Assessing SEA's Carbon **Credit Insurance Market:**





Market Potential and Opportunities for MSIG

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INTRODUCTION

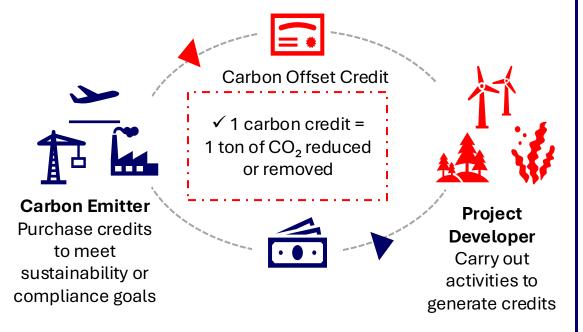


- The Paris Agreement calls for a 45% global emission reduction by 2030 to limit warming to 1.5°C. In response, countries are adopting Net-Zero Targets and Nationally Determined Contributions (NDCs)—their official climate action plans. Companies are expected to reduce emissions not only due to **national regulations**, but also **investor and consumer ESG expectations**.
- **Carbon credits** serve as a critical mechanism within the broader **climate finance ecosystem**, especially in supporting **nature**based solutions. They offer an additional and cost-effective pathway to offset residual emissions. High-quality carbon credits help direct private capital toward nature-based projects like reforestation, mangrove restoration, and soil carbon storagedeliver both environmental and community co-benefits.

PROBLEM STATEMENT

How can MSIG effectively enter the Carbon Credit Insurance market in SEA, and position itself as a leader in this new frontier?

Carbon Credit & Voluntary Carbon Market



Evolution & Importance of Insurance

- Insurance has evolved beyond traditional risk transfer.
- Facing climate change and systemic uncertainty, the industry has pioneered new tools like catastrophe
- Today, carbon credit insurance emerges as the latest innovation \rightarrow it encourages participation and enhances the credibility of carbon markets.

Mitigating project risks

By offering

- ✓ Reversal
- ✓ Policy uncertainty, etc.
- ✓ Monetary compensation ✓ Replacement credits

METHODOLOGY:

Coverage

Countries

Voluntary

Insurance

Coverage

Phase:

