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# Oka launches cover for compliance carbon markets

Carbon credit insurer Oka has entered the compliance carbon market with the launch of what it described as a world-first insurance solution for voluntary credits traded into compliance markets under Article 6 of the Paris Agreement.



Article 6 sets out how countries can pursue voluntary cooperation to reach their climate targets, enabling international cooperation and unlocking financial support for developing countries.

Oka's new solution was developed in collaboration with DelAgua, a project developer that secured letters of authorisation (LoAs) with the Government of Rwanda for its clean cookstove projects.

These are the first and only corresponding adjustment tagged credits on VERRA, a conditionally approved registry under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

Corresponding adjustments are a prerequisite for voluntary carbon credits used in compliance markets, including CORSIA and other emissions trading schemes.

Oka's new product, Corresponding Adjustment Protect, provides coverage to credit holders against the risk of Article 6 revocation owing to a failed corresponding adjustment by the host country.

The product is designed to catalyse developer access to CORSIA by providing required third-party guarantees for corresponding adjustments, therefore ensuring certainty for credit buyers.

The policy is underwritten via Oka's Syndicate 1922, which launched on 1 January 2024.

A loss is triggered if a host country fails to submit a corresponding adjustment as part of its annual report or biennial transparency report to the UN Framework Convention on Climate Change.

It can also be triggered if the host country revokes the LoA it has issued to the carbon developer and the voluntary carbon market registry informs the relevant account holders within the appropriate timeframe.

Exclusions include host countries that are on a sanctioned list issued by the US, UK or EU, as well as litigation costs, injunctive/equitable relief and punitive damages.

The solution also does not cover losses caused by invalidation of the credit itself by the registry, registry collapse, cyber events, nuclear events, or war, terrorism, strikes and civil riots.

Neil McDougall, co-founder and chairman of DelAgua, commented: "We continue to innovate through our partnership with Oka which brings together their insurance expertise and our carbon markets experience to develop Corresponding Adjustment Protect and allows us to offer the security buyers are seeking alongside the high integrity and impact that differentiates DelAgua's credits."

Oka founder and CEO Chris Slater added: "We're excited to be the world's first insurance provider to underwrite Corresponding Adjustment failure, the chief unaddressed risk facing buyers and sellers in the burgeoning compliance markets.

"In Corresponding Adjustment Protect, Oka alleviates due diligence on buyers and the burden of proof for developers. In so doing, we aim to accelerate confidence in and the climate impact of this promising market."

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