

Assessing SEA's Carbon Credit Insurance Market:

Market Potential and Opportunities for MSIG



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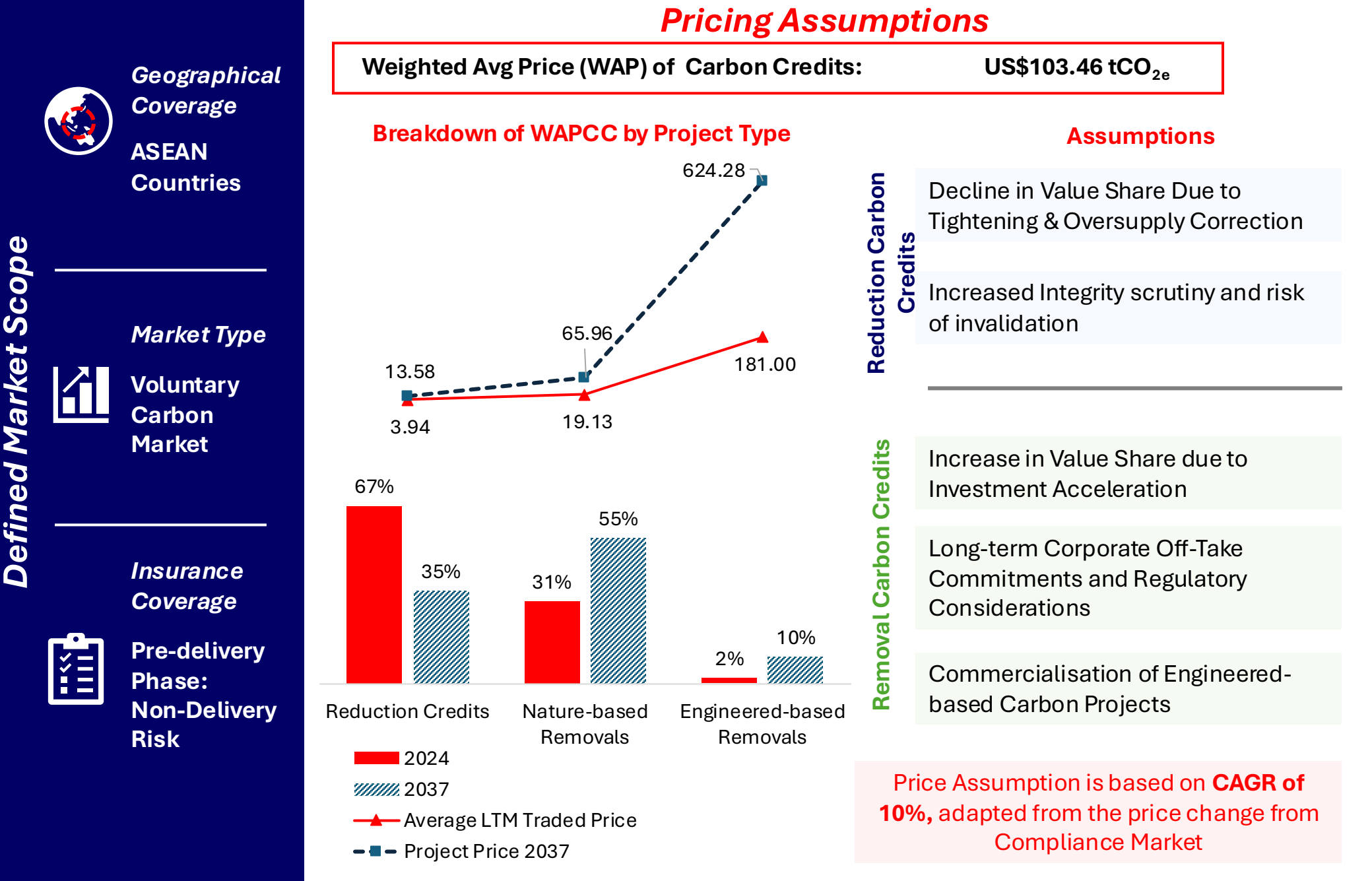
INTRODUCTION

- 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 storage—deliver both **environmental** and **community co-benefits**.

