

**INSURANCE**

Portugal's voluntary carbon market: new insurance

Following the establishment of the voluntary carbon market in Portugal, a new insurance has been introduced to accompany the new legislation.

Why was this introduced?

Because one of the issues at stake is the possible consequences of carbon sequestration reversals, and therefore the law needs to provide mechanisms to manage this risk.

For details of the Decree-Law establishing the new voluntary carbon market in Portugal, [see the Informative Notes](#) prepared by PLMJ's Energy Team.

Purpose of the insurance:

- To cover possible situations of reversal of sequestered emissions
- To replace or supplement the guarantee pool

What is the guarantee pool?

A portfolio consisting of a portion of the carbon credits generated by projects that are used to offset unintentional emissions reversals.

Other notes:

It is the promoter who chooses the desired option when registering the project: insurance, the guarantee pool or both, with the guarantee pool acting as a complement to the insurance in the latter case.

Other details of the insurance, such as minimum capital and conditions, will be determined by order of the members of the government responsible for finance, the environment and climate action. ■

João Marques
Mendes

Raquel Freitas
Public Law team

Joaquim
Shearman
de Macedo

Margarida Ferraz
de Oliveira
Insurance team