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May 2023

To the CEO of Vienna Insurance Group¹

Dear CEO,

Dire climate projections and worsening impacts in Central and Eastern Europe

In March 2023, the Intergovernmental Panel on Climate Change (IPCC) published the summary for policymakers of its last assessment report [1]. This report not only reaffirmed the long-standing scientific consensus that human activities, mainly in the global North, are causing unprecedented and irreversible changes to the Earth's systems through rapid climate warming, but it also revealed that **the projected impacts of climate change are even worse than previously anticipated**.

The warming limit of 1.5°C above pre-industrial level, that world leaders committed to respect in 2015, is likely to be surpassed in the next decades, making it harder to limit warming to 2°C. Such warming is well documented to cause a cascade of harmful effects, including rising sea levels, stronger storms, heatwaves, floods and wildfires, and disruptions to marine and terrestrial ecosystems and human societies worldwide [1].

Central and Eastern Europe are experiencing severe impacts from climate change, including extreme weather events, declining biodiversity, water scarcity, health impacts, and economic costs. In 2019, Bulgaria experienced a heatwave that caused widespread wildfires and crop losses [2], while in 2021, Romania faced severe flooding that left dozens of households without power [3]. In 2022, record-breaking temperatures and prolonged drought conditions fueled an unprecedented wildfire in a Czech national park, burning hectares of forest and causing the evacuation of hundreds of people [4]. Projections suggest that these impacts will continue to worsen, with further increases in temperature and frequency of extreme weather events expected in the coming decades. This will have significant implications for agriculture, water resources, and public health in the region [5].

The threat of fossil fuels to climate, political stability and inequality

Fossil fuels, including coal, oil, and gas, are the main drivers of climate change, as they are responsible for 90% of global CO₂ emissions [6], the greenhouse gas that contributes the most to global warming. Additionally, the extraction, storage, and transportation of these fuels also contribute significantly to emissions of methane, a greenhouse gas that traps 35 times more heat than CO₂ [7].

Not only does the fossil fuel industry pose a threat to planetary health, it is also closely intertwined with geopolitical conflicts and economic inequalities, as the invasion of Ukraine by Putin's army shows since February 2022. Europe's dependency to Russian gas directly

¹ See the Background notes in the Annex 2 to this letter.

finances this authoritarian and deadly act of war. The consequential increase in the energy prices is impacting European populations and putting the most vulnerable ones in a situation of energy poverty, while profiting a handful of CEOs [8].

It is undeniable that the use of fossil fuels is wrecking the climate system of the planet and threatening peace, consequently destroying ecosystems and putting the lives of everyone at risk, even more those of vulnerable people and communities. **Remaining fossil fuels should stay underground** if we are to secure a livable future for all.

Urgent call to the insurance sector to divest from fossil fuels

It is indecent that, as of today, "finance flows for fossil fuels are still greater than those for climate adaptation and mitigation" [1]. The financial sector, as much as any other, must undertake an immediate and ambitious transformation to stop supporting fossil fuels and to foster the transition to low-carbon energy sources.

The insurance industry has a crucial responsibility in enabling a change: without insurance coverage, new fossil fuel projects cannot be implemented and existing ones cannot continue to operate without carrying significant risks. After years of inaction or mild actions, it is time for insurers to step up the efforts to shift away from fossil fuels and to align with the scientific requirements to limit global warming to 1.5°C.

VIG's deplorable lack of policy on fossil fuels

Vienna Insurance Group (VIG) is the leader in the insurance industry in Central and Eastern Europe (CEE) headquartered in Vienna, Austria. With 50 branches in 25 countries, it sells insurance to 28 million customers [9], reported a profit of 466 million euros in 2022² [10] and prides itself on "protecting what matters" [11].

Yet, **VIG does not have any policy on oil and gas.** This total absence of regulation in 2023 is unacceptable from such a dominant player in the region, especially when knowing that other major European insurance companies, such as Allianz or Generali, already adopted policies on oil and gas. As for coal, although VIG did adopt a policy in 2019 [12], it falls short of addressing the urgency of the climate crisis, due to its relatively lax standards for inappropriate investments in the coal sector and its maintenance of coal-related insurance in certain cases, leaving room for continued support of the coal industry.

One would justifiably be suspicious of the involvement in the fossil fuel industry of VIG, whose current CEO is also a supervisory board member of OMV [13], the Austrian multinational company operating in the fossil fuel sector. VIG is known to have provided insurance services on a long-term basis to various energy companies in CEE, and to lack transparency on the projects it actually supports [14].

