

September 23, 2020

**Joint Statement:
SOMPO announces a New Coal Policy, which is the first among
Japan's Major Non-life Insurers
But it's still not aligned with the Paris Agreement**

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On September 23, SOMPO Holdings (SOMPO), one of Japan's major non-life insurance companies, announced a new policy regarding coal-fired power projects.¹ In the policy, SOMPO states that it "will not insure and invest in new construction of coal-fired power plant[s] in Japan, except for projects for which underwriting, investment and financing has already been expressed." We welcome SOMPO's decision to step forward with this policy regarding coal-fired power generation, which is the first initiative of a Japanese major non-life insurance company.

However, SOMPO's policy only applies to the construction of new domestic coal-fired power plants, with the exception of overseas projects and property insurance within and outside of Japan. The policy also leaves loopholes, stating that "[i]n the case of a power generation with power efficiency exceeding the certain level in accordance with the energy strategy of Japanese government, it might consider to insure or invest with a careful thought confirming measures to reduce environmental impact, such as reduction of greenhouse gas emissions and alternative means." In the future, SOMPO is expected to underwrite insurance for the Vung Ang 2 coal-fired power project in Vietnam. Yet, 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. SOMPO's policy is insufficient to ensure consistency with the long-term goals of the Paris Agreement.

Moreover, SOMPO's policy is only limited to underwriting insurance for the construction of 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

¹ https://www.sompo-hd.com/~media/hd/en/files/news/2020/e_20200923_1.pdf

other fossil fuel industries that are exacerbating the climate crisis. In these regards, SOMPO's policy still lags behind the insurance and investment policies² of overseas insurance companies.

For these reasons, we urge SOMPO to establish a policy that immediately stops insurance underwriting not only for the construction of new coal-fired power projects but also property insurance for the facility, without any exceptions. We also urge SOMPO to declare 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. 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 SOMPO not to underwrite insurance for the Vung Ang 2 coal-fired power project in Vietnam and to strengthen its policy.

We also urge other Japanese major non-life insurance companies, Tokio Marine Holdings and MS&AD Holding, to establish policies to end insurance underwriting and investment for all coal-fired power projects.

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² Please refer to the Coal Policy Tool (<https://coalpolicytool.org/>) for coal policies of overseas insurance companies.