

Carbon lender non-payment

Lenders have a unique opportunity to finance high-impact projects that can advance global decarbonisation efforts. Our carbon lender non-payment insurance safeguards loans to carbon project developers, providing protection against non-payment risk for principal and interest, while also providing capital relief under Basel regulations.



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At a glance

What is it?

Insurance for carbon project developer loans to be repaid by the sale of carbon credits. Covers non-repayment, including project performance failure.

Who is it for?

Lenders such as banks, private credit funds, carbon investors, or private equity providing loans to carbon project developers.

Why buy it?

It de-risks a lending transaction by insuring non-repayment risk for up to 100% of the loan principal and interest.

How does it work?

Typically incepts as soon as funds are released to the obligor, and it covers the value of non-repayments (principal and interest), in the event that the obligor is unable to fulfill its obligations.

Exclusions

- Illegal or fraudulent activities
- Radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons
- Insolvency of the insured
- Non-compliance with the lending agreement

Terms and limits

Policy period Up to 7 years

Limit Up to 90% principal + interest
USD20M per project.

How we underwrite

- We underwrite loans with repayments consequential on the sale of carbon credits with a maximum tenor up to 7 years
- To underwrite a deal, we require four key inputs:
 - Project details such as registry and ID
 - Financial structure of offtake
 - Debt repayment schedule
 - Obligor details and their financial history
- We are here to support quality and of all listed carbon projects globally, only a small percentage meet our quality standards
- Our selection criteria range across several factors; project quality, obligor creditworthiness, offtake structure

What this means for you

- Fast underwriting decisions and guidance pricing
- Loans for project developers
- Risk management tool that helps deploy capital towards the climate transition
- Our product creates liquidity for the best projects and benefits all market participants, helping the VCM to scale on the right basis

Buyer benefits

- Compliance with Basel regulations allows capital relief for European lenders
- Financial certainty for loans backed by a stream of carbon credits to be generated in the future
- Financial protection against delivery shortfalls
- Quality assurance with an insurance backstop