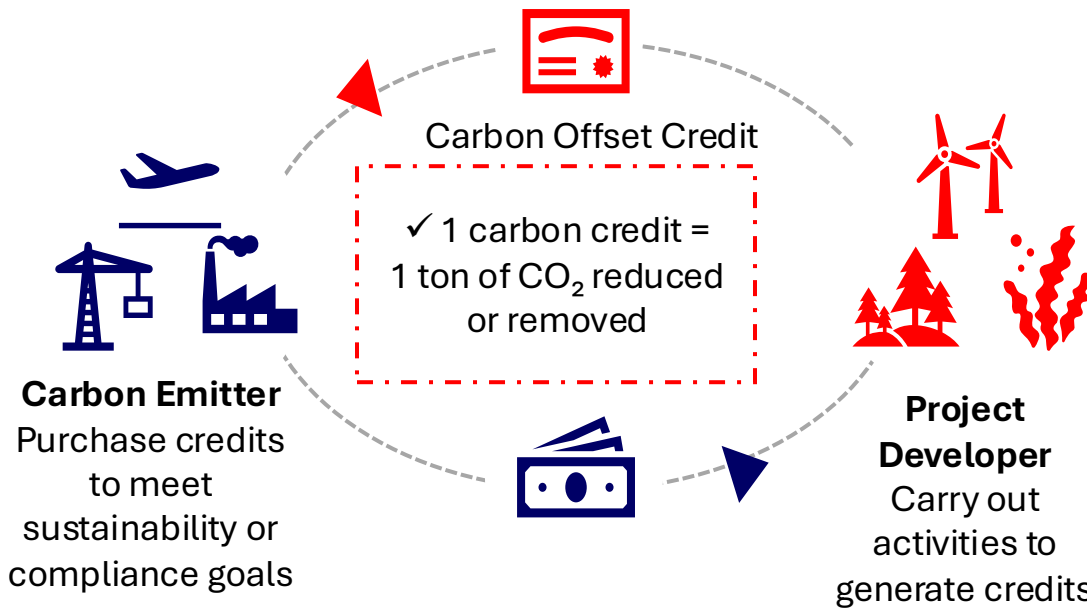
PROBLEM STATEMENT

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

METHODOLOGY:



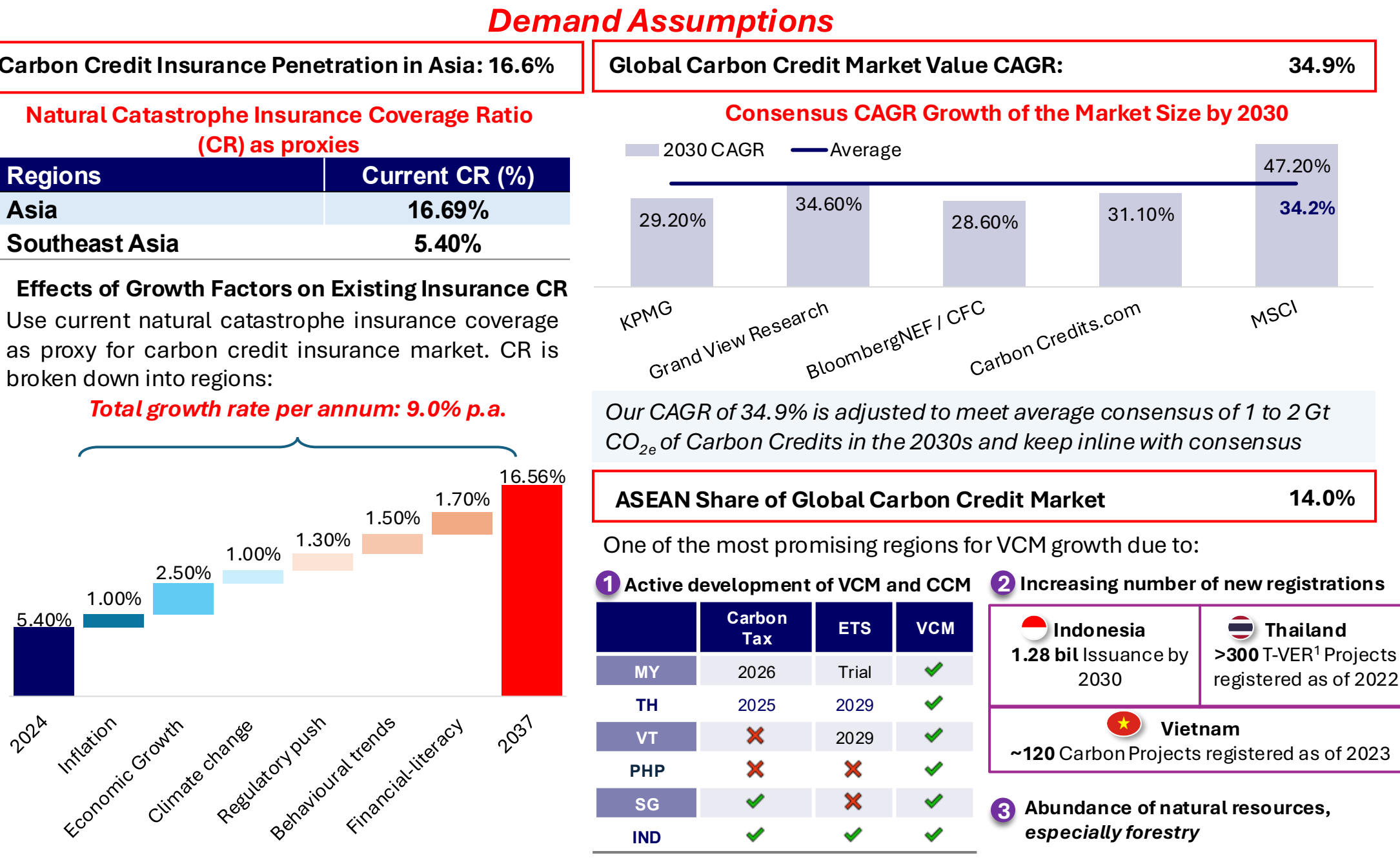
Carbon Credit & Voluntary Carbon Market



Evolution & Importance of Insurance

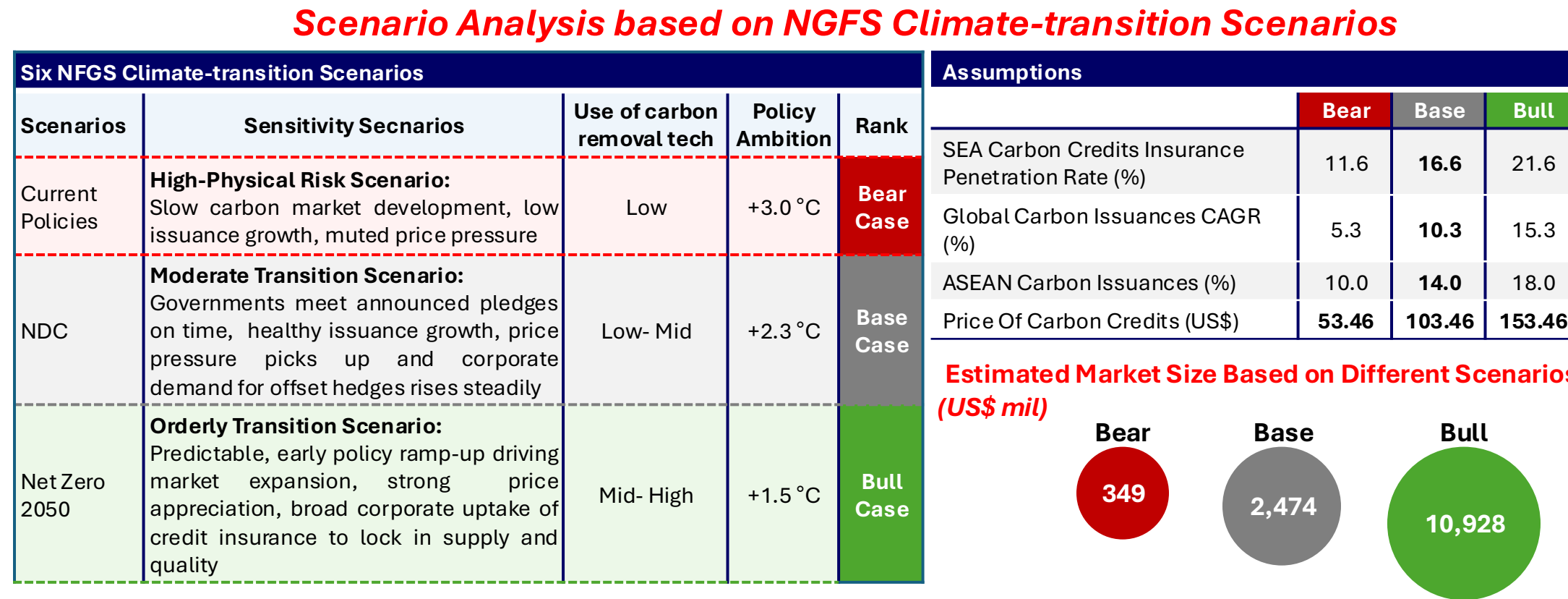
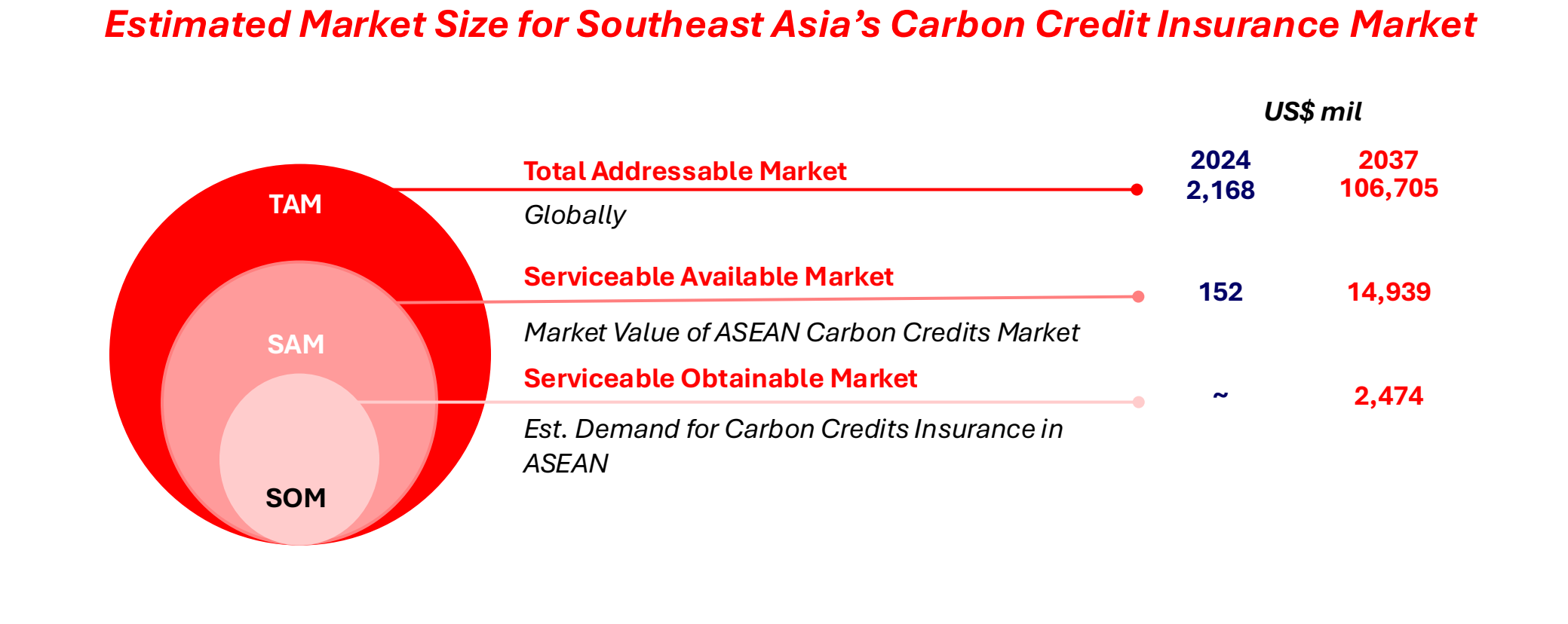
- Insurance has evolved beyond traditional risk transfer.
 - Facing climate change and systemic uncertainty, the industry has pioneered new tools like catastrophe bonds.
 - Today, carbon credit insurance emerges as the latest innovation → it encourages participation and enhances the credibility of carbon markets.
- Mitigating project risks**
- ✓ Reversal
 - ✓ Policy uncertainty, etc.
- By offering**
- ✓ Monetary compensation
 - ✓ Replacement credits

