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Large Insurance Companies Leave Net-Zero Insurance Alliance

April 21, 2023



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Munich Re, Zurich and Hannover Re, three major insurance providers, announced their exit from the Net-Zero Insurance Alliance (NZIA) in the span of one month between March and April 2023. The [NZIA](#) is a UN-convened group of leading insurers and reinsurers launched at the 2021 G20 Climate Summit. Its members have committed to “transition their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050.” Though the NZIA now has approximately 30 members, Munich Re and Zurich were among the founding organizations.

Munich Re cited “material antitrust risks” as the reason for withdrawing from the NZIA. In [announcing](#) the exit, Joachim Wenning, CEO of Munich Re, said that “the opportunities to pursue decarbonization goals in a collective approach among insurers worldwide without exposing [them] to material antitrust risks are so limited that it is more effective to pursue our climate ambition to reduce global warming individually.” It is reported in international press outlets that Zurich said it was leaving to help its customers focus on their transitions.

Hannover Re announced its departure from the organization, but did not explain the reasons for its decision; however, it [emphasized](#) its ongoing commitment to a sustainability strategy and policies required to reach net zero by 2050.

Taking the Temperature: Net-zero industry alliances have grown rapidly in the last few years. In October, we [reported](#) on how the Net-Zero Banking Alliance (NZBA), a UN-convened banking industry coalition, grew from 43 to 119 financial institutions since its founding in April 2021. As we analyzed in a more in-depth [article](#), the current politicized situation in the U.S. is such that financial institutions, asset managers and other

financial market participants joining alliances that further climate-related and broader ESG goals are facing threats of antitrust enforcement and being precluded from financial activities with [certain Republican-led states](#). The most likely immediate sources of U.S. antitrust challenges to climate initiatives appear to be Republican State Attorneys General. On October 19, 2022, 19 Republican State Attorneys [issued](#) civil investigative demands raising antitrust concerns to six U.S. banks, seeking information related to their membership in the NZBA. Last month, Republican governors of 19 states [announced](#) an alliance to leverage state pension fund investments to force asset managers to disregard the consideration of ESG factors when making investment decisions.

It appears that Munich Re, Zurich and Hannover Re have withdrawn from the NZIA in response to the perceived risk of similar retaliatory action in the U.S. Alliances in the insurance industry are not alone in struggling to balance perceived antitrust and blackballing risk with fiduciary obligations and publicly-stated net zero commitments. In December last year, [Vanguard announced](#) that it was withdrawing from the Net Zero Asset Managers initiative amid questions on the propriety of passive investment managers engaging in “stewardship issues,” including on climate change, raised by the Minority Staff of the U.S. Senate Committee on Banking, Housing and Urban Affairs.

Alliances are also responding to these challenges. We [reported](#) on how the Glasgow Financial Alliance for Net Zero (GFANZ) amended its membership rules by dropping its connection to the UN-supported Race to Zero campaign after major U.S. banks were considering withdrawing from the GFANZ. Such compromises, including the recent NZBA [refusal](#) to impose restrictions on fossil-fuel financing, have led to public challenges from green-focused member institutions which fear that alliance objectives are being unduly diluted.