INSURING OUR FUTURE

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2025

2024 KOREA SCORECARD

Korea Sustainability Investing Forum

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Korea Sustainability Investing Forum (KoSIF)

Korea Sustainability Investing Forum(KoSIF), established in 2007 as a non-profit organization, is dedicated to contributing to the construction of sustainable communities by promoting Socially Responsible Investment(SRI). KoSIF engages in a variety of activities, including SRI research and development, promotion and dissemination, and policy development and legislative support. Furthermore, it has taken a leading role in organizing and operating the CDP Korea Committee to encourage environmental responsiveness among domestic financial institutions and corporations. KoSIF also contributes to enhancing sustainability by disseminating global initiatives such as TCFD, PCAF, RE100, EV100, and SBTi to financial institutions and corporations in South Korea.

Kim Hyun Jung, Member of the 22nd National Assembly

Kim Hyun Jung is a member of the 22nd National Assembly, currently serving on the National Assembly's Political Affairs Committee. Having previously served as the president of the Korean Finance & Service Workers' Union, he was elected to the National Assembly in 2024 after serving as the co-chair of the labor committee for presidential candidate Lee Jae-myung in 2021. Representative Kim strives to create a society of coexistence, solidarity, and mutual prosperity by resolving inequality and polarization. To this end, he is taking the lead in the 22nd National Assembly to foster a transparent capital market and vitalize capital through various related legislative efforts, including the "Doosan Bobcat Prevention Act" and amendments to the Commercial Act. To produce the 2024 Fossil Fuel Finance White Paper and Korea Scorecard, Representative Kim Hyun Jung's office requested and collected data on the status of fossil fuel assets from public and private financial institutions, securing the necessary materials for the report's preparation.

www.kosif.org

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Executive Summary

The 2024 Korea Scorecard is the second edition following the inaugural 2022 publication assessing fossil fuel policies in the domestic insurance sector. The report provides a systematic evaluation of insurers' underwriting and investment restriction policy on fossil fuel projects, while also assessing their exposure to climate-related risks and outlining pathways for improvement.

The methodology is based on the international Insure Our Future campaign's Global Scorecard, adapted to reflect the specific characteristics of the Korean insurance market. Policy assessments are disaggregated by fuel type (coal, oil, and gas), and insurers are evaluated based on their policies and the level of implementation. Scores and rankings are then assigned to highlight the relative performance of domestic insurers. The Scorecard thereby seeks to bring attention to the responsibilities of the insurance sector in addressing the climate crisis. Full details on survey design, scoring methodology, and individual assessments are provided in the main report.

Scores and Rankings of Major Insurers

Insurers	2024 Rank•	2024 Score(10)	2022 Rank	2022 Score(10)
Samsung Fire & Marine Insurance	1	2.0	3	2.4
Lotte Insurance	2	1.4	1	3.0
Hanwha General Insurance	3	1.3	1	3.0
Hyundai Marine & Fire Insurance	4	1.0	5	1.3
DB Insurance	5	0.8	6	0.9
KB Insurance	6	0.7	6	0.9
Heungkuk Fire & Marine Insurance	6	0.7	4	1.7
NH Nonghyup P&C Insurance••	8	0.6	-	-
Seoul Guarantee Insurance	9	0.6	6	0.9
Korean Reinsurance	10	0.1	9	0

Global Scorecard Scoring Bands

0.0 - 1.4	1.5 - 3.4	3.5 - 7	7.1 - 10
Low Tier	Lower Middle Tier	Upper Middle Tier	High Tier

※ Scores are reported on a 10-point scale. Higher scores indicate stronger fossil fuel phase-out commitments and higher levels of implementation.

※ The scores and rankings should not be interpreted as a complete reflection of each insurer's fossil fuel phase-out policy.

※ Differences in survey scope and participating institutions between 2022 and 2024 limit the direct comparability of scores.

※ Small decimal variations can alter rankings even for identical scores.

• The 2024 Scorecard includes more detailed survey items than the 2022 edition, which led to relatively lower overall scores.

•• NH Nonghyup P&C Insurance newly responded in 2024.

Key Takeaways

- In the 2024 Korea Scorecard, institutions that adopted comprehensive restrictions on fossil fuel activities–across coal, oil, and gas–and maintained policies covering both underwriting and investment ranked as the top performers.

- In particular, Samsung Fire & Marine Insurance, which rose from third place in 2022 to first in 2024, was recognized for adopting restrictions on underwriting and investment across all new fossil fuel projects[•] (coal, oil, and gas), while also extending coverage to the entire coal value chain, including both metallurgical and thermal coal[••]. This broader and stronger policy framework contributed to its higher evaluation. By contrast, other high-ranking insurers such as Lotte Insurance and Hanwha General Insurance did not include oil and gas in their restrictions, but were recognized for adopting underwriting and investment restrictions across the full coal value chain.

- By contrast, most insurers maintained only partial restriction policies limited to coal, while lacking policies on oil and gas or allowing exceptions that undermined policy effectiveness. As a result, these institutions scored lower relative to top performers.

- The 2024 Korea Scorecard reflects an expansion of evaluation criteria, moving beyond coal to encompass insurers' management of risks across the full range of fossil fuels. To respond effectively to climate risks, insurers will need to strengthen their fossil fuel restriction policies by eliminating exceptions, phasing out existing clients, tightening restrictions on oil and gas underwriting and investment policies, and scaling up investment in renewable energy.

• All new fossil fuel projects encompass both projects and corporate entities(clients).

•• The 2024 Scorecard distinguishes between metallurgical coal (used in steel production) and thermal coal (used in power generation). Metallurgical coal is closely linked to the carbon-intensive steelmaking process. Despite this, many financial institutions have yet to adopt restrictions on metallurgical coal, leaving a regulatory gap.

Scorecard Methodology

Survey Scope The questionnaire was distributed to domestic public and private financial institutions, but only non-life insurers and reinsurers were instructed to respond to the Scorecard survey.

Data Collection The office of Rep. Kim Hyun Jung requested data from the Financial Supervisory Service (FSS), and the FSS subsequently collected and consolidated the information from individual financial institutions.

Respondents DB Insurance, KB Insurance, NH Nonghyup P&C Insurance, Seoul Guarantee Insurance, Lotte Insurance, Samsung Fire & Marine Insurance, Korean Reinsurance, Hanwha General Insurance, Hyundai Marine & Fire Insurance, Heungkuk Fire & Marine Insurance

Scoring Method

- ✓ Scores were calculated based on insurers' responses to the survey.
- ✓ For questions on policy exceptions, even if insurers responded "No" or "Not applicable," any exceptions identified in publicly available documents or in internal materials provided by the insurers were treated as grounds for a score reduction.
- ✓ Survey responses were considered valid only if they specified a clear timeframe (ex. 2030 or 2050) and explicitly referenced the 1.5°C temperature limit above pre-industrial levels. Responses that did not meet these criteria were treated as invalid.
- ✓ Scores for each section, as well as the overall total, were converted to a 10-point scale and rounded to the second decimal place.

• Institutions are listed in alphabetical order and not by score or ranking.

