

**WHEREAS:** Insurance companies have a critical role to play in meeting the Paris Agreement’s 1.5 degree Celsius (1.5°C) goal. Limiting global warming to 1.5 degrees versus 2 degrees is projected to save \$20 trillion globally by 2100;<sup>1</sup> while exceeding 2 degrees could lead to damages ranging from \$21 to \$563 trillion.<sup>2</sup> The U.S. insurance industry is under increasing pressure to address its contributions to climate change from underwriting, insuring, and investing in high emitting activities.<sup>3</sup>

These financial activities contribute to systemic risk to the global economy, investors, and insurers’ profitability. Swiss Re projects close to a 10% fall in total economic value by mid-century if climate change stays on its currently anticipated trajectory.<sup>4</sup> The U.S. Commodity Futures Trading Commission warns that climate change could impair the productive capacity of the national economy, recommending that state insurance regulators require insurers to assess how their underwriting and investment portfolios may be impacted by climate-related risks.

Growing public pressure for climate-related action from the insurance industry is exemplified by recent legislation passed in Connecticut requiring regulators to incorporate emissions reduction targets into their supervision of insurers.<sup>5</sup>

Shareholders are concerned that The Travelers Companies is not adequately reducing the climate impact of its insurance-related activities, creating significant risk to our Company, investors, and the global climate. In 2021, Travelers experienced pre-tax catastrophe losses of \$1.847 billion, up from \$1.613 billion in 2020, and \$886 million in 2019.<sup>6</sup> In October 2022, Travelers reported a 20% fall in quarterly profit due to claims related to Hurricanes Ian and Fiona.<sup>7</sup> This follows a larger global trend: According to Munich Re, natural disasters caused losses of \$280 billion in 2021, up from \$210 billion in 2020 and \$166 billion in 2019.<sup>8</sup>

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<sup>1</sup> <https://www.nature.com/articles/d41586-018-05219-5>

<sup>2</sup> <https://www.nature.com/articles/s41467-020-18797-8/>

<sup>3</sup> <https://shareaction.org/reports/insuring-disaster-a-ranking>

<sup>4</sup> <https://www.swissre.com/dam/jcr:e73ee7c3-7f83-4c17-a2b8-8ef23a8d3312/swiss-re-institute-expertise-publication-economics-of-climate-change.pdf> p.1

<sup>5</sup> <https://www.businessinsurance.com/article/20210617/NEWS06/912342605/Connecticut-bill-calls-for-regulation-of-insurers%E2%80%99-climate-risks>

<sup>6</sup> [https://sustainability.travelers.com/iw-documents/sustainability/Travelers\\_TCFDReport2021.pdf](https://sustainability.travelers.com/iw-documents/sustainability/Travelers_TCFDReport2021.pdf) p.26

<sup>7</sup> <https://www.reuters.com/markets/us/insurer-travelers-profit-falls-hurricane-costs-lower-investment-returns-2022-10-19/>

<sup>8</sup> <https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2022/natural-disaster-losses-2021.html>

Travelers is a climate laggard in the global insurance sector, scoring in the bottom half of a survey of the 30 largest global insurers.<sup>9</sup> In contrast, 29 global insurers (more than 14% of global premium volume) have joined the United Nations' Net Zero Insurance Alliance.<sup>10</sup>

By measuring and disclosing its emissions attributable to its underwriting, insuring, and investing activities, and adopting targets aligned with the Paris Agreement's 1.5°C goal, Travelers can reduce risk to itself, investors, and the global climate.

**BE IT RESOLVED:** Shareholders request that Travelers issue a report addressing if and how it intends to measure, disclose, and reduce the greenhouse gas emissions associated with its underwriting, insuring, and investment activities, in alignment with the Paris Agreement's 1.5°C goal, requiring net zero emissions.

**SUPPORTING STATEMENT:** Shareholders recommend the report disclose:

- Whether Travelers will begin measuring and disclosing the emissions associated with the full range of its underwriting, insuring, and investment activities and by when; and
- Whether Travelers will set a Paris aligned, net zero target, for its full range of emissions and on what timeline

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<sup>9</sup> <https://insure-our-future.com/wp-content/uploads/2022/11/SP-IOF-2022-Scorecard-v0.8-online-1.pdf>

<sup>10</sup> <https://www.unepfi.org/net-zero-insurance/>