Demanding climate action from VIG: 6 steps to divest from fossil fuel

As concerned members of civil society from all across CEE, we are holding VIG accountable for its involvement in the fossil fuel industry and its role in the climate crisis. We call on VIG

² After tax, corresponding to a 24% increase compared to the previous year.

to take the responsibility of the position it occupies in CEE, to align its decisions with the scientific consensus and to act immediately, while the narrow window of time to secure a sustainable world for all is closing rapidly.

In line with the demands of the Insure Our Future campaign [15], **we urge VIG to support the world objective of limiting global warming to 1.5°C by taking the following steps:**

1. Immediately cease insuring new and expanded coal, oil, and gas projects.
2. Immediately stop insuring any new customers from the fossil fuel sector which are not aligned with a credible 1.5°C pathway, and stop offering any insurance services which support the expansion of coal, oil and gas production at existing customers. Within two years, phase out all insurance services for existing fossil fuel company customers which are not aligned with such a pathway.
3. Immediately divest all assets, including assets managed for third parties, from coal, oil, and gas companies that are not aligned with a credible 1.5°C pathway.
4. By July 2023, define and adopt binding targets for reducing your insured emissions which are transparent, comprehensive and aligned with a credible 1.5°C pathway.
5. Immediately establish, and adopt as policy, robust due diligence and verification mechanisms to ensure clients fully respect and observe all human rights, including a requirement that they obtain and document the Free, Prior, and Informed Consent (FPIC) of impacted Indigenous Peoples as articulated in the UN Declaration on the Rights of Indigenous Peoples.
6. Immediately bring stewardship activities, membership of trade associations and public positions as a shareholder and corporate citizen in line with a credible 1.5°C pathway in a transparent way.³

These policies should be applied by both insurance and reinsurance companies at the Group level. Reinsurance companies should apply the policies to direct, facultative and treaty business.

While financial fluxes towards the fossil fuel industry must be ended, capital needs to be redirected to climate action [1]. We encourage VIG to show real climate leadership by rethinking and adapting their strategy, and by switching their attention to the development of low- or zero-carbon energy sources, such as renewable energies.

Because VIG is such a significant actor in the region, **intransigence is not an option from our perspective**. We will closely follow the evolution of the policies of VIG, and remain prepared to engage in a region-wide networked and coordinated campaign throughout CEE. We have the capacity and determination to mobilise people in our respective countries and to cooperate internationally until VIG publicly creates the required change.

VIG promises its customers to “safeguard their futures as effectively as possible” [11]; we expect the company to live up to this commitment.

Endorsements

³ See the list of VIG's branches in the Annex 1 to this letter

Austria:

GLOBAL 2000 - Friends of the Earth Austria;
Attac Austria;
Jugendrat Wien

Bosnia and Herzegovina:

Association "Resource Aarhus center in BiH"

Croatia:

Extinction Rebellion Zagreb

Czech republic:

Re-set: platforma pro sociálně-ekologickou transformaci;
Arnika;
Budoucí;
Děti Země (Children of the Earth);
Hnutí DUHA - Friends of the Earth CZ;
Calla - Sdružení pro záchranu prostředí, z.s.;
Greenpeace Czech Republic;
Slušná firma, z.s.; Universities for climate;
NaZemi;
Limity jsme my;
Klimatická koalice;
NESEHNUTÍ;

Estonia:

Estonian Green Movement; Estwatch

Hungary:

Fridays for Future Hungary;
Clean Air Action Group;
Extinction Rebellion Hungary;
National Society of Conservationists - Friends of the Earth Hungary

Kosovo:

Climate Awareness Association;
EcoZ

Lithuania:

Fridays for Future Lithuania

Moldova:

Fridays for Future Moldova

Poland:

Fridays for Future Poland;
Development YES, Open Pit Mines NO;
Stowarzyszenie Ekologiczne EKO-UNIA, Poland;
Stowarzyszenie Pracownia na rzecz Wszystkich Istot;
Towarzystwo na rzecz Ziemi (Society for the Earth);
Rodzice dla Klimatu;
EKO-UNIA;
Ecological Association;
Polish Green Network;
BoMiasto

Romania:

Asociația Mai bine

Slovakia:

Klimatická koalícia;
Priatelia Zeme-CEPA;
Znepokojené matky

Ukraine:

Centre for Environmental Initiatives "Ecoaction"

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Annex 1: List of VIG's branches

Countries	Branches	Countries	Branches
Albania	Sigma Interalbanian	Liechtenstein	Vienna-Life
	Intersig	Lithuania	Compensa life
Austria	Wiener Städtische		Compensa non-life
	Donau Versicherung		BTA Baltic
	VIG holding	Moldova	Donaris
Belarus	Kupala	Montenegro	Wiener Städtische Osiguranje
Bosnia and Herzegovina	Wiener Osiguranje	North Macedonia	Winner non-life
	Vienna Osiguranje		Winner Life
Bulgaria	Bulstrad		Makedonija Osiguruvanje
	Bulstrad Life	Norway	VIG Norway
	Doverie	Poland	Compensa (life and non-life)
Croatia	Wiener osiguranje		InterRisk
Czech Republic	Kooperativa		Beesafe
	ČPP		Vienna Life
Denmark	VIG Denmark		Wiener
Estonia	Compensa Life	Romania	Omniasig non-life
	BTA Baltic		Asirom
	Seesam		BCR Life
France	VIG Re	Serbia	Wiener Städtische Osiguranje
Georgia	IRAO		Wiener Re
	GPIH	Slovakia	Kooperativa
Germany	InterRisk (life and non-life)		Komunálna
	VIG Re	Slovenia	Wiener Städtische

Hungary	Union Biztosító Aegon	Sweden	VIG Sweden
Italy	Wiener Städtische	Turkey	Ray Sigorta
Kosovo	Sigma InterAlbanian Kosovo		Viennalife
Latvia	Compensa life	Ukraine	Kniazha
	Compensa non-life		Kniazha Life
	BTA Baltic		UIG

Annex 2: Background notes

New or expanded coal, oil, and gas projects are defined as new coal, oil and gas extraction projects, power plants, transport facilities and other infrastructure (such as LNG terminals) that drive expanded extraction. This includes, but is not limited to, all oil and gas projects which had not yet received a Final Investment Decision (FID) by the end of 2021.

In accordance with the Global Coal Exit List, **coal companies** are defined as those that generate at least 20% of their revenue from mining and transporting coal or at least 20% of their electricity from burning coal; or produce at least 10 million tonnes of coal per year, or operate at least 5GW of coal-fired power stations; or are planning new coal mining, power or infrastructure projects.

Oil and gas companies are defined as oil and gas producers, oil service and equipment companies, companies involved in transporting oil, oil traders, companies refining and processing oil, companies involved in the production and transport of LNG and power utilities which depend on oil and gas for more than 20% of their revenue. The Global Oil and Gas Exit List offers a list of companies in the upstream and midstream sectors.

Credible 1.5°C pathways need to give a higher than 50% chance of limiting global warming to 1.5°C, should not rely on offsets and should only rely on negative emissions to a minimal degree, as reflected in the One Earth Climate Model (OECM). According to the OECM's sectoral pathways report, which was commissioned by the Net-Zero Asset Owners Alliance, the scope 3 emissions from fossil fuel production must be reduced as follows under a credible 1.5°C pathway, compared with 2019:

Coal: -49% by 2025, -79% by 2030, -100% by 2050

Oil: -8% by 2025, -31% by 2030, -100% by 2050

Gas: -7% by 2025, -18% by 2030, -94% by 2050

Any company that is building new coal, oil or gas expansion projects is not aligned with 1.5°C. All coal-related assets need to be closed by 2030 in European and OECD countries and by 2040 in the rest of the world. Insurance services to be phased out include reinsurance for the captive insurers of the respective fossil fuel companies.

Workers' compensation policies, which directly benefit workers in the coal, oil and gas industry, renewable energy projects and operations which are ring-fenced from other energy and power sector projects and operations, and existing mine reclamation surety bonds should be **exempt from this policy**.

Insured emissions reduction targets need to set emission reduction targets for new projects as well as ongoing operations and need to define short- and medium-term targets (starting in 2025) across the entire commercial property & casualty portfolio. The targets need to cover all greenhouse gases and the scope 3 emissions of all carbon intensive sectors including coal, oil, gas and electric utilities. They need to aim for a reduction of insured emissions of at least 43% by 2030 (compared with 2019, as required according to the IPCC).

The **FPIC policy** should result in the ending of any insurance services for customers which fail to provide evidence that FPIC has been obtained for all projects on Indigenous lands and territories covered by the insurance policy.

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