Assessment Criteria

<table>
<tr><th></th><th></th><th colspan="2">Underwriting</th><th colspan="2">Investment</th></tr>
<tr><th></th><th></th><th>Coal (Thermal·Metallurgical)</th><th>Oil and Natural Gas (Conventional·Unconventional)</th><th>Coal (Thermal·Metallurgical)</th><th>Oil and Natural Gas (Conventional·Unconventional)</th></tr>
<tr><td rowspan="6">Policy</td><td>01 Fossil Fuel Policy</td><td colspan="4">Disclosure of restrictions on fossil fuel projects and corporate clients</td></tr>
<tr><td>02 Restrictions on New / Existing Fossil Fuel Projects</td><td colspan="4">Restrictions on underwriting for new and existing fossil fuel projects and corporate clients</td></tr>
<tr><td>03 Phase-out Plans</td><td colspan="2" rowspan="2">Gradual phase-out plans aligned with a 1.5°C pathway and commitment to a full fossil fuel exit</td><td colspan="2"></td></tr>
<tr><td>04 Treaty Reinsurance Policy</td><td colspan="2"></td></tr>
<tr><td>05 Sustainable Investment Targets</td><td colspan="2"></td><td colspan="2">Adoption of sustainable energy investment targets</td></tr>
<tr><td>06 Human Rights Policies</td><td colspan="2">Implementation of FPIC (Free,Prior and Informed Consent)</td><td colspan="2"></td></tr>
<tr><td rowspan="3">Implementation</td><td>01 Disclosure of Insurance-related emissions</td><td colspan="4">Disclosure of insurance-related emissions</td></tr>
<tr><td>02 GHG Emission Reduction Targets</td><td colspan="2">Setting GHG emissions reduction targets</td><td colspan="2"></td></tr>
<tr><td>03 Engagement Policy</td><td colspan="2">Engagement policies for fossil fuel companies</td><td colspan="2"></td></tr>
</table>

※ Underwriting provides indirect support for fossil fuel projects by covering associated risks, while investment provides direct support through capital allocation.

※ From 2024 Scorecard, coal is evaluated separately as thermal coal (power generation) and metallurgical coal (steelmaking).

※ Oil and gas projects are evaluated separately for conventional and unconventional sectors.

Policy

01 Fossil Fuel Coal, oil, and Natural Gas Policy

- Assesses whether restrictions on underwriting and investment apply to corporate clients and projects in the fossil fuel sector, and whether policies allow exceptions that may undermine enforceability.

02 Restrictions on New and Existing Fossil Fuel Projects

- Evaluates whether restrictions apply to underwriting and investment in new fossil fuel projects as well as existing corporate clients.

03 Phase-out Plans

- Assesses whether insurers have established managed exit plans toward a full fossil fuel phase-out, along with clear interim targets and deadlines. For coal phase-out specifically, the recommended timeline is by 2030 for Europe and OECD countries, and by 2040 for all other countries.
- Asks whether the managed phase-out plan is aligned with the 1.5°C pathway.

04 Treaty Reinsurance Policy

- For reinsurers, asks whether special reinsurance business is subject to a complete coal exit plan and whether the gradual phase-out plan is aligned with the 1.5°C pathway.

05 Sustainable Investment Targets

- Evaluates whether insurers have set renewable energy investment targets, including target levels and definitions.

06 FPIC (Free, Prior and Informed Consent) Policy

- Assesses whether insurers require Free, Prior and Informed Consent (FPIC) from local communities before providing insurance for new fossil fuel projects.

Implementation

01 Disclosure of Insurance-related Emissions

- Asks whether insurers calculate insurance-related emissions separately from financed emissions. If insurers do not calculate insurance-related emissions, they are required to provide an explanation.

02 GHG Emission Reduction Targets

- Evaluates whether insurers set targets to reduce greenhouse gas (GHG) emissions linked to their portfolio.

03 Engagement Policies for Fossil Fuel Companies

- Evaluates whether insurers have policies outlining engagement with fossil fuel companies to demand stronger transition or divestment commitments.

2024 Scores and Rankings of Insurers' Underwriting and Investment Policies

Scores and Rankings of Major Insurers

Insurers	Overall		Underwriting				Investment			
	Rank	Score	Rank	Score	Coal	Oil & Natural Gas	Rank	Score	Coal	Oil & Natural Gas
Samsung Fire & Marine Insurance	1	2.0	1	2.3	4.1	1.7	5	1.1	0.3	1.6
Lotte Insurance	2	1.4	2	1.9	5.3	0	10	0.1	0.3	0
Hanwha General Insurance	3	1.3	3	1.4	4.1	0	2	1.1	3.3	0
Hyundai Marine & Fire Insurance	4	1.0	4	1.3	3.0	0	9	0.1	0.3	0
DB Insurance	5	0.8	5	0.8	2.2	0	6	0.9	2.5	0
KB Insurance	6	0.7	9	0.4	1.3	0	1	1.4	4.2	0
Heungkuk Fire & Marine Insurance	6	0.7	6	0.5	1.5	0	2	1.1	3.3	0
NH Nonghyup P&C Insurance	8	0.6	6	0.5	1.3	0	2	1.1	3.3	0
Seoul Guarantee Insurance	9	0.6	6	0.5	1.4	0	6	0.9	2.5	0
Korean Reinsurance	10	0.1	10	0.1	0.2	0	8	0.2	0.3	0.2

※ Scores for each category were normalized to a 10 point scale. Subtotals do not add up precisely to the final score.

※ Rankings may differ even for identical scores due to decimal differences.

Comprehensive Analysis

The average combined score for underwriting and investment across all ten insurers was just 0.9 out of 10, indicating very weak performance overall. While most insurers have adopted restriction policies on new coal projects, only Samsung Fire & Marine Insurance and Korean Reinsurance have extended such restrictions to cover oil and natural gas as well.

Overall, compared with the 2022 Scorecard, no significant progress has been observed. However, one notable development is that following Korean Reinsurance's coal divestment declaration in November 2022 and subsequent policy adoption, all ten insurers now have coal restriction policies in place. Still, most major insurers have only established coal restriction policies and lack broader fossil fuel restriction policies that cover oil and gas. In addition, many insurers continue to allow exceptions within their coal policies, further weakening their implementation. In many cases, restrictions were applied only at the project level, without extending to existing clients or corporate level exposure.

The 2024 Scorecard results show that Korean insurers must move beyond symbolic coal exit declarations and urgently strengthen the level of implementation by

advancing toward policies that cover the full spectrum of fossil fuels. In particular, eliminating policy loopholes, phasing out existing portfolios, expanding restrictions on oil and gas, and setting renewable energy investment targets emerge as critical priorities for insurers to address climate risks going forward.

Analysis of Underwriting Policies

The ten domestic insurers achieved an average underwriting score of only 1.0 out of 10 (coal: 2.4, oil and natural gas: 0.2), underscoring very weak performance. Although all insurers have restrictions on new coal underwriting, six allow exceptions that weaken implementation and limit effectiveness. None have adopted phased-out plans for existing coal exposure or set phased reduction targets. Since 2022, most major insurers still lack underwriting restriction policies for oil and natural gas, with no meaningful signs of progress for two years.

Analysis of Investment Policies

An analysis of investment policies among major domestic insurers shows an average overall score of 0.8 out of 10, indicating weaker performance than underwriting. The coal sector averaged 2.0, while oil and natural gas scored only 0.2. All ten insurers have adopted coal investment restriction policies, but six include exceptions that limit their effectiveness. In the oil and natural gas sector, only Samsung Fire & Marine Insurance and Korean Reinsurance have disclosed investment restriction policies.

Institution Level Analysis

The table below summarizes the major underwriting and investment restriction policies of each insurer.