Risk

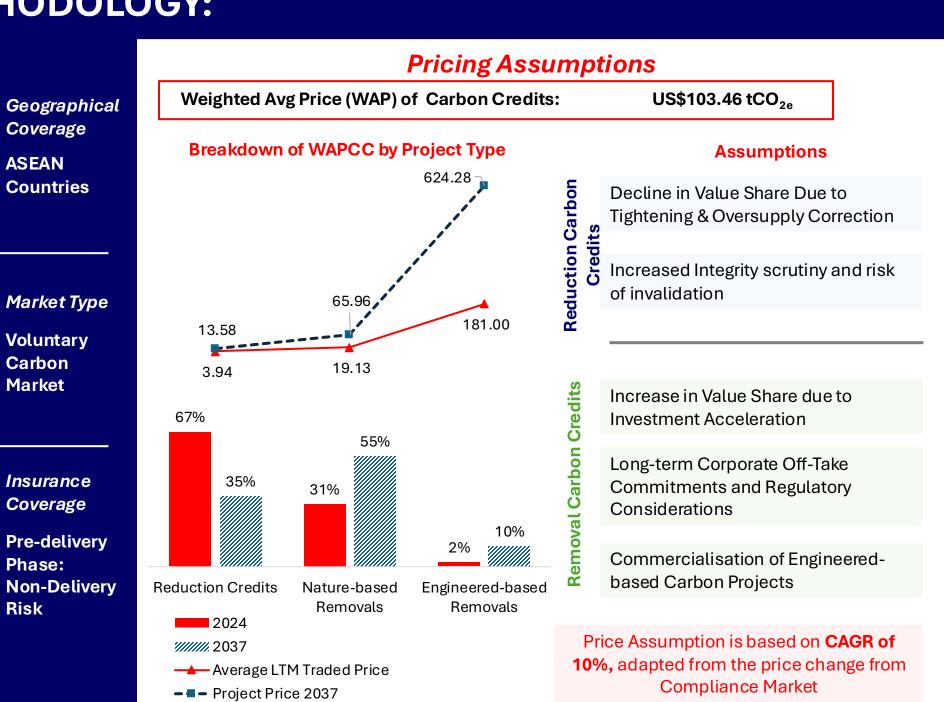
Market

ASEAN

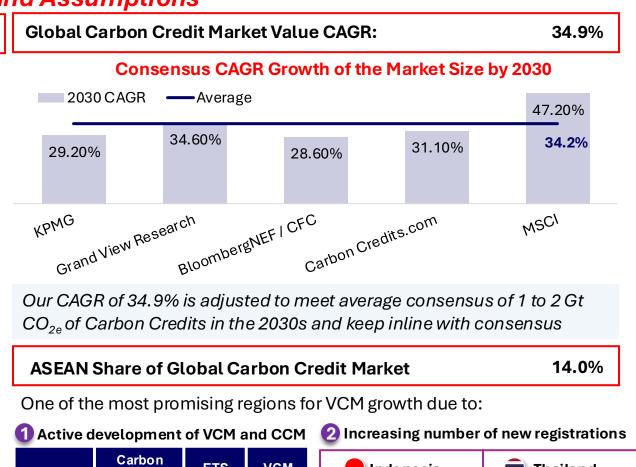
Scope

Defined M.

Assumptions for Southeast Asia's Carbon Credits Insurance Market Size by 2037



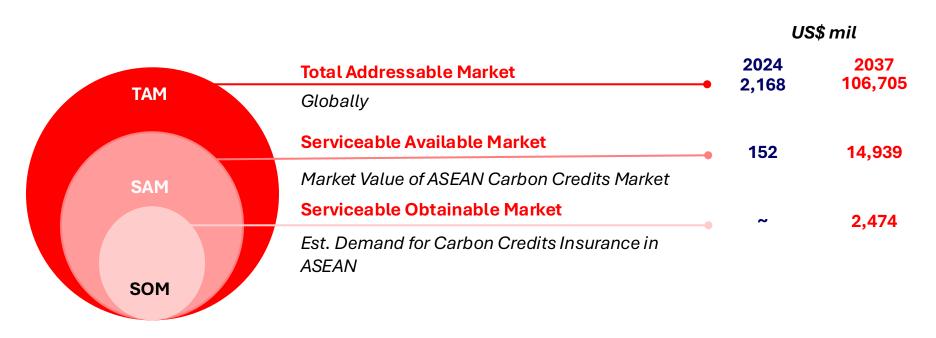
Demand Assumptions Carbon Credit Insurance Penetration in Asia: 16.6% Natural Catastrophe Insurance Coverage Ratio (CR) as proxies Current CR (%) Regions Asia 16.69% 5.40% Southeast Asia **Effects of Growth Factors on Existing Insurance CR** Use current natural catastrophe insurance coverage as proxy for carbon credit insurance market. CR is broken down into regions: 1.70% 1.50% 1.00%



	Tax	LIS	VCIVI	1 00 leit le serve en le ce				
1	2026	Trial	4	-	>300 T-VER ¹ Projects registered as of 2022			
ł	2025	2029	✓		Ü			
Г	×	2029	✓	Vietnam				
Р	×	×	~	~120 Carbon Projects re	egistered as of 2023			
}	✓	×	✓	Abundance of natural resources,				
)	✓	✓	✓	especially forestry				
	Υ H Γ IP G	2026 H 2025 T X IP X	Tax Y 2026 Trial H 2025 2029 T X 2029 P X X	Tax Y 2026 Trial H 2025 2029 T	1.28 bil Issuance by 2030 1.20 bil Issuance by 2030 Vietna ~120 Carbon Projects r			

DATA ANALYSIS & FINDINGS:

