Prospects For the Development
Of Green Insurance – Opportunities and Limitations*

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Abstract

The insurance market plays an important role in mitigating the negative consequences of climate change. With the right insurance, buyers have the opportunity to redistribute risk and maintain financial stability. Increasing exposure to climate change risks requires continuous adaptation and implementation of insurance policies tailored to the specific characteristics of each region exposed to risk. Economic losses caused by disasters in 2024 amounted to USD 318 billion, of which 57% was uninsured (Swiss Re 2025). Insurers are responding to the global challenge of climate change by introducing green insurance policies that aim to promote sustainable projects around the world. These insurance policies offer financial protection and coverage for initiatives related to renewable energy, energy efficiency, and other sustainable ventures. In addition, they encourage investment in these projects by offering lower premiums or other financial benefits. Over the past fifteen years (2010–2025), insurance companies have introduced many new products and services to encourage environmentally friendly investments. The global green insurance market, estimated at $4.39 billion in 2024, is expected to grow to $17.91 billion by 2033, with a compound annual growth rate (CAGR) of 15.6% during the forecast period.

The aim of this article is to highlight the growth potential of the green insurance market in light of its opportunities and limitations. The article is based on a critical analysis of the literature, international reports, and an analysis of the insurance market in terms of available insurance products and challenges.

Keywords: insurance market, green insurance, risk