Underwriting

<table>
<tr><th>Insurers</th><th>Scope of Coal Project Restrictions</th><th>Coal Policy Exceptions</th><th>Scope of Oil & Natural Gas Restrictions</th><th>Oil & Natural Gas Policy Exceptions</th><th>Notes</th></tr>
<tr><td>Samsung Fire & Marine Insurance</td><td rowspan="2">New & Existing thermal and metallurgical coal projects/corporate clients</td><td>Present</td><td>Conventional& Unconventional, New & Existing corporate clients</td><td>Present</td><td>-</td></tr>
<tr><td>Lotte Insurance</td><td>Absent</td><td>Absent</td><td>-</td><td>-</td></tr>
<tr><td>Hanwha General Insurance</td><td>New thermal and metallurgical coal projects/corporate clients</td><td>Absent</td><td>Absent</td><td>-</td><td>Existing corporate clients not covered</td></tr>
<tr><td>Hyundai Marine & Fire Insurance</td><td>New thermal and metallurgical coal projects</td><td>Absent</td><td>Absent</td><td>-</td><td>New & Existing corporate clients not covered</td></tr>
</table>

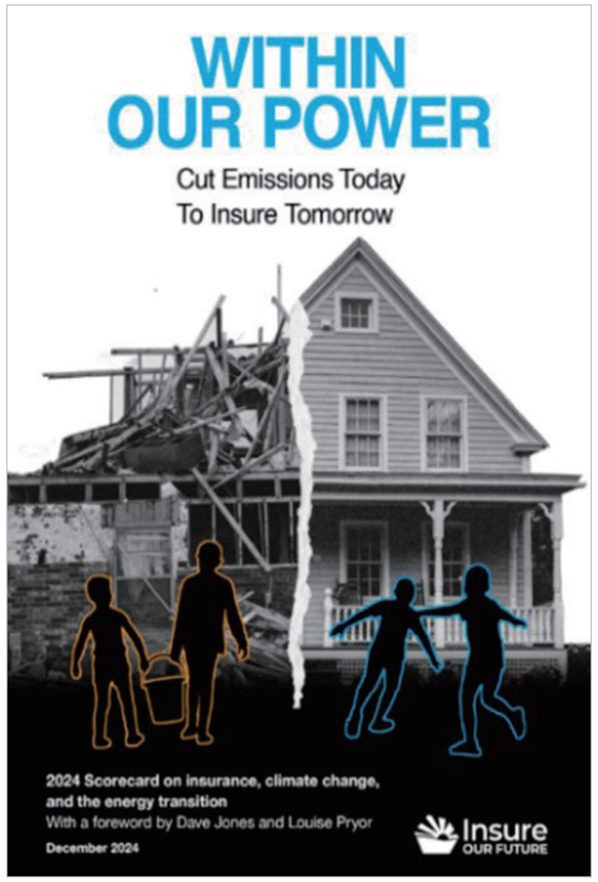
Insurers	Scope of Coal Project Restrictions	Coal Policy Exceptions	Scope of Oil & Natural Gas Restrictions	Oil & Natural Gas Policy Exceptions	Notes
DB Insurance	New thermal coal projects and some corporate clients	Present	Absent	–	Existing corporate clients & Metallurgical Coal projects not covered
KB Insurance		Present	Absent	–	
Heungkuk Fire & Marine Insurance	New thermal & Metallurgical Coal Projects and New & Existing corporate clients	Present	Absent	–	–
NH Nonghyup P&C Insurance	New thermal coal projects and some new & existing corporate clients	Present	Absent	–	Metallurgical coal projects not covered
Seoul Guarantee Insurance		Present	Absent	–	
Korean Reinsurance	New thermal coal projects	Present	Absent	–	New & Existing corporate clients and metallurgical coal projects not covered

Investment

Insurers	Scope of Coal Project Restrictions	Coal Policy Exceptions	Scope of Oil & Natural Gas Restrictions	Oil & Natural Gas Policy Exceptions	Notes
Samsung Fire & Marine Insurance	New thermal coal projects	Present	Conventional & Unconventional	Present	Investment restrictions on companies engaged in oil and gas extraction and power generation, Arctic oil and gas, tar sands, and other unconventional sectors
Lotte Insurance		Present	Absent	–	–
Hanwha General Insurance		Absent	Absent	–	–
Hyundai Marine & Fire Insurance		Present	Absent	–	–
DB Insurance		Absent	Absent	–	–
KB Insurance		Absent	Absent	–	Adopted Renewable energy investment target: KB Green Wave 2030
Heungkuk Fire & Marine Insurance		Absent	Absent	–	–
NH Nonghyup P&C Insurance		Absent	Absent	–	–
Seoul Guarantee Insurance		Absent	Absent	–	–
Korean Reinsurance		Present	Certain Conventional &Unconventional	Present	Restrictions on tar sands, Arctic oil & gas, shale oil & gas

2024 Global Scorecard

Status and Evaluation of Global Insurers' Fossil Fuel Policies in 2024



The Global Scorecard is an annual report published by the international campaign Insure Our Future, focusing on the insurance sector. The report calls on global insurers to end support for new fossil fuel projects and to phase out existing fossil fuel financing and underwriting, in order to align with the goal of limiting global temperature rise to within 1.5°C.

The assessment covers 30 major re/insurance companies worldwide, evaluating and scoring their underwriting and investment policies on coal, oil and natural gas. In 2024, for the first time, the report also presents policy recommendations for legislators and regulatory authorities.

The 2024 Global Scorecard highlights the following notable trends and developments in fossil fuel restriction policies among the 30 insurers.

Global Insurers' Fossil Fuel Restriction Policies

Coal	Oil & Natural Gas
25 out of 30 re/insurers have adopted restrictions on coal underwriting	23 out of 30 re/insurers now have some oil and natural gas restrictions
6 insurers exclude clients developing new coal projects	15 re/insurers exclude coverage for companies heavily involved in tar sands*, and 7 do so for Arctic oil and gas
8 re/insurers plan a coal phase-out by 2030 in OECD/Europe and 2040 globally	8 re/insurers have begun building oil and gas phase-out strategies
25 re/insurers out of 30 have some coal investment restrictions	21 insurers out of 30 have some oil and gas investment restrictions

* Tar Sands: A mixture of sand, clay, water, and bitumen (a highly viscous form of crude oil) that can be commercially extracted and processed to produce synthetic crude oil.

According to the 2024 Global Scorecard, the insurance industry continues to support the fossil fuel sector—driving the climate crisis—while scaling back coverage for communities most vulnerable to its impacts. Over the past two decades, more than one third of weather related insurance losses, amounting to approximately USD 600 billion, have been attributed to climate change. Yet these losses are increasingly shifted onto society at large through rising premiums and reduced access to coverage.

Nevertheless, insurers continue to support fossil fuel expansion, while the renewable energy insurance market remains limited to around 30% of total coverage. In this context, Insure Our Future calls for immediate cessation of underwriting for new fossil fuel projects, the adoption of emission reduction targets aligned with the 1.5°C pathway, and transparent disclosure of fossil fuel restriction policies and practices.