Estimated Market Size for Southeast Asia's Carbon Credit Insurance Market



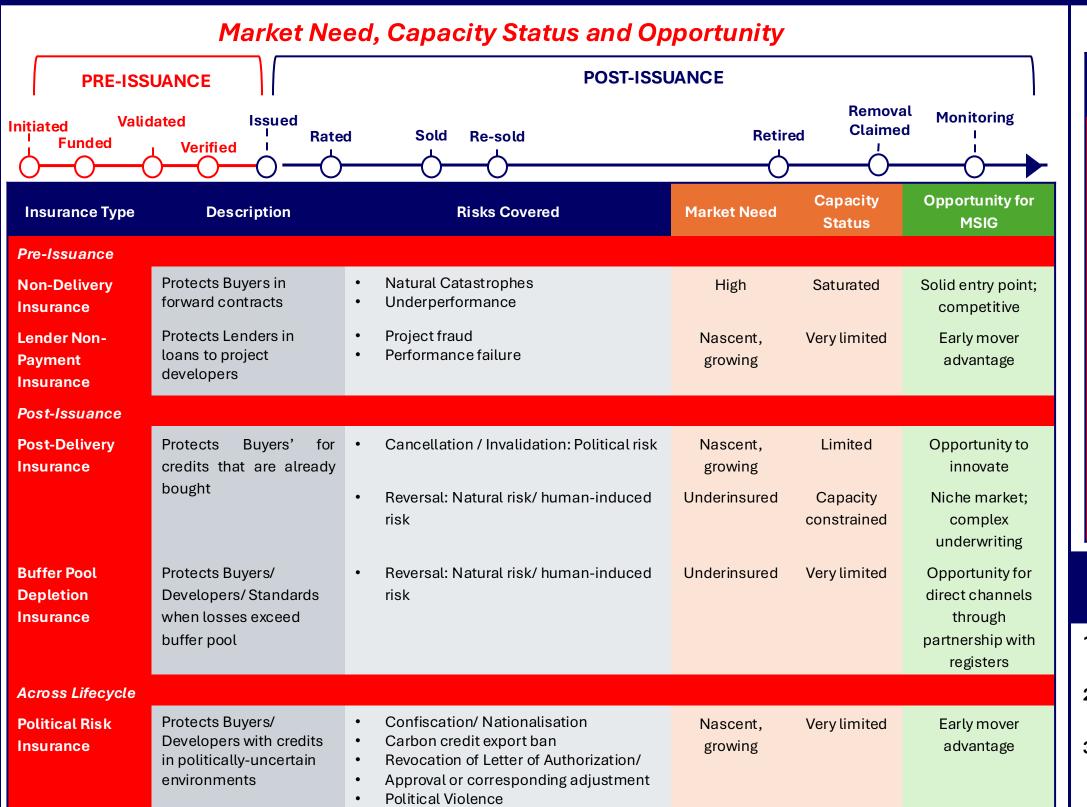
Estimated Market Size for Southeast Asia's Carbon Credits Insurance Market by 2037

Scenario Analysis based on NGFS Climate-transition Scenarios Bear

Six NFGS C	limate-transition Scenarios	Assumptions						
Scenarios	Sensitivity Secnarios	Use of carbon removal tech Low	+3.0°C	Rank		Bear	Base	Bull
					SEA Carbon Credits Insurance	11.6	16.6	21.6
Current Policies	High-Physical Risk Scenario: Slow carbon market development, low issuance growth, muted price pressure			Bear Case	Penetration Rate (%) Global Carbon Issuances CAGR (%)	5.3	10.3	15.3
	Moderate Transition Scenario:	Low- Mid	+2.3°C	Base Case	ASEAN Carbon Issuances (%)	10.0	14.0	18.0
	Governments meet announced pledges on time, healthy issuance growth, price				Price Of Carbon Credits (US\$)	53.46	103.46	153.46
	pressure picks up and corporate demand for offset hedges rises steadily				Estimated Market Size Based on Different Scenarios			
Net Zero 2050	Orderly Transition Scenario: Predictable, early policy ramp-up driving market expansion, strong price appreciation, broad corporate uptake of credit insurance to lock in supply and quality	Mid- High	+1.5 °C	Bull Case	(US\$ mil) Bear Bas 349			

DATA ANALYSIS & FINDINGS:

Market Overview & Peer Analysis



Peers' Products by Type of Insurance Type of Insurance Product Compensation Company **Buffer Pool** Lender Non-Post-Delivery Political Risk Non-Delivery **Insurers and Underwriters CFC Underwriting** Financial Tokio Marine Kiln Replacement Credits CarbonPool AG Replacement Credits Reinsurers **Swiss Re** Financial **Munich Re** Financial Replacement Credits Financial Renaissance Re Replacement Credits **Specialist Carbon Insurance/ Managing General Agent (MGAs)** Financial Replacement Credits Financial Oka nsurance Brokers Howden Lockton WTW Financial Replacement Credits

RECOMMENDATIONS

- 1. Build Internal Capacity: such as through a Carbon Risk Centre of Excellence to develop expertise in valuation, risk assessment and insurance structuring for carbon credits, and front collaborations with industry partners.
- Deepen Partnerships for Proprietary Datasets: MSIG can partner with MGAs/ brokers like Kita and WTW and registries/ standards/ exchanges to access transaction data and co-develop risk models that are suitable for MSIG's market context.
- Deepen Partnerships for Market Presence and Distribution Channels: Early engagement in shaping market standards through collaborations with regulators and standards is key in securing distribution channels. Proactively pursuing partnerships will be crucial for insurers like MSIG to establish a strong presence and capture early demand in the evolving carbon market ecosystem.

CONCLUSION, LIMITATIONS & FUTURE RESEARCH

This project was built upon limited in its ability to uncover exact insurance structures of existing products in the market. Such information is typically proprietary and was extrapolated in this project using traditional insurance structures such as non-payment insurance and through an interview with an industry representative. Building upon this project, future research may include understanding the price differential between uninsured and insured carbon credits to inform the market on the impact of insurance on the value of a credit. This research also supports further investigations into how much finance can insurance mobilise for carbon projects.