

**Whereas:** The Intergovernmental Panel on Climate Change (IPCC) advises that greenhouse gas (GHG) emissions must reach net-zero by 2050 to limit warming to 1.5 degrees Celsius, thereby averting the worst impacts of climate change.

Experts agree that weather-related natural catastrophes are tied to the trend of increasing insured losses.<sup>1,2</sup> Last year marked the fourth time in five years global insured losses exceeded \$100 billion due to weather related disasters.<sup>3</sup> Combined U.S. insured loss from natural catastrophes in 2020 and 2021 was \$176 billion; the highest two-year total on record.<sup>4</sup>

Despite The Hartford's goal to achieve net-zero emissions across all business lines by 2050, it continues to underwrite new risks for the fossil fuel industry. This puts it at odds with the scientific consensus that limiting warming to 1.5 degrees Celsius means that the world cannot develop new oil and gas fields or coal mines beyond those already approved for exploration and development.<sup>5</sup> Existing fossil fuel supplies are sufficient to satisfy global energy needs, and developing new oil and gas fields would not produce in time to mitigate energy market turmoil resulting from the Ukraine War.

Without a policy to phase out underwriting new fossil fuel exploration and development, The Hartford may be subject to material risk related to:

- Climate: Fossil fuel emissions drive stronger and more frequent natural catastrophes challenging insurers' abilities to cover claims or offer policies in existing markets.<sup>6</sup>
- Transition: Without early action toward an orderly transition to a low carbon economy, availability of capital for the insurance industry could drop precipitously.<sup>7</sup>
- Competition: Twelve global insurers now restrict underwriting conventional oil and gas projects and/or companies, signaling responsiveness to climate risk.<sup>8</sup>
- Reputation: Campaigns targeting US insurers' climate policies bring negative attention to the Company, and may adversely affect its ability to attract customers and employees.<sup>9</sup>

Investors remain concerned that despite its net zero emissions by 2050 goal, the Company's efforts are not sufficiently aligned with the IPCC's 1.5 degrees Celsius no/low overshoot pathways, which describe the trajectories of GHG emissions reductions needed to stabilize the global climate.

**RESOLVED:** Shareholders request that the Board of Directors adopt and disclose a policy for the time bound phase out of The Hartford's underwriting risks associated with new fossil fuel exploration and development projects, aligned with the IPCC's recommendation to limit global temperature rise to 1.5 degrees Celsius.

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<sup>1</sup> <https://nhess.copernicus.org/articles/22/659/2022/>

<sup>2</sup> <https://www.sciencedirect.com/science/article/pii/S2212094715300347>

<sup>3</sup> <https://www.aon.com/weather-climate-catastrophe/index.html>

<sup>4</sup> Ibid.

<sup>5</sup> <https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf>

<sup>6</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/climate-change-and-p-and-c-insurance-the-threat-and-opportunity>

<sup>7</sup> <https://www.iaisweb.org/uploads/2022/01/210930-GIMAR-special-topic-edition-climate-change.pdf>

<sup>8</sup> <https://insure-our-future.com/wp-content/uploads/2022/11/SP-IOF-2022-Scorecard-v0.8-online-1.pdf>

<sup>9</sup> <https://www.courant.com/community/hartford/hc-biz-insurers-climate-change-20220525-v7rt7bov7zcynn7d3gbu62nu-story.html>

**Supporting Statement:**

The board and management, in its discretion, should define the scope, time frames and parameters of the policy, with an eye toward:

- the well-accepted definition that new fossil fuel exploration and development projects include exploration for and/or development of oil, gas, and coal resources or reserves beyond those fields or mines that have already been permitted;
- the pathways and time frames set forth by the International Energy Agency's Net Zero by 2050 scenario or the IPCC's low/no overshoot scenarios