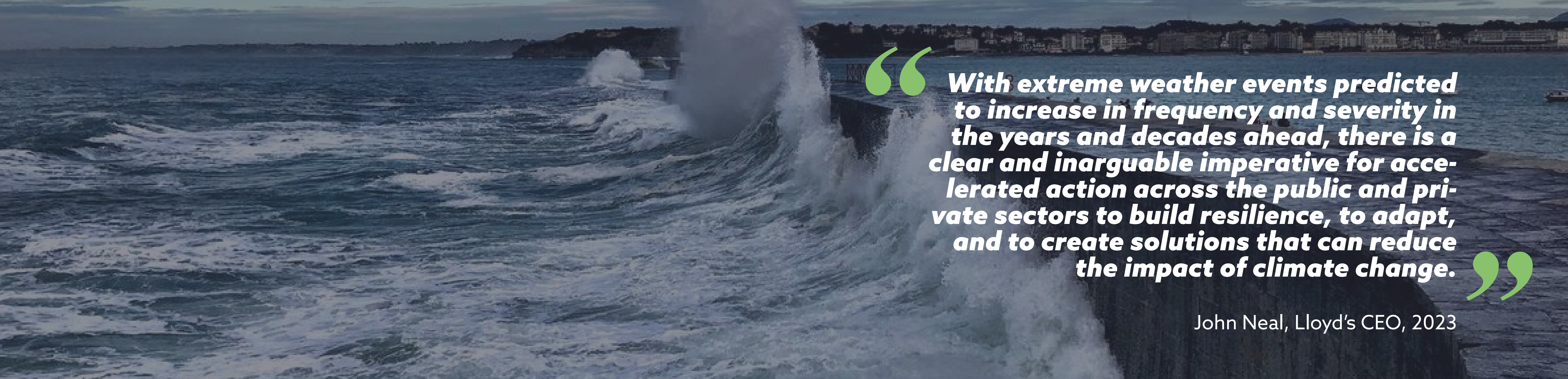
However, this did not stop a large pool of insurers from providing the risky LNG export terminal with liability insurance covering it against potential claims of up to $400 million. Among this insurance pool was Lloyd's syndicate n°1183, managed by **Talbot Underwriting**. Various undisclosed Lloyd's syndicates provided the last layer of liability insurance of the contract.

A just transition, which Lloyd's says it supports, is incompatible with the pollution and dangers represented by such mega LNG projects as Freeport LNG.

**The support of Lloyd's for American coal mines, LNG export terminals and the North Sea/Arctic oil and gas assets highlighted here is just the tip of the iceberg. While it is unrealistic to expect the Lloyd's market to stop covering fossil fuel projects in operation at this time, it remains essential that it takes the necessary steps to stop its support for the development of new coal projects, new oil and gas fields and new LNG export terminals.**

## Table 6: Lloyd’s market involvement in US LNG terminals

| Insured assets | LNG production capacity (Mtpa) | Syndicates involved | Managing agents involved | (Re)insurance coverage | Last contract period available |
|---|---|---|---|---|---|
| Sabine Pass LNG | 50.0 | 2003 - 1221 - 4000 - 3000 - 5000 - 3210 (now 2001) - 1225 - 2623 - 0623 - 1209 - 1919 | AXA XL Underwriting Agencies - Hartford Underwriting Agency - Hamilton Managing Agency - Markel Syndicate Management - Travelers Syndicate Management - MS Amlin Underwriting - AEGIS Managing Agency - Beazley Furlonge - Starr Managing Agents | Quota-share reinsurance property, quota-share reinsurance gas storage | 2012 - 2013 |
| Freeport LNG | 20.0 | 1183 - "Various Lloyd’s of London Syndicates" | Talbot Underwriting - other managing agents involved are not disclosed | Excess (XS) Marine Liability | 2022 - 2023 |
| Cameron LNG | 14.9 | 1301 - 5555 - 1084 - 2001 | Inigo Managing Agent - QBE Underwriting - Chaucer Syndicates - MS Amlin Underwriting | Property insurance | 2023 - 2024 |
| Gulf LNG | 10.9 | 1967 - 2001 - 1301 - 1084 - 1618 - 1183 - 0609 - 0382 - 7854 - 2012 - 1955 - 2987 - 5000 - 3010 - 1947 - 1414 - 4711 | W R Berkley Syndicate Management - MS Amlin Underwriting - Inigo Managing Agent - Chaucer Syndicates - Brit Syndicates - Talbot Underwriting - Atrium Underwriters - Hardy (Underwriting Agencies) - Travelers Syndicate Management - Lancashire Syndicates - Hamilton Managing Agency - Ascot Underwriting - Aspen Managing Agency | Property reinsurance FAC | 2023 - 2024 |
| Tacoma LNG | 0.4 | 4020 - 3902 - 4711- 5000 - 2121 - 3010 - 0382 - 0033 | Ark Syndicate Management - Aspen Managing Agency - Travelers Syndicate Management - Argenta Syndicate Management - Lancashire Syndicates - Hiscox Syndicates | Excess (XS) Property, quota-share reinsurance property | 2023 - 2024 |