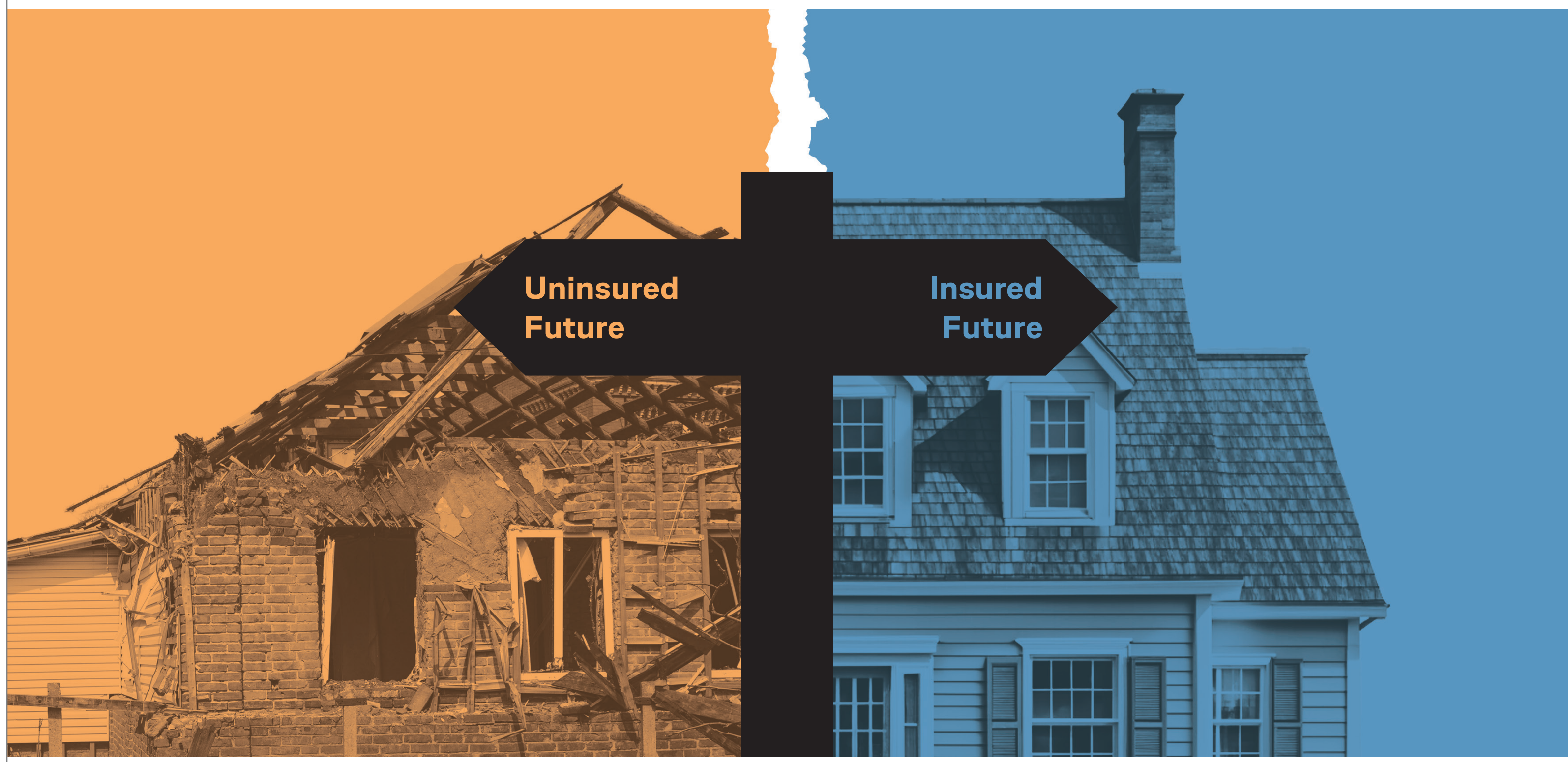
Global Scorecard Score and Ranking (Top 10 Insurers)

		Underwriting						Investment	
		Oil and Natural Gas		Coal		Total		Total	
(Re) Insurer	Country	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Generali		7.3	1	6.7	3	6.4	1	6.4	2
Allianz		4.6	2	7.6	1	6.2	2	4.3	9
Zurich		3.7	4	7.4	2	5.4	3	5.8	4
Swiss Re		3.5	5	6.2	5	5.1	4	5.7	5
Aviva		3.8	3	5.6	7	4.1	5	5.1	7
AXA		2.2	10	6.4	4	3.9	6	6.3	3
Hannover Re		3.2	6	4.3	9	3.7	7	3.4	13
Axis Capital		1.3	15	6.2	5	3.4	8	5.1	8
Munich Re		2.8	7	4.2	10	3.1	9	4.1	11
HDI Global-Talanx		2.6	8	3.2	12	3.0	10	3.5	12

Examples of Leading Global Insurers

- Generali became the first global insurer to restrict underwriting across the entire oil and natural gas value chain.
- Zurich restricts underwriting for insurers developing new metallurgical coal projects.
- MS&AD became the first Asian insurer to set an absolute target to reduce insured emissions•, aiming for a 37% cut in domestic corporate portfolio emissions by 2030.
- Swiss Re announced a phase-out plan for metallurgical coal projects in 2023.
- AXIS Capital leads with 92% renewable energy coverage, followed by Aviva at 84% and Munich Re at 72%.
- Allianz, Axa, AXIS Capital, Generali, Swiss Re, and Zurich have adopted coal phase-out timelines aligned with OECD's 2030 target or the global target of 2040.

• Absolute emissions reduction target refers to reducing total greenhouse gas emissions regardless of production output.



Policy Directions for Strengthening Insurers' Climate Risk Response in Korea

Recommendations on Fossil Fuel Restriction Policies for Insurers

Korean insurers have introduced partial restrictions on fossil fuel related projects. However, in terms of policy scope, enforcement, and implementation, they remain at a minimal level. This reflects the current limitations of insurers' policy frameworks, as outlined below:

01 **Existing coal restriction policies are mostly confined to thermal coal for power generation and exclude metallurgical coal projects.**
02 **There is little to no policy coverage for oil and natural gas projects.**
03 **Specific targets for sustainable energy investment have not been established.**
04 **Plans for the orderly phase-out of existing assets have yet to be established.**

Accordingly, we propose the following directions to strengthen domestic insurers' fossil fuel policies:

Policy Recommendations

01 Extend the Scope of Coal Restriction Policies

Develop policies encompassing metallurgical coal to eliminate regulatory gaps in carbon-intensive sectors.

02 Establish Oil and Natural Gas Restriction Policies

Implement oil and natural gas policies that establish a comprehensive risk management framework covering both conventional and unconventional oil and natural gas sectors.

03 Set Investment Targets for Sustainable Energy

Set specific targets, scope, and timelines for sustainable energy investments, following recommendations such as BNEF[•]'s 4:1 clean energy investment ratio and the IEA[••]'s 6:1 scenario for clean energy to fossil fuel investment.

04 Develop Phase-Out Plans

(Coal Phase-out) Adopt clear fossil fuel phase-out roadmaps aligned with the EU and OECD timelines (2030 for OECD countries, 2040 globally.)

(Fossil Fuel Phase-out) Require existing corporate clients to adopt fossil fuel phase-out policies aligned with the 1.5°C pathway, and explicitly disclose sanctions for companies that fail to comply.

