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Allianz Global Corporate & Specialty New underwriting strategy: Oil & Gas

As a leading insurer and investor, Allianz Group is driving the transition to a low-carbon economy in order to limit global warming to 1.5°C. Allianz has therefore decided on a long-term commitment to reduce the carbon intensity of its operations as well as of its insurance investments and Property & Casualty (P&C) insurance business, in line with science-based scenarios.


Climate change is real and immediate action needed

2021 was the Earth's sixth-hottest year on record.

The world is heating fast and is experiencing more severe natural catastrophes like storms, floods, heat waves and wildfires.

The Intergovernmental Panel on Climate Change warned that the window of opportunity to take meaningful climate action is rapidly closing and that worldwide GHG emissions must at least halve by 2030 compared to 2020 levels to have a reasonable chance of keeping global temperature increase under 1.5°C.

Emissions must fall by at least
50%
by 2030



Coal: a controlled withdrawal

At the heart of a net-zero economy is the transition away from fossil fuels to renewable energy sources, reducing global greenhouse gas (GHG) emissions in a controlled way. A key element of Allianz Group's climate strategy is to gradually withdraw from coal-based business models by 2040. We have started restricting underwriting of coal-based businesses in 2018 and significantly expanded our coal policies since then.

Oil & Gas: a core sector for action

As a next step, Allianz Group has now decided to adjust its investment and underwriting strategy for the global oil and gas industry, as announced on April 29, 2022. On the pathway towards a low-carbon economy, the oil and gas industry is one of the most exposed sectors in need for action now. Many oil and gas companies have already started aligning their business model with the 1.5°C target, also to ensure resilience in the face of a declining demand for fossil fuels and in response to heightened sustainability regulations and stakeholder activism.



The new guidelines at a glance

Allianz Global Corporate & Specialty (AGCS) will therefore gradually implement the new Allianz Group underwriting strategy for both new and renewal business with oil and gas companies, with the main company-level changes applying from January 2025. These new guidelines are presented in detail in the [Allianz Statement on Oil and Gas Business Models](#), the core elements are outlined below:

1. Single-site/stand-alone risks

- As of 1 January 2023, we will no longer issue P&C insurance coverages for new single-site or stand-alone oil and gas risks in the upstream segment, for new oil midstream risks, as well as for the construction of new oil power plants (>100MW). This includes no insurance coverage for the development and exploration of new oil and gas fields, or new midstream oil infrastructure for transport, distribution or storage of oil.
- In addition, we will also stop providing insurance for both new and existing oil and gas upstream and midstream activities which relate to the following practices or regions: Arctic/Antarctic, coal-bed methane, extra-heavy oil, oil sands, ultra-deep-sea.
- As of 1 July 2023, we will no longer renew any existing P&C insurance coverages for single-site or stand-alone oil and gas risks as laid out above.
- There will be no restrictions for single-site or stand-alone coverages of midstream/downstream gas (e.g. processing and purifying of raw natural gas, marketing and distribution) and downstream oil (e.g. refining of crude oil, marketing and distribution).

2. Company-level rules for oil & gas industry

- From January 1, 2025 onwards, we will change our approach for the largest oil and gas companies (defined as those with >50% of revenues associated with oil and gas, and above 60 million barrels of oil equivalent production in 2020) representing approx. 85% of the hydrocarbon production of the global oil and gas industry. We will only insure these companies where they have clearly committed to achieving net-zero GHG emissions by 2050 in alignment with science-based 1.5°C pathways, across all three GHG emissions scopes.
- As defined by the [Greenhouse Gas Protocol](#), the three GHG emission scopes cover direct emissions from own business operations (scope 1), indirect emissions from upstream supply chain (e.g. purchased electricity, steam, heat) (scope 2), and further up- and downstream supply like the processing and use of the sold oil and gas (scope 3).
- Over the period to 1.1.2025 when this guideline comes into effect, we will work with our clients to understand their commitment to net-zero GHG emissions by 2050, which will be validated where necessary by credible, independent third party sources.

3. Insurance of green energy risks

- For all oil and gas companies globally, without the requirement to fulfil any specific sustainability targets, Allianz will be able continue to offer ring-fenced or stand-alone construction and operational insurance for renewable or low carbon energy projects, including on-/offshore wind, solar, or hydrogen.
- In the face of the current geopolitical and energy crisis, renewable energy sources need to be deployed at scale and speed. We are committed to help drive the growth of renewable energy and will provide significant capacity and innovative product solutions to the green energy sector.

Commitment to net-zero partnership

To anticipate changes and prepare for a net-zero economy is not an easy process for the oil and gas industry, but it is essential. We at AGCS are committed to supporting all clients who set out on the transformation journey and implement a clear plan to diversify their businesses away from hydrocarbons until 2050.

We strongly believe that a net-zero future is possible. A continuous dialogue, clear communication on criteria and timelines, a recognition of the progress and a gradual step-by-step transition in partnership will lead the way.



Further information

The comprehensive Allianz Group Guidelines for Oil and Gas are available [here](#).

The Allianz Group Sustainability report can be found [here](#).

Key contacts

AGCS Energy & Construction

Max Benz

Global Head of Energy & Construction
max.benz@allianz.com

Anthony Vassallo

Regional Head of Energy & Construction
London & Nordics
anthony.vassallo@allianz.com

François Periquet

Regional Head of Energy & Construction
Mediterranean & Africa
francois.periquet@allianz.com

Honorio Campos

Regional Head of Energy & Construction
North America
honorio.campos@agcs.allianz.com

Matthew Hooker

Regional Head of Energy & Construction
Asia Pacific
matthew.hooker@allianz.com

Miguel Peces

Regional Head of Energy & Construction
Ibero/LatAm
miguel.peces@allianz.com

Robert Maurer

Regional Head of Energy & Construction
Central & Eastern Europe
robert.mauer@allianz.com

AGCS Global Distribution

Jeremy Sharpe

Global Head of Distribution
jeremy.sharpe@allianz.com

Stefan Versluis

Global Head of Broker Management
stefan.verluis@agcs.allianz.com

Gavin Lillywhite

Head of Global Business Development
gavin.lillywhite@allianz.com

For further information, please contact your local AGCS office or visit www.agcs.allianz.com