

## 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.



**Phoebe Thomas**  
Carbon Underwriter  
[pthomas@cfc.com](mailto:pthomas@cfc.com)  
+44 (0) 207 469 9336



### 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