• Bloomberg New Energy Finance
•• International Energy Agency

FOSSIL FUEL AND RENEWABLE ENERGY FINANCING BY DOMESTIC INSURERS

18 Status of Fossil Fuel Financing by Domestic Insurers
20 Status of Renewable Energy Financing by Domestic Insurers

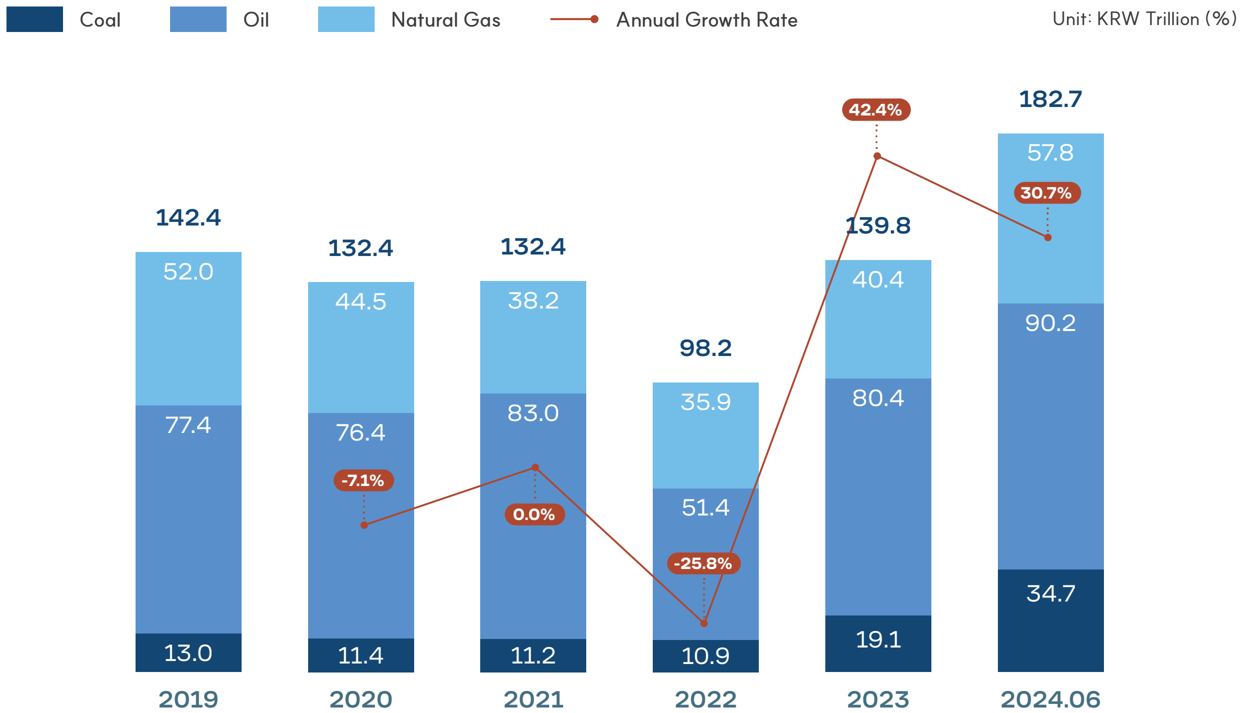
Status of Fossil Fuel Financing by Domestic Insurers

Trends in Fossil Fuel Insurance Exposure (As of the End of June 2024)

Fossil fuel insurance exposure refers to the total coverage insurers provide for coal, oil, and natural gas projects. By underwriting the risks of fossil fuel industries, insurers provide de facto financial support that enables the continued operation and expansion of these sectors. In particular, operational insurance plays a critical role in locking in existing fossil fuel assets by ensuring their ongoing operation, reinforcing carbon lock in. As such, fossil fuel insurance exposure is a key element for assessing insurers' climate risk management policies. This analysis provides an overview of the actual scale of Korean insurers' support for fossil fuel projects and enables an assessment of the alignment between their fossil fuel financing practices and stated carbon neutrality goals.

Graph 1.

Annual Trends in Fossil Fuel Insurance Exposure



As of the end of June 2024, the fossil fuel insurance exposure of Korea's ten major insurers amounted to KRW 182.7 trillion. After gradually declining since 2019, exposure surged by 42.4% in 2023 and rose a further by 30.7% in the first half of 2024 alone—equivalent to an annualized increase of 61.3%.

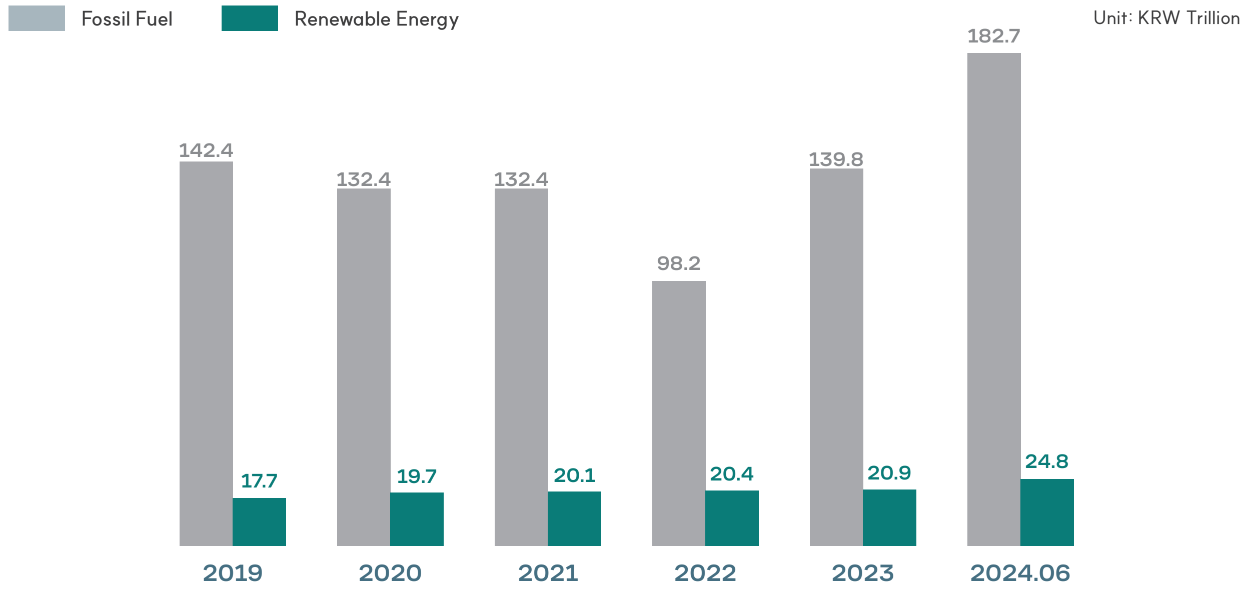
By fuel type, coal recorded the sharpest year-on-year growth at 82.3%, followed by natural gas at 43.1% and oil at 12.2%. Although coal represents the smallest share of total insured exposure, it increased significantly due to coverage of domestic coal fired power plant operations.

This highlights the gap between insurers' coal phaseout commitments and actual business practices. In particular, the continued provision of insurance for previously contracted projects suggests that insurers may be contributing to delays in the energy transition.

In the oil sector, insurance coverage extends beyond power generation to include storage, refining facilities, and pipelines both domestically and abroad. For natural gas, coverage is concentrated in LNG combined cycle power plants, district energy projects, and LNG carriers.

Graph 2.

Annual Trends in Fossil Fuel vs. Renewable Energy Insurance Exposure



As of June 2024, renewable energy insurance exposure accounted for only 13.6% of fossil fuel insurance exposure. Growth rates also reveal a stark contrast: renewable energy insurance grew by 18.8% year-on-year, while fossil fuel insurance rose by 30.7%, nearly twice as fast. Although six major insurers have announced net-zero targets for 2050, the far greater volume of insurance support for fossil fuel projects highlights a clear gap between long term commitments and current business practices. Still, there are early signs of momentum. In the first half of 2024, Seoul Guarantee Insurance, Hyundai Marine & Fire, and Samsung Fire & Marine reported relatively strong growth in their renewable energy insurance portfolios, suggesting a gradual shift toward cleaner energy coverage.

