**PRESS RELEASE**

**South Korea’s only reinsurer announces to drop new coal, but with loopholes**

**Korean Reinsurance begins its move away from coal but too slowly, according to civil society**

**December 6, 2022** – Asia’s second-largest reinsurance company, Korean Re, will no longer be providing reinsurance for new coal mining or power plant construction from next month.

Reinsurance functions as insurance for insurance companies. If reinsurers restrict insurance coverage of coal, insurers become more exposed to risk if they underwrite coal businesses.

Over [60 percent](https://global.insure-our-future.com/scorecard/) of the global reinsurance market, including reinsurers such as Hannover Re and Swiss Re, have already adopted coal-exit policies. In fact, [climate change](https://www.reinsurancene.ws/climate-change-a-growing-concern-for-global-re-insurers-pwc/) was voted the biggest concern for reinsurers in a 2021 survey. However, international civil society points out that the Korean company’s coal policy has significant loopholes.

“While we welcome this move from Korean Re, its new coal restrictions are weaker than the policies of all its international peers. They do not address reinsurance treaties for ongoing coal operations and even allow continued support for many new coal projects,” said **Peter Bosshard, a coordinator of the international Insure Our Future campaign**.

Korean Re’s current [policy](http://eng.koreanre.co.kr/sub.asp?maincode=600&sub_sequence=602&sub_sub_sequence=606) also allows exceptions based on national energy policies or demand in developing nations, despite the global need to phase out coal to meet 1.5°C. Korean Re is one of the last [remaining](https://21220177.fs1.hubspotusercontent-na1.net/hubfs/21220177/The%20Coal%20Insurers%20of%20Last%20Resort.pdf) insurers of Korea’s coal power plants in the Philippines, Vietnam, and Indonesia.

“The policy also ignores the need to end support for new oil and gas projects. Korean Re should strengthen its fossil fuel policy so it reflects climate science and the best practices of its international peers,” added Bosshard.

Last year, one of the world’s largest reinsurers, [Swiss Re](https://global.insure-our-future.com/swiss-re-treaty/) committed to phasing out coal from its treaty business by 2030 among OECD nations, and by 2040 globally. Treaty reinsurance covers all risks of a certain type, rather than specific projects. Due to the large share of treaty business in reinsurance, civil society is urging other reinsurers to adopt similar coal-exit policies.

“Korean Re’s announcement to phase out new coal in its facultative business is meaningful progress for the industry. We expect the impact to be even larger if the company also restricts coal from its treaty business,” said **Seungjun Lee, Head of the ESG Research Center at the Korea Insurance Research Institute.**

“A swift coal exit will ultimately improve Korean Re’s [bottom line](https://www.businesspost.co.kr/BP?command=article_view&num=295217),” said **Sooyoun Han, a climate finance researcher at Seoul-based Solutions for Our Climate.** Global insurance [losses](https://www.swissre.com/press-release/Hurricane-Ian-drives-natural-catastrophe-year-to-date-insured-losses-to-USD-115-billion-Swiss-Re-Institute-estimates/2ab3a681-6817-4862-8411-94f4b8385cee) from natural catastrophes amounted to $115bn in 2022 to date.

“Not only will it reduce the amount of risk exposure from coal businesses, which are quickly becoming stranded assets, but from climate catastrophes that are exponentially increasing insurers’ financial liability.”

**ENDS.**

*Solutions for Our Climate (SFOC) is a South Korea-based group that advocates for stronger climate policies and reforms in power regulations. SFOC is led by legal, economic, financial, and environmental experts with experience in energy and climate policy and works closely with policymakers.*

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