

Whereas:

The Intergovernmental Panel on Climate Change (IPCC) advises limiting warming to 1.5 degrees Celsius to avoid the worst impacts of climate change.

Experts agree that climate change driven natural catastrophes are tied to increases in insured losses.^{1,2} In four out of the last five years, global insured losses exceeded \$100 billion due to weather-related disasters.³ Further, Travelers states that the unpredictability of climate related disasters makes its catastrophe models “less reliable,” thus exposing it to financial risk.⁴

Fossil fuel emissions have been identified as the primary driver of climate change, and although Travelers restricts underwriting new coal plants and new risks for some coal mining, coal power, and tar sands companies, it continues to underwrite new risks for the rest of the fossil fuel industry.

There is 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.⁵ 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, Travelers 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.⁶
- Transition: Without early action toward an orderly transition to a low carbon economy, availability of capital for the insurance industry could drop precipitously.⁷
- Competition: Twelve global insurers now restrict underwriting conventional oil and gas projects and/or companies, signaling responsiveness to climate risk.⁸
- Reputation: Campaigns targeting US insurers’ climate policies bring negative attention to the Company, and may adversely affect its ability to attract customers and employees.⁹

Investors remain concerned that Travelers’ underwriting practices are not sufficiently aligned with the IPCC’s 1.5 degrees Celsius no/low overshoot pathways, which describe the trajectories of emissions reductions needed to stabilize the global climate.

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

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

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

⁴ https://sustainability.travelers.com/iw-documents/sustainability/Travelers_TCFDReport2021.pdf

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

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

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

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

⁹ <https://www.courant.com/community/hartford/hc-biz-insurers-climate-change-20220525-v7rt7bov7zcynnnp7d3gblu62nu-story.html>

RESOLVED: Shareholders request that the Board of Directors adopt and disclose a policy for the timebound phase out of Travelers 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.

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