Renewable Energy Insurance

Hyundai Marine & Fire Insurance	KRW 2.7 trillion 18.7% Year-on-year growth
Samsung Fire & Marine Insurance	KRW 1.6 trillion 12.7% Year-on-year growth
Seoul Guarantee Insurance	KRW 4.4 trillion 9.8% Year-on-year growth

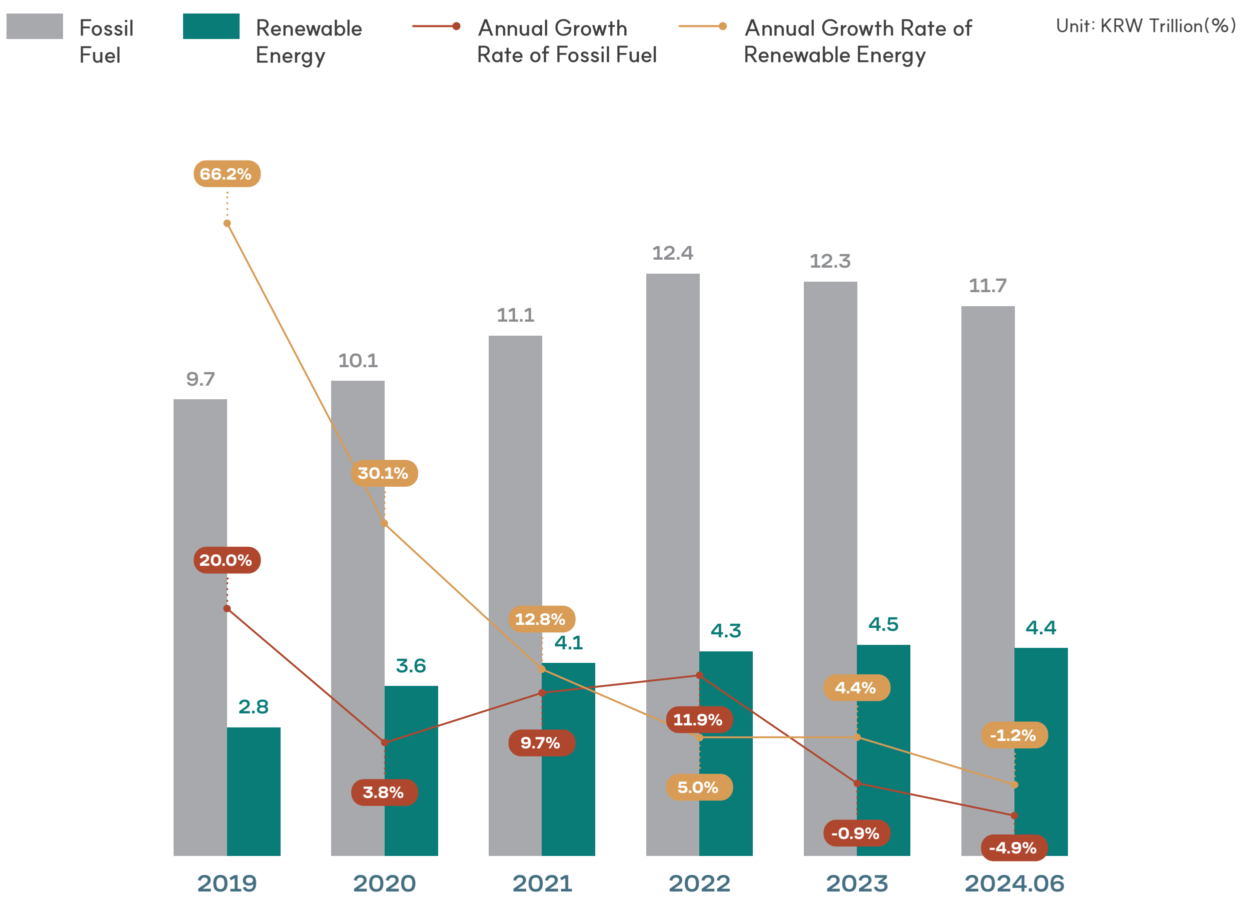
Status of Renewable Energy Financing by Domestic Insurers

Trends in Energy Finance Investment Balance and New Investments
(As of the End of June 2024)

The investment balance and new investments(executed) in energy finance refer to the total volume of capital allocated by insurers to energy related projects or companies through bonds, loans, project financing (PF), and equity investments. Unlike insurance products that primarily provide guarantees or coverage, these figures represent direct financial investments that reflect insurers' decision making in capital allocation and investment strategy. As such, they provide a clearer indication of insurers' asset management stance and strategic direction in the energy sector.

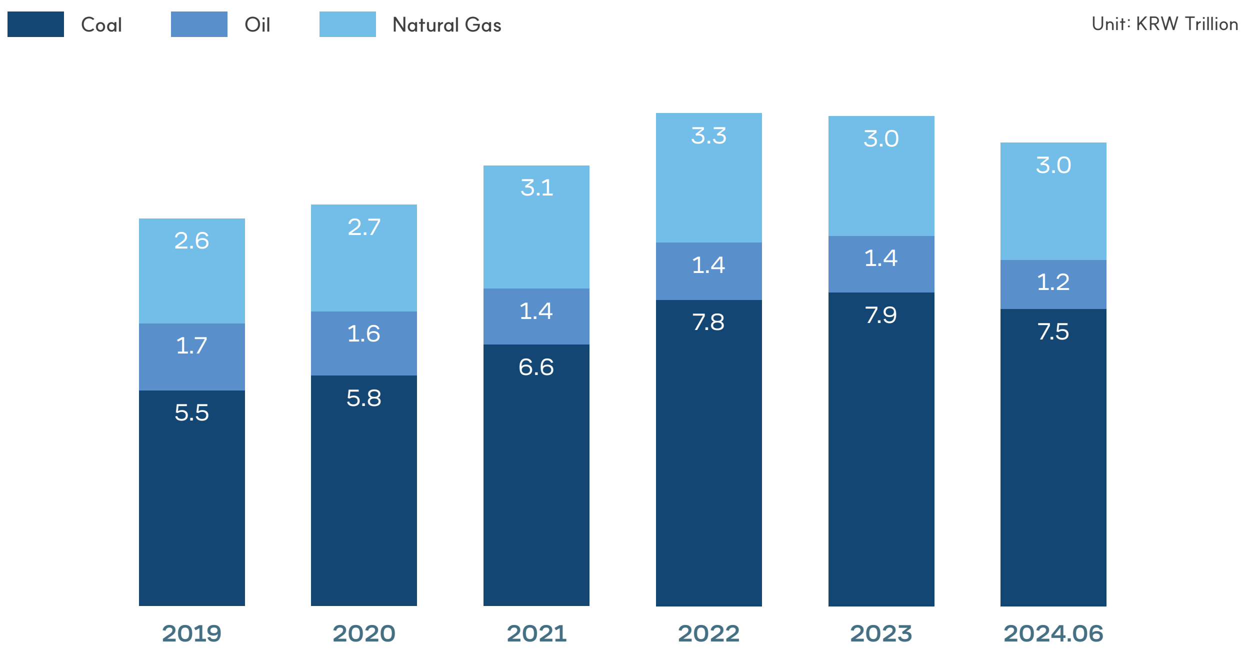
Graph 1.