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



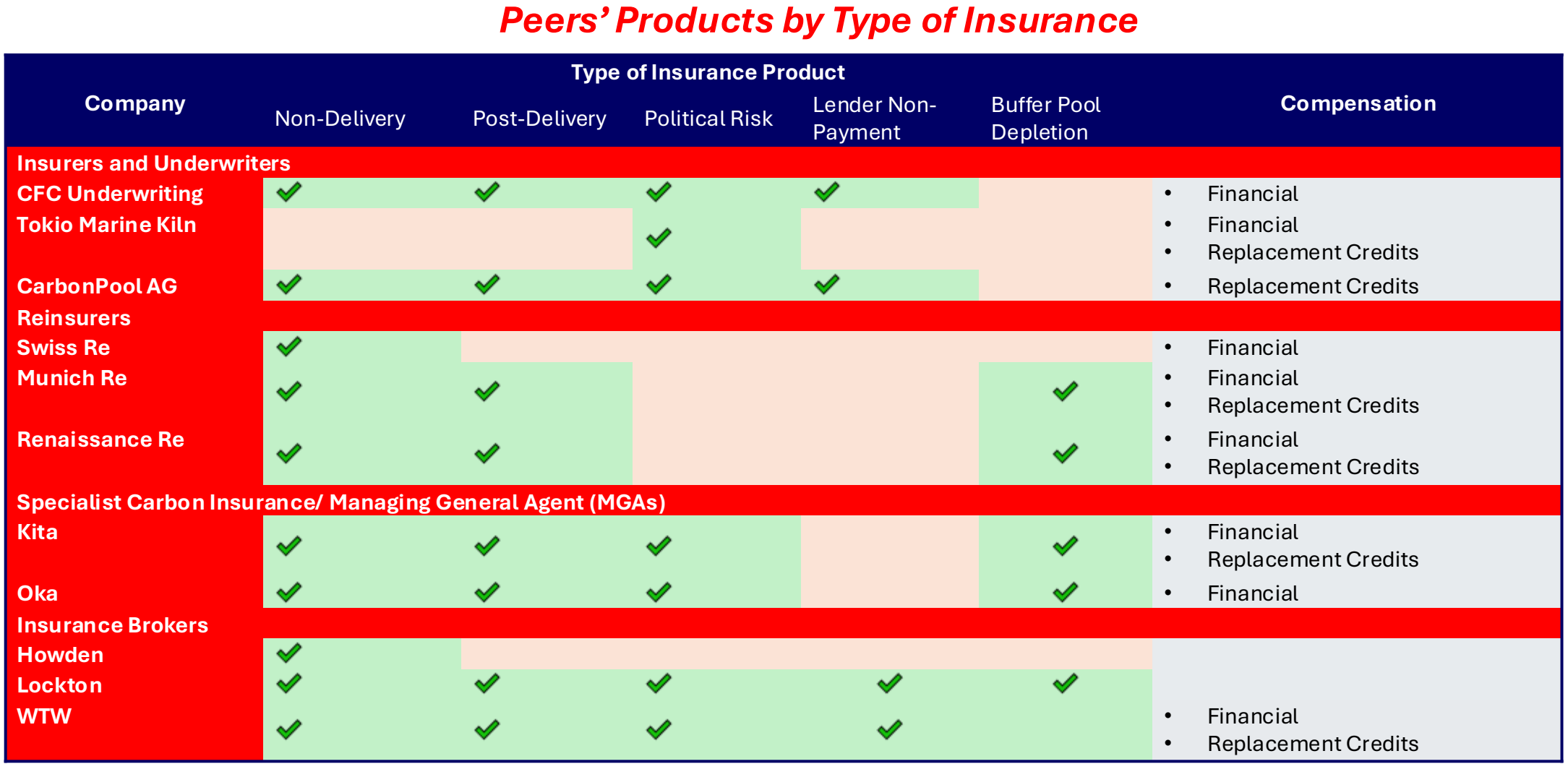
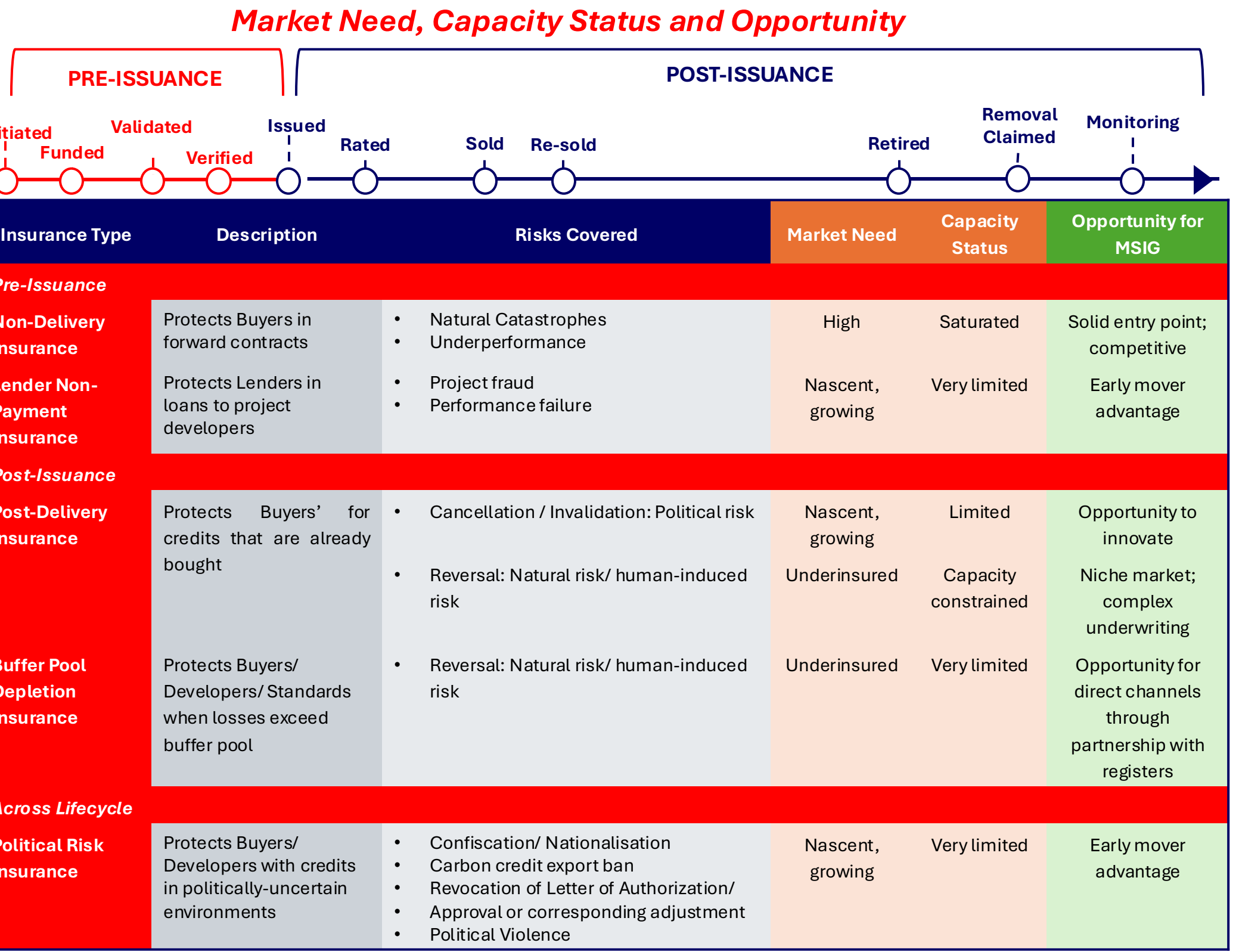
DATA ANALYSIS & FINDINGS:

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



DATA ANALYSIS & FINDINGS:

Market Overview & Peer Analysis



RECOMMENDATIONS

- 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**.

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