



TRANSACTION LIABILITY

CARBON CREDIT INSURANCE

Carbon markets are evolving rapidly — ensure your assets are secure with targeted insurance coverage. Our team of experts brokers three specialized insurance solutions to safeguard against key risks in the carbon credit value chain.

INSURANCE COVERAGE OVERVIEW

PRODUCT	COVERAGE	SUITABILITY					
		Project developers	Prepay transactions	Equity investments	Debt transactions	Pay-on-delivery offtakes	Corporate buyers
CARBON DELIVERY INSURANCE	Nondelivery	Protect revenues and cash flow	Protect prepay	Protect stream of credits			
	Loss of utility		Protect purchase rationale	Protect stream of credits		Protect offtake rationale	
	Replacement costs		Financial certainty in nondelivery	Financial certainty in nondelivery		Financial certainty in nondelivery	
	Project failure	Protect capital at risk	Protect prepay	Protect capital at risk	Reinforce cashflow profile and creditworthiness		
CARBON CANCELLATION INSURANCE	Invalidation or reversal	Protect inventory					Protect credits on balance sheet
	Loss of utility						Protect credits on balance sheet
CARBON LENDER'S NONPAYMENT INSURANCE	Non-repayment				Typically used to protect 90% of principal		

INSURANCE COVERAGE OVERVIEW

	CARBON DELIVERY INSURANCE	CARBON CANCELLATION INSURANCE	CARBON CREDIT NONPAYMENT INSURANCE
COVERAGE	Nondelivery: Provides a fixed payout for each carbon credit that is not delivered below a pre-agreed threshold. Loss of utility: Provides a fixed payout for each credit that loses CORSIA or Article 6 status.	Invalidation or reversal: Provides a fixed payout to compensate the owner of a carbon credit in the event of cancellation. Loss of utility: Provides a fixed payout if an issued carbon credit loses CORSIA or Article 6 status.	Non-repayment: Protects lender against non-repayment risk while providing capital relief under Basel regulations.
ADDITIONAL COVER OPTIONS	Replacement costs: Protects against replacement costs associated with finding units (best and cheapest replacements) on the spot market because a pre-agreed supply contract failed. Project failure: Protects the policyholder against loss of investment capital due to total project failure in the initial period when deliveries are not yet due. Borrower support: Can be used to reinforce the cashflow profile and creditworthiness of a project developer (borrower) in a debt transaction.	Replacement costs: Protects against replacement costs associated with finding units (best and cheapest replacements) on the spot market because a pay-on-delivery contract fails or credits are invalidated by the registry.	
DURATION*	3 years	Annual renewable	3 years
PRICING†	1% to 3.5% per annum	1% to 3% per annum	1.5% to 3.5% per annum

*It may be possible to obtain a “Long Term Agreement” to address longer tenor needs. Such an agreement provides indicative terms for renewal, subject to certain conditions.

†Percentage of the total insurance limit

INSURANCE COVERAGE OVERVIEW

	CARBON DELIVERY INSURANCE	CARBON CANCELLATION INSURANCE	CARBON CREDIT NONPAYMENT INSURANCE
LIMIT	\$25M per project	\$25M per project	\$25M per project
RETAINED RISK	The insured can select a threshold (up to 85%) after which nondelivery is insured. The insured retains the risk of nondelivery below the chosen threshold.		Typically 90% of principal + interest is insured.
REQUIRED INFORMATION FOR UNDERWRITING	Project details: <u>For registered projects:</u> - Project ID - Credit delivery and issuance schedule <u>For preregistration projects:</u> - Project feasibility study - Project design document - Lease agreement - Project map (shapefile) - Financial model Transaction details: - Transaction type — prepay or pay-on-delivery - Investment amount - Credit delivery schedule with quantities and month/year - Agreed price per credit - Copy of contract terms, offtake agreement, etc. - Terms relating to seniority (i.e., is buyer senior to other stakeholders or pari-passau)	Project details: - Project name/ID - Number of credits - Price per credit	Project details: - Project name/ID/PDD - Project developer overview - Credit issuance schedule - Additional documentation such as VVB reports, feasibility studies, etc. Lending agreement info: - Principal amount - Interest rate - Loan tenor - Debt repayment schedule Offtake details (cash flows to support lending): - Name - Delivery schedule - Estimated price per credit
POLICY EXCLUSIONS	- Delivery delays - Nuclear events - Project registration failure - War	- Nuclear events - War	- Illegal or fraudulent activities - Radioactive contamination, chemical, biological, biochemical, and electromagnetic weapons - Insolvency of the insured (i.e., the lender) - Noncompliance with loan documents



IN THE NEWS

CORSIA

CORSIA, which stands for Carbon Offsetting and Reduction Scheme for International Aviation, is a global initiative by the International Civil Aviation Organization (ICAO) to address CO2 emissions from international flights. CORSIA aims to achieve carbon-neutral growth in international aviation through a market-based approach whereby aircraft operators must offset emissions exceeding a particular baseline by purchasing project-based carbon credits. In 2027, CORSIA will become mandatory for all airline operators with annual emissions greater than 10,000 metric tons of CO2.

Forward-thinking companies are planning ahead, buying prepaid forward contracts for project-based carbon credits or investing in carbon credit-producing projects now. For these forward-thinking companies, and all who are involved in this rapidly expanding ecosystem, carbon credit insurance can be a game-changer.

CONTACT OUR TEAM OF EXPERTS FOR MORE INFORMATION ABOUT CARBON CREDIT INSURANCE:



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