Annual Trends in Energy Finance Investment Balance



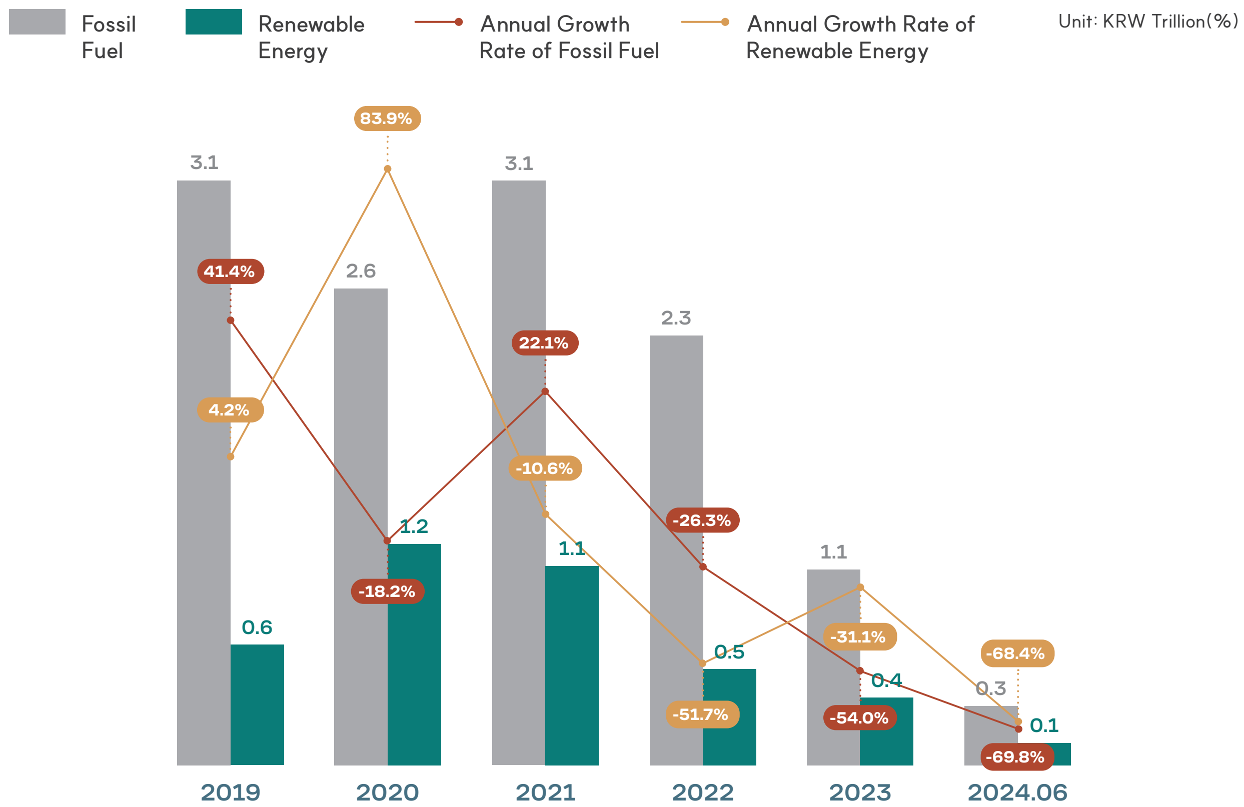
Graph 2.

Annual Trends in Fossil Fuel Finance Investment Balance



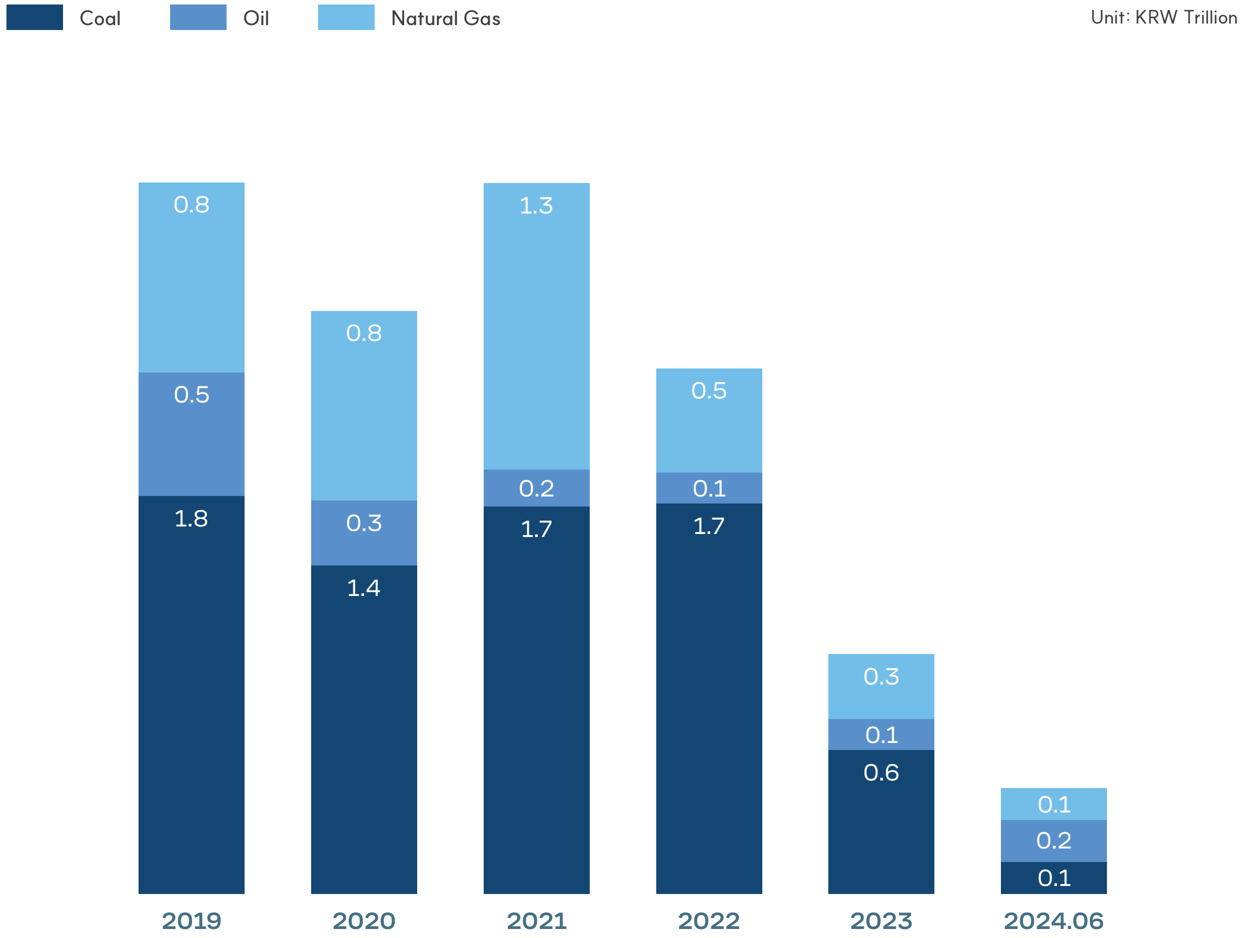
Graph 3.

Annual Trends in New Energy Finance Investment



Graph 4.

