

September 30, 2020

**Joint Statement:
MS&AD announces a New Coal Policy
Japan's Three Major Non-life Insurers establishes Coal Policies,
but they still need to be strengthened**

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On September 30, MS&AD Insurance Group Holdings (MS&AD), one of Japan's major non-life insurance companies, announced that in principle, it will not underwrite insurance or invest in new coal-fired power plants.¹ With this announcement, Japan's three major non-life insurance companies have established underwriting policies for coal-fired power generation projects. However, it is inevitable to strengthen these policies, as they all include a wide range of exceptions.

Similar to the coal policies of SOMPO Holdings (SOMPO) and Tokio Marine Holdings (Tokio Marine), MS&AD's policy also allows exceptions. MS&AD's policy states that, upon careful consideration, it will take appropriate measures for cases that are indispensable for the stable energy supply of the country concerned. According to Climate Analytics,² in order to achieve the Paris Agreement's long-term goals, developed countries need to completely stop the operation of coal-fired power plants by 2030, and developing countries by 2040. 19 major insurance and reinsurance companies worldwide have already announced that they have ended or limited underwriting coal projects. MS&AD's policy, which leaves exceptions, is insufficient to ensure consistency with the long-term goals of the Paris Agreement.

Moreover, MS&AD's policy is only limited to underwriting insurance for new coal-fired power plants and does not cover insurance underwriting and equity/bond investment of companies that are highly dependent on coal-fired power generation or companies planning to build new coal-fired power plants. There is also no mention of any policy for coal mining and other fossil fuel industries that are exacerbating the climate crisis. In these regards, MS&AD's policy still lags behind the insurance and investment policies³ of overseas insurance companies.

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https://www.ms-ad-hd.com/ja/news/news_topics/news_topics20200930/main/0/link/20200930_Sustainability3.pdf (in Japanese)

² <https://climateanalytics.org/briefings/coal-phase-out/>

³ Please refer to the Coal Policy Tool (<https://coalpolicytool.org/>) for coal policies of overseas insurance companies.

For these reasons, we urge MS&AD to establish a policy to withdraw from insurance underwriting and equity/bond investment for companies that are heavily dependent on coal (power generation and mining) and companies planning to build new coal-fired power plants.⁴ It is also important to establish policies that restrict financing not only in coal, but also in other fossil fuel industries with high carbon emissions, based on scientific knowledge and the Paris Agreement goals. We call upon MS&AD not to underwrite insurance for new coal-fired power projects, including the Vung Ang 2 coal-fired power plant project in Vietnam, and to strengthen its policy.

We also urge SOMPO and Tokio Marine, which have already announced their policies, to strengthen policies to end insurance underwriting and investment for coal projects and companies that engage in coal-related businesses.

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⁴ Please refer to the Global Coal Exit List <https://coalexit.org/>