# CONCLUSION

Nearly 10 years after Mark Carney's 'Tragedy of the Horizon' speech at the heart of the Lloyd's building, the example of Lloyd's of London shows that enhancing climate disclosure has not stopped the insurance industry, and Lloyd's in particular, from insuring the expansion of fossil fuels; the main factor aggravating climate change.

Our analysis reveals how far Lloyd's is failing in its mission to regulate its own market to ensure that its managing agents are on track to meet its market-wide net zero underwriting target by 2050. While Lloyd's limits itself to asking its managing agents to take action on fossil fuels without any constraint, it remains responsible for allowing insurers, reinsurers and other investors to benefit from its platform in support of coal and oil and gas expansion, with the complicity of Lloyd's managing agents.

**The results of our study of the 51 Lloyd's managing agents and their fossil fuel policies illustrate the ineffectiveness of the Lloyd's approach, which is built on the goodwill and voluntarism of its managing agents.**

The current absence of any adequate Lloyd's guidelines for underwriting risks associated with new fossil fuel projects should not deter any managing agent from strengthening its sustainable underwriting policy. **Reclaim Finance encourages each managing agent to adopt the most ambitious underwriting policy to avoid fuelling the climate risks that directly impact the profitability of the syndicates they manage, and to:**

- No longer provide (re)insurance for new thermal and metallurgical coal mines, new thermal power stations and dedicated infrastructure, by 1 January 2025.
- No longer provide (re)insurance for new oil and gas fields, whether conventional or unconventional, by 1 January 2025.
- No longer provide reinsurance for new LNG export terminals, by 1 January 2025.

While some of the measures set out in the Lloyd's consultation 'Insuring the transition' are important for improving the market's understanding of the impact of climate change and for sharing best practice, other measures are still required to prevent its managing agents from further fuelling climate risks. Reclaim Finance calls on Lloyd's to:

- Immediately require each managing agent to stop underwriting fossil fuel expansion and align with the Lloyd's net zero underwriting target.
- Make the establishment of a new managing agent conditional on the submission of an underwriting strategy aligned with the market-wide net zero commitment by 2050, including the Lloyd's underwriting policy for risks related to new fossil fuel projects underwritten by managed syndicate(s).
- Require each managing agent to disclose its underwriting policy for risks related to new fossil fuel projects underwritten by managed syndicates (coal, oil and gas) as part of the publication of an annual sustainability strategy.
- Monitor and transparently report a summary of all its managing agents' policies on coal, oil and gas and LNG in the Lloyd's annual ESG report, and set enforcement mechanisms and sanctions if managing agents do not comply after a one-year deadline. 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 upstream oil and gas projects.[86]

At a time when almost $10 trillion of insurance coverage[87] will be required for transition investments[88] between now and 2030, Lloyd's and its managing agents can no longer afford to allow new fossil fuel projects to go ahead that actively threaten the transition.

As the world's leading insurance market with over 50 managing agents under its supervision, Lloyd's is uniquely positioned to transform its market and the industry by taking strong action in the fight against fossil fuel expansion. While Lloyd's has always presented itself as an innovative market, the time has come for it to turn its back on fossil fuel expansion and truly embrace the opportunities offered by the transition.

## References


1. Howden, The bigger picture The $10 trillion role of insurance in mobilising the climate transition, 2024
2. Transition investments include: energy, road transport, building.
3. Syndicates and Syndicates in a Box (SIAB).
4. Exploration and production projects such as new oil and gas fields.
5. Gross Written Premium.
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## The fossil fuel policies of Lloyd's managing agents 2

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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