Annual Trends in New Fossil Fuel Finance Investment by Fuel Type



Korean insurers remain largely tied to fossil fuel-centered financing, with only limited signs of transition. Recent trends also suggest that a full-scale shift away from fossil fuels has yet to take hold. The Yoon administration's policy direction-marked by a significant expansion of nuclear power and a scaling back of renewable energy investment and deployment targets-has also influenced the energy market. At the same time, insurers themselves have not shown strong commitment to expanding renewable energy financing or restructuring their portfolios. While few companies have made modest changes, overall growth in renewable energy finance has stagnated.

As a result, the fundamental shift in the structure of energy finance remains minimal.

Since 2022, outstanding fossil fuel finance balance has shown a gradual decline, but this appears more like a temporary adjustment than a structural reallocation toward renewable energy finance. In fact, between 2022 and the first half of 2024, fossil fuel finance balance fell from KRW 12.4 trillion to KRW 11.7 trillion (a 5.6% decrease). Over the same period, renewable energy finance outstanding rose only slightly from KRW 4.3 trillion to KRW 4.4 trillion (a 2.3% increase).

Moreover, new capital inflows into renewable energy finance have been shrinking, from KRW 0.4 trillion in 2023 to just KRW 0.1 trillion in the first half of 2024. This suggests that the modest increase in outstanding balance in renewables is driven more by the rollover of existing commitments rather than a genuine expansion of new investment.

Ultimately, capital moving out of fossil fuel finance is not being redirected into renewables, underscoring the slow pace of financial reallocation needed to reach carbon neutrality. The fossil fuel phase-out remains largely at the level of declarations, lacking momentum in actual investment execution. This indicates that the pace and direction of the transition are less influenced by external conditions or market dynamics, and more by the absence of sector wide strategic decisions and policy incentives pointing to the need for deeper, and more decisive action.

Some insurers have shown relatively proactive responses following their coal phase-out commitments. For instance, since 2023, Samsung Fire & Marine Insurance has provided more financing for renewable energy than for fossil fuels, while Hyundai Marine & Fire Insurance has consistently made new annual investments in renewable energy sector. However, such cases remain limited and do not reflect a broader industry wide shift.

The majority of insurers still appear not to prioritize energy transition as a core investment focus. This stagnation can be attributed to a combination of factors, including a lack of internal strategies and execution capacity within financial institutions, as well as uncertainties in the policy environment.

For insurers to establish themselves as key players in the energy transition, they will need more than short term numerical gains. What's required is a fundamental strategy backed by execution. This includes scaling up investment in renewable energy, building the institutional frameworks to support it, and sending clear policy signals on sustainable energy. Active engagement from insurers will also be essential. Only through these combined efforts can Korea's insurance industry align with global sustainable finance trends and take a leading role in driving the transition.

APPENDIX

25 Domestic Insurers' Net-Zero Target Commitments Status

27 Domestic Insurers' Fossil Fuel and Renewable Energy Investment·Insurance Status

Appendix 1

Domestic Insurers' Net-Zero Target Commitments Status

Among major domestic insurers, only three have set 2050 net-zero targets that include financed emissions. Given that over 90% of insurers' total emissions come from their financial portfolios, net-zero targets that exclude financed emissions cannot be considered valid net-zero commitments.

Table 1.

Status of Net-Zero Target Adoption by Major Domestic Insurers

Insurers	Target Set	Target Year	Inclusion of Financed Emissions	Calculation of Financed Emissions	Coverage of Insured Emissions	GHG Emission Reduction Target (%)	
						Reduction Rate by 2030 (%)	Reduction Rate by 2050 (%)
DB Insurance	×	×	×	○	×	×	×
KB Insurance	○	2050	○	○	×	Scope1: 42% Scope2: 42% Financed Emissions 33%	Scope1: 100% Scope2: 100% Financed Emissions: 100%
Seoul Guarantee Insurance•	○	2050	○	×	×	×	×
NH Nonghyup P&C Insurance	○	2050	○	○	×	Scope1: 42% Scope2: 42% Financed Emissions: 37%	Scope1: 100% Scope2: 100% Financed Emissions: 100%
Lotte Insurance	×	×	×	×	×	×	×
Samsung Fire & Marine Insurance	○	2050	○	○	×	-	Scope1: 100% Scope2: 100% Financed Emissions: 100%
Korean Reinsurance••	○	2050	×	○	×	×	×
Hanwha General Insurance	○	2050	×	○	×	Scope1: 40% Scope2: 40%	Scope1: 100% Scope2: 100%
Hyundai Marine & Fire Insurance	×	×	×	○	×	×	×
Heungkuk Fire & Marine Insurance	×	×	×	×	×	×	×

• Seoul Guarantee Insurance has incorporated financed emissions into its net-zero target. However, due to the absence of a concrete implementation plan, the company has not aligned its targets with 2030 or 2050 reduction pathways.

•• Korean Reinsurance has not included financed emissions in its net-zero target, citing low data reliability and difficulty in accurately calculating financed emissions.

Out of ten insurers, six have set net-zero targets, but only three have included financed emissions. None of the insurers were found to be calculating insured emissions.

Both financed emissions and insured emissions fall under insurers' indirect emissions, Scope 3 category. Considering that more than 90% of their total emissions come from financed emissions, the quantification and reduction of Scope 3 emissions, including financed and insurance related categories, are essential for achieving credible net-zero targets.

Nevertheless, the current net-zero strategies of domestic insurers remain highly insufficient in managing Scope 3 emissions, creating a potential gap with global standards.

In particular, the Science Based Targets initiative (SBTi), through its Financial Institution Net-Zero Standard• released in July 2025, explicitly designates insurance-related emissions as a core Scope 3 category for financial institutions and requires the adoption of science-based net-zero targets as the global benchmark.

This goes beyond simple greenhouse gas reduction and also serves as a strategic measure to protect insurers from stranded asset risks that may arise from stronger climate policies and the energy transition. For the insurance industry to position itself as a core actor in a sustainable financial ecosystem, it must establish transparent assessments of its emissions profile and set science-based reduction targets. Such measures will enable insurers to manage climate risks systematically and, over the longer term, secure both financial soundness and customer trust through credible transition strategies.

• The Science Based Targets initiative (SBTi) provides a global standard for financial institutions to set science-based targets (SBTs) and achieve net-zero emissions by 2050.

Appendix 2

Domestic Insurers' Fossil Fuel and Renewable Energy Investment · Insurance Status

(As of the End of June 2024)

Unit: KRW 100 Million

	Fossil Fuel					Renewable Energy	
	Investment				Insurance	Investment	Insurance
Insurers	Coal	Oil	Natural Gas	Total Amount	Total Amount	Total Amount	Total Amount
DB Insurance	19,377	5	6,809	26,191	330,767	6,976	-
KB Insurance	8,070	4638	2,908	15,616	201,702	6,338	36,560
NH Nonghyup P&C Insurance	5,463	387	1,711	7,561	-	191	-
Seoul Guarantee Insurance	2,300	2,150	2,600	7,050	26,913	-	43,556
Lotte Insurance	9,133	196	4,174	13,503	38,901	3,485	7,931
Samsung Fire & Marine Insurance	11,287	692	4,102	16,080	27,839	17,282	16,261
Korean Reinsurance	2,079	361	1,617	4,057	692,054	48	116,742
Hanwha General Insurance	4,466	200	599	5,265	389,166	1,452	-
Hyundai Marine & Fire Insurance	8,857	2,232	4,760	15,850	110,217	4,696	26,720
Heungkuk Fire & Marine Insurance	3,784	947	873	5,604	9,495	3,955	-

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