

June 2023

# State of the Market Renewable Energy Insurance





## EXECUTIVE SUMMARY

2022 was shaped by a wave of unpredictable events that have become the new normal in recent memory. Hot off the heels of a year characterized by geopolitical unrest, supply chain issues, inflation, natural disasters, material shortages, and overall economic uncertainty, 2023 is showing no signs thus far that these persistent issues are likely to abate. For both the energy and insurance industries, this combination of variables is a source of predicament.

Rising costs and project delays driven by the Ukraine conflict, supply chain disruption, natural disasters, trade policy, labor shortages, and global inflation are challenges that will likely continue to impact renewable energy companies. Additionally, the technology needed to support a transition to more sustainable energy sources comes with significant risks. For starters, supply chain snags hamper manufacturers' ability to meet the renewable energy sector's technology needs. Other risks include the combustibility of energy storage technologies and cyberthreats against renewable energy infrastructure.

Just as the renewable energy sector is having to manage a slew of unfavorable conditions, so too are primary and secondary insurers. Because of sustained negative underwriting results across many lines of coverage, the insurance market has hardened.

This means premiums are higher, carrier capacity is diminished, and underwriting scrutiny is heightened. Unfortunately, the hardened insurance cycle is likely to persist in the foreseeable future.

Yet in spite of this turbulence, the renewable energy market remains resilient and is poised to capitalize on key areas of opportunities. Renewable energy is seeing a tidal wave of capital investment, as well as favorable legislation and policies, including tax incentives, meant to spur the growth of clean energy.

From an insurance and risk management perspective, the renewable energy industry is intricate and accommodated by a complex overlay of insurance products. With areas of opportunity hampered by layers of risk, renewable energy companies need to protect their operations, investments, and assets with the proper insurance coverage, loss prevention controls, and risk management strategies.

As the renewable energy sector confronts global disruptors, working with an experienced advisor can help organizations address the challenges they face and obtain critical financial protection for their business operations so that they're able to focus on investing in growth.



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# INDUSTRY CHALLENGES

As of Q2 2023, there are significant tailwinds—including growing demand, attractive incentives, and significant investments—pushing the renewable energy industry toward immense growth. In the face of so much promise and optimism, the shadow of all too familiar headwinds looms over the renewable energy market, as detailed below. Because these challenges threaten to hamper growth, the industry needs to plan for the unplanned for yet another year.

Though the insurance market continues to be challenging for buyers, the complex and dynamic nature of the renewables industry underscores the importance of building risk management and resiliency strategies that protect companies’ prospects of long-term success.

Different year, similar challenges: for renewable energy companies, these constraints and risks are becoming all too familiar as they carry over from year to year.

## Ukraine conflict

Though the conflict in the Ukraine has accelerated demand for renewable energy, the war has had a far-reaching ripple effect on the global economy, with its full impact yet to be determined. The Russia-Ukraine war has further strained global supply chains and fueled dramatic cost increases, pushing up inflation.

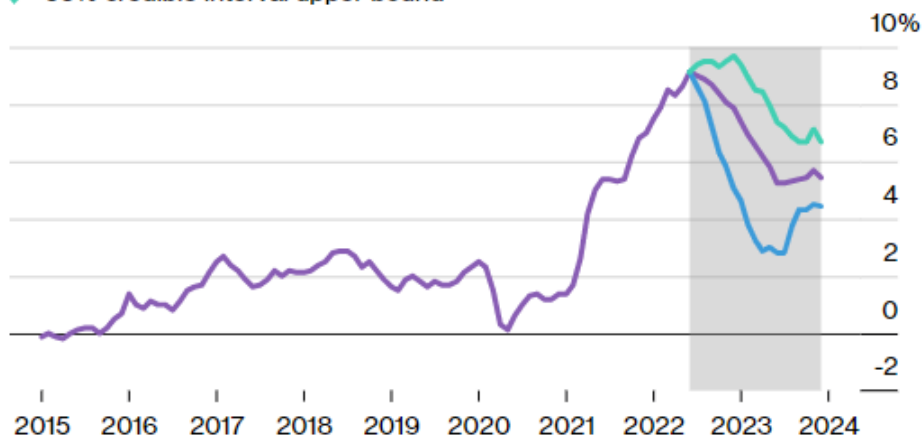
## Inflation

Throughout 2022, inflation continued to climb. In the U.S., inflation reached a peak of 9.1% in June<sup>1</sup>, and closed out at about 7% in December. Inflation drives up operational costs and the pricing of raw materials for companies. In addition to these issues, it drives up the cost of rebuilding after a loss, which makes it difficult to properly value assets for insurance purposes.

