

The insurance policy document provides a detailed overview of underwriting guidelines and risk management for Renewable Energy Technologies (RET), including wind, hydro, solar, and biomass projects. It emphasizes that RET insurance adheres to traditional insurance structures, necessitating clear underwriting philosophies, reliable pricing mechanisms, and stable guidelines. Coverage options encompass property, engineering, marine, energy, and liability insurance, with additional provisions for political and weather-related risks, including weather derivatives to hedge against adverse conditions affecting installations. The underwriting process is primarily case-by-case due to the novelty of these technologies and the limited actuarial data available, requiring insurers to assess risks diligently while balancing risk appetite and managing the insurance cycle.

Key insurance offerings for RET installations include Physical Damage/Operating All Risks, Construction All Risks (CAR), Erection All Risks (EAR), Advance Loss of Profit/Delay in Start-Up (ALOP/DSU), Contractors Plant and Equipment (CPE), Machinery Breakdown (MB), and Business Interruption (BI). Each type of coverage has specific insured parties and exclusions, such as war, political perils, and pollution. The document highlights the importance of accurate disclosures in the insurance application process, noting that misrepresentation can lead to policy cancellation or nullification of coverage.

The underwriting guidelines also address the unique risks associated with renewable energy projects, particularly for wind energy, where technical perils can arise during construction and commissioning phases. The rapid technology replacement cycle complicates risk assessments, and local economic conditions significantly influence loss exposure. The regulatory environment can impact RETs, with government actions favoring specific technologies and restrictions on foreign market access, necessitating reliance on local insurers. Natural catastrophe hazards are increasingly concerning, as extreme weather events can lead to significant losses, emphasizing the need for accumulation control.

For biomass projects, challenges include securing a stable fuel supply and addressing health and environmental liabilities. Business Interruption coverage is particularly difficult to obtain due to lengthy reinstatement periods, and strict safety protocols are required for biogas facilities. The document underscores the necessity of comprehensive risk analysis, accurate information, and adherence to safety measures in the underwriting process, particularly for large-scale wind projects and other RET installations.

Overall, the policy outlines the complexities of insuring renewable energy technologies, highlighting the need for tailored approaches to address the unique risks and challenges associated with each sector. It emphasizes the importance of understanding market mechanisms, applying sensible pricing, and navigating the evolving landscape of renewable energy insurance.