Team ID: U36

Carbon Shift

Team Member Name	Year	Major
Hiro Matsumoto	Senior	Finance/International Business
Luc Boulier Santelices	Junior	Finance/International Business
Jun Won	Senior	Management/International Business

Advisors: Zolboo Dashmyagmar, Markus Vodosek
Topic Title: Effectively regulating the use of carbon credits through private markets
Audience: Managers responsible for ESG initiatives & Board of Directors at Chubb

Sustainable Development Goal

SDG #12: Ensure sustainable consumption and production patterns
SDG #13 Take urgent action to combat climate change and its impacts

Executive Summary

Based on the 2023 Climate-Related Financial Disclosure, Chubb faces a significant ethical dilemma due to its practices within the carbon offsetting market. Carbon credits emerged as the *deus ex machina* for corporations pressured to demonstrate sustainability and claim "carbon neutrality." However, commoditizing the right to emit carbon dioxide has been ethically problematic from its inception, with growing public awareness prompting severe backlash against companies – evident through recent lawsuits involving Delta Air Lines, CQC, Santos Ltd, and KLM. As external consultants at Carbon Shift, our objective is to address these ethical issues proactively, helping companies avoid litigation and ensuring their environmental claims match their actions.

Under our thorough analysis, we find serious concerns with Chubb's practices within carbon offsetting. As a global leader in insurance and underwriting, Chubb possesses substantial influence over environmental practices through its underwriting criteria. Chubb recently established Chubb Climate+, yet by insuring carbon offset projects without clear risk assessments, transparency standards, or protections against greenwashing, it exposes itself and clients to substantial financial, legal, and reputational risks. The voluntary carbon market remains unregulated and inconsistent, with numerous documented failures in project effectiveness. Unlike international competitors such as SCOR and Zurich, Chubb lacks a structured framework for assessing project quality, permanence, and legitimacy. Furthermore, Chubb continues to underwrite new oil and gas expansion projects, directly conflicting with its stated net-zero goals.

We recommend Chubb immediately implement robust risk assessment protocols, enhanced transparency standards, and stringent anti-greenwashing guidelines for underwriting carbon offset projects. Additionally, Chubb must align its underwriting practices with its climate objectives by phasing out fossil fuel expansion underwriting. Without these decisive actions, Chubb risks losing investor confidence, regulatory scrutiny, and long-term competitiveness in an increasingly climate-accountable financial market.