Howden Group Holdings
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23rd September 2025

Dear Members of the Supervisory Body,

As the leading entities within the carbon insurance sector, we are encouraged to see that insurance is acknowledged as a viable and complementary tool for managing risks under Article 6.4. The explicit reference to insurance the draft standard, particularly section 3.5.7 is a significant and positive development. It reflects a growing recognition that while traditional buffer pools may be suitable for small, attritional losses, they are structurally inadequate for addressing large-scale, catastrophic events. Insurance offers a robust, regulated, and scalable solution to this challenge.

The insurance industry brings centuries of experience and trillions of dollars in capital to the task of risk management. It is uniquely positioned to provide independent risk assessment, effective remedies for unforeseen events, and efficient risk allocation. These capabilities are essential for the credibility and scalability of carbon markets.

However, for insurance to play a meaningful role in the Article 6.4 mechanism, close collaboration is essential. Not all reversal risks are insurable - insurance is best suited to cover unavoidable, catastrophic events rather than avoidable or moral hazard-driven losses. Clear, co-developed guidelines on what constitutes acceptable insurance coverage under Article 6.4 will provide the necessary demand signal to insurers and unlock the full potential of the insurance market to support carbon credit integrity.

We urge the Supervisory Body to establish a structured forum or working group that includes representatives from the insurance industry. This group should be tasked with:

- Co-designing criteria for evaluating insurance policies used to remediate reversals.
- Reviewing real-world reversal scenarios to determine insurability and appropriate policy structures.
- Developing transparent mechanisms for tracking reversals, invalidations, and insurance responses to ensure accountability and market integrity.

Such collaboration will ensure that insurance solutions are both technically sound and commercially viable, while also enhancing the credibility of the Article 6.4 mechanism.

We also recommend that the Supervisory Body consider broader integrity risks beyond reversals, such as methodological changes, data validity, social benefits and carbon rights that may affect the validity of credits. Insurance can play a role in underwriting many aspects of risks across the carbon credit lifecycle and be used as a governance mechanism to build trust and confidence in these markets.

We appreciate the opportunity to contribute to this important dialogue and stand ready to support the Supervisory Body in developing a resilient and credible framework for carbon removals.

Yours sincerely,

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