



| Photo source Unsplash

Innovation > Financial Services > Combatting the climate crisis with carbon insurance

COMBATTING THE CLIMATE CRISIS WITH CARBON INSURANCE



FINANCIAL SERVICES

A startup is bringing its CO2 insurance products to market in hopes of boosting investments in carbon capture

Spotted: To fight climate change, trillions of pounds of investment are needed to scale natural and technological carbon dioxide removal solutions – which include everything from planting trees to mechanically removing CO2 from the atmosphere. Indeed, between 2020 and 2022, global investment in new CO2 removal capacity came to around **\$200 million** (around €188 million). But a lack of transparency and quality metrics makes it a high-risk investment area.

Carbon insurance specialist Kita aims to reduce the risk of carbon credit transactions by offering insurance for all parties, including sellers, buyers, and intermediaries, to enable more upfront financing and encourage the flow of capital. Often, carbon credits are pre-purchased. But because carbon removal takes such a long time to come into effect, there is a reasonable chance that carbon credits bought will not deliver real carbon reductions. With Kita, if a purchased carbon removal does underperform, insurance covers the cost.

The company is about to launch its Carbon Purchase Protection Cover for carbon removal financing. This will help to scale up climate financing as it insures the buyer of forward-purchased carbon removal credits against carbon delivery risk, helping to bolster buyer trust.

Kita has now secured **£4 million** (about €4.6 million) in funding alongside existing investors Insurtech Gateway, Carbon13 and Climate VC, and new investors Chaucer Group and Hartree Partners.

Springwise has spotted other platforms hoping to broaden access to the carbon market and encourage investments in credits, including one that helps **local communities** raise money for carbon

sequestration projects, and another that provides transparent data so investors can support sustainable farmers.

Written By: Jessica Bradley

1st March 2023

Email: sales@kita.earth

Website: kita.earth

Contact: kita.earth/about

[Download PDF](#)

Takeaway:

For over a decade, the United Nations (UN) has collaborated with the insurance industry to develop best practice frameworks and guidance to put sustainability at the heart of the insurance sector – and many insurers are now working towards net zero in their business and investments. However, last year, the UN said [action taken so far is still not enough](#). Safety blankets like Kita's carbon insurance could incentivise a lot more people to explore "risky" CO2 removal investing.