### U.S. Inflation to Stay Well Above Fed’s Target

Model assigns zero probability to a drop below 4% in 2023

- Inflation rate and mean forecast
- 95% credible interval lower bound
- 95% credible interval upper bound

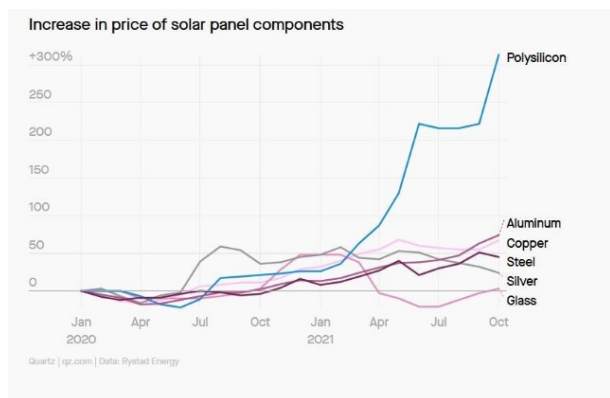


Source: Bureau of Labor Statistics, Bloomberg Economics

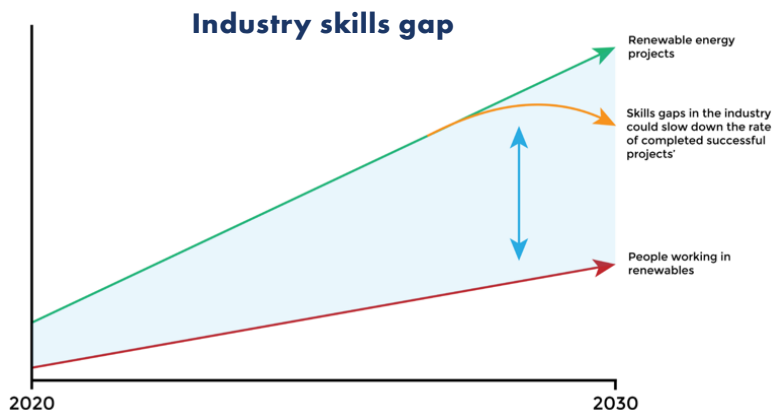
Graph Source<sup>2</sup>

## Supply chain bottlenecks

Constraints and interconnection bottlenecks have caused manufacturers to struggle to meet demand for renewable energy components. Several factors have contributed to persistent supply chain issues, including labor shortages in key industries such as manufacturing and transportation. Additionally, the raw materials required to build renewable energy components are in short supply. Some of these materials include various types of silicon, glass, and steel used in solar panel production, and also metals like lithium, copper, and aluminum used to make batteries. With raw materials that are essential to renewable energy projects only being available in a few countries and produced by a small amount of companies, this only increases the risk of supply chain disruption due to political instability, regulatory changes, and trade restrictions. Not only do labor and material shortages cause project delays, they also lead to significant cost increases which eat away at profit margins.



Graph Source<sup>3</sup>



Graph Source<sup>5</sup>

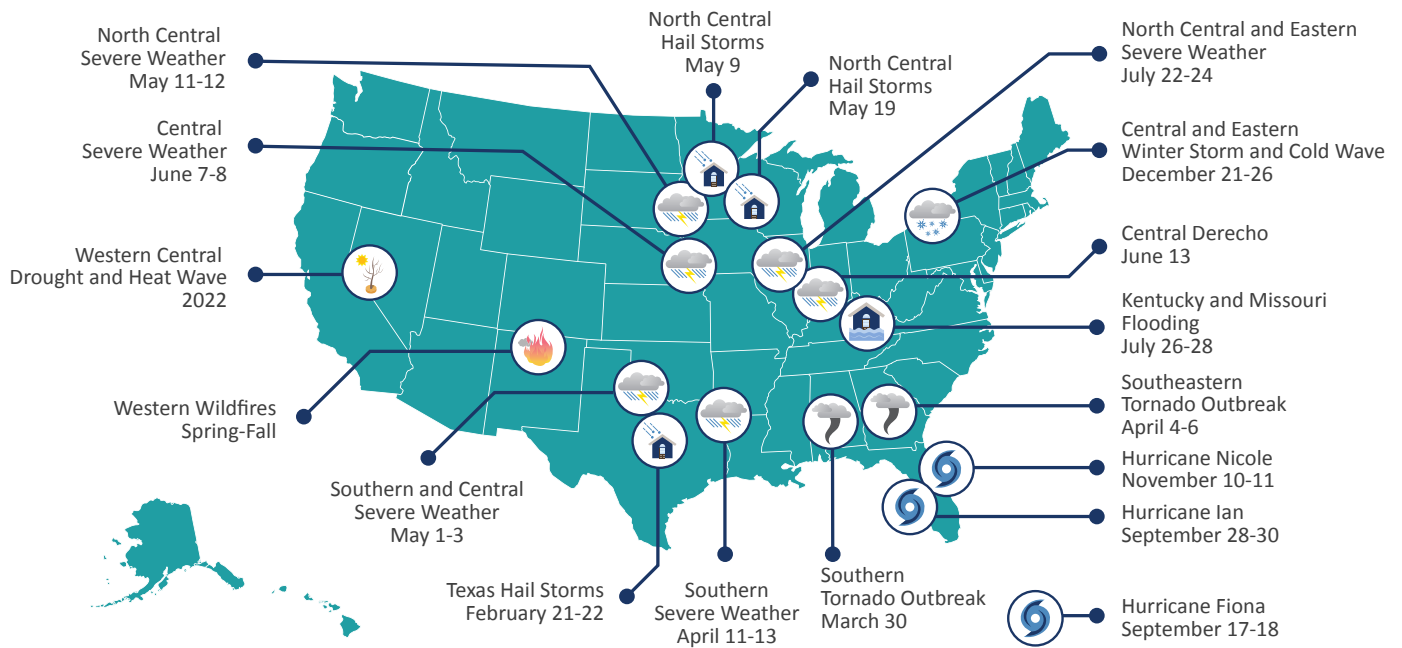
## Shortage of skilled workers

Labor shortages stand in the way of the clean energy transition. For years, the renewable energy industry has experienced difficulties in finding, training, and retaining skilled workers. Renewable energy companies have struggled to keep up with wage demands and negative cultural perceptions about skilled labor. A shortage of skilled workers in the renewable energy industry means that these companies struggle to meet the demand for their products. Labor shortages can also lead to business continuity issues.

Additionally, the renewable energy industry has also had to compete with companies across industries for in-demand skilled workers such as construction workers, manufacturing workers, and engineers who can build wind or solar farms and make batteries. As of February 2023, the U.S. Bureau of Labor Statistics estimates that the U.S. construction industry was short 412,000 workers while the manufacturing sector was short 694,000<sup>4</sup>. Once these workers do enter the renewable energy industry, building the necessary skillset to perform on the job duties requires time and resources. A less skilled workforce is more likely to experience injuries on the job, which leads to more workers' compensation claims.



## U.S. 2022 Billion-Dollar Weather and Climate Disasters



*This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.*

*Image Source<sup>8</sup>*

### Natural disasters

2022 was yet another year plagued by extreme weather events, with 18 climate disaster events surpassing the \$1 billion mark in damages<sup>6</sup> in the United States alone, amounting to \$165 billion in insured and uninsured losses. With solar and wind operations requiring a lot of open space that's often within the path of natural disasters, weather events are one of the greatest risks for renewable energy operations.

For example, companies with solar installations in Texas experienced great losses in 2022 as a result of severe hailstorms. U.S. renewable energy insurers are expected to pay out over \$300 million in claims<sup>7</sup> as a result of hail damage from these storms. With extreme weather events becoming the new normal, the renewable energy industry needs to continue to innovate and build energy equipment that can withstand climate risks.

## Land use

With growing demand for renewable energy, companies need to find wide swaths of land on which they can operate. In addition to natural disaster exposures, renewable energy infrastructure by itself creates new risks. For example, solar installations in dryer climates can create humid microclimates beneath solar panels. These conditions promote the growth of vegetation, which is wildfire fuel. This type of exposure poses a risk to the asset itself and to the public.

## Energy storage

Power generation by renewable energy is increasingly paired with battery storage systems. Because these systems can combust, they pose a range of risks—to property, transportation, supply chains, and public safety.

## Cybersecurity threats

As the renewable energy industry continues to mature, it is increasingly the target of cyberattacks. Critical business operations increasingly depend on sophisticated, cloud-connected systems, which in turn can create cybersecurity vulnerabilities that pose significant monetary and reputational risks. The average cost of a data breach is expected to exceed \$5 million in 2023<sup>9</sup>. Cyber exposure is amplified when IT systems are accessed by vendors and suppliers. Additionally, geopolitical conflicts increase the likelihood of cyberattacks, with state-sponsored malicious actors zeroing in on critical infrastructure in their exploits.

## Financing risks

Because there are a lot of incentives and cash flowing into the renewable energy industry, many investors are flocking to this space. Given that renewable energy projects are large and complex, spanning multiyear timelines, the likelihood of encountering delays and unexpected risks is high. Inexperienced investors who act first and ask questions later, without consulting financial and risk management experts, may fall victim to these risks and ultimately jeopardize project success. Risk management and insurance need to be a part of every stage of a project's lifecycle in order to identify and remediate issues before they become costly mistakes.

## Regulatory compliance

The regulatory landscape is always shifting, and it is up to renewable energy companies to stay abreast of these changes to remain compliant. Failure to meet regulations can make companies susceptible to numerous risks, such as fines, permitting delays, potential lawsuits, or the elimination of tax credits.

## Evolving insurance capacity and pricing trends

The cost of a properly aligned risk mitigation and insurance portfolio can add up quickly. With the pricing of insurance growing and carrier capacity diminishing, managing the cost of insurance has proven to be challenging for renewable energy companies.

## KEY AREAS OF OPPORTUNITY

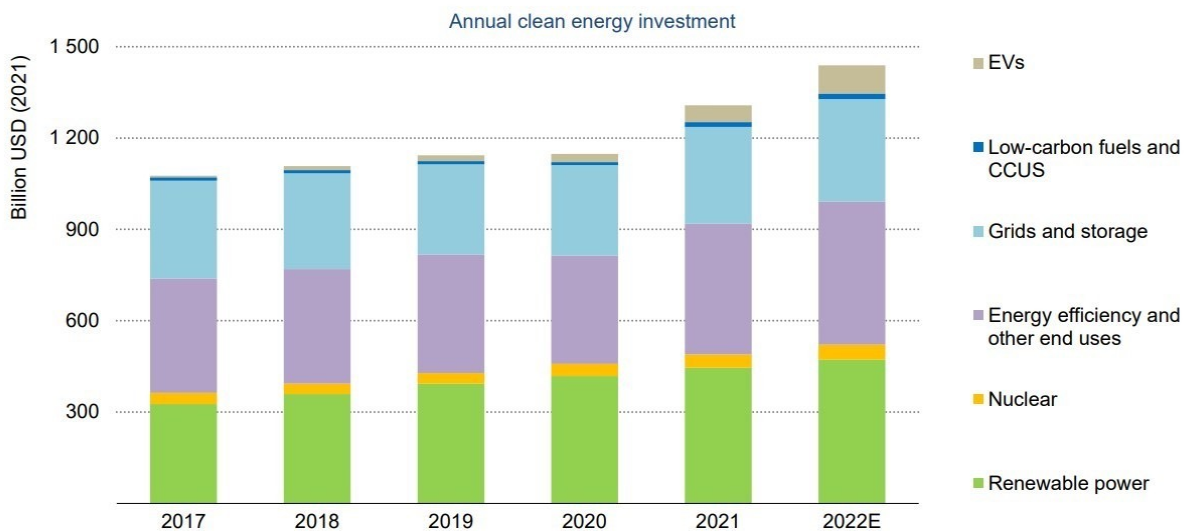
Despite the significant headwinds that the renewable energy industry faces, exciting areas of opportunity have the potential to propel a period of high growth and profits.

### Strong demand for renewable energy

Several forces are accelerating the transition to and feeding the demand for renewable energy. The impacts of climate change, the rising cost of fossil fuels due to geopolitical unrest, and the economic opportunity of emerging renewable energy markets are propelling investments in the industry. Regulatory, societal, and investment pressures are also driving demand for renewable energy, as pockets of the public seek divestiture from oil and gas, and global businesses commit to decarbonization and clean energy.

### Considerable investments

Given that the growing demand for renewable energy presents great economic opportunity, private investment in the industry has skyrocketed, with over \$10 billion in funds devoted to renewable energy in 2022<sup>10</sup> (an all-time high). Wind and solar projects have received the greatest amount of investment funds, with investors demonstrating growing interest in energy storage and offshore wind.



Graph Source<sup>11</sup>

IEA. All rights reserved.

### Federal clean energy policies

In 2022, President Biden signed the Inflation Reduction Act (IRA), the largest ever U.S. investment in clean energy. The bill includes about \$369 billion in investments and tax credits<sup>12</sup> for clean energy and extends wind and solar tax credits for projects that begin construction before 2025. Additionally, in 2021, President Biden signed the Infrastructure Investment and Jobs Act, which earmarks \$65 billion<sup>13</sup> for investments in renewable energy.

### State-level clean energy policies

State policies complement federal policies in boosting renewable energy production. Twenty-two states in the U.S.<sup>14</sup>, plus the District of Columbia and Puerto Rico, are targeting 100% renewable energy or 100% carbon-free electricity with target dates between 2040 and 2050.



## Skilled worker recruitment and retention

Though the shortage of skilled workers in the industry is a complex issue with no simple solution, renewable energy companies can take steps to address this problem. For example, renewable energy companies have an opportunity to leverage social media and an online presence to attract younger workers, in addition to partnering with high schools, local colleges, and trade schools to attract new workers. Companies also have an opportunity to gear recruitment efforts toward oil and gas workers interested in changing industries who likely have many transferrable skills. Though it might be challenging to offer competitive wages in light of high operational costs, think about the viability of business operations without the right workforce to support them, in addition to the true cost of employee turnover. Offering the right benefits matters more in a competitive labor market. To manage the cost of benefits, explore plan design options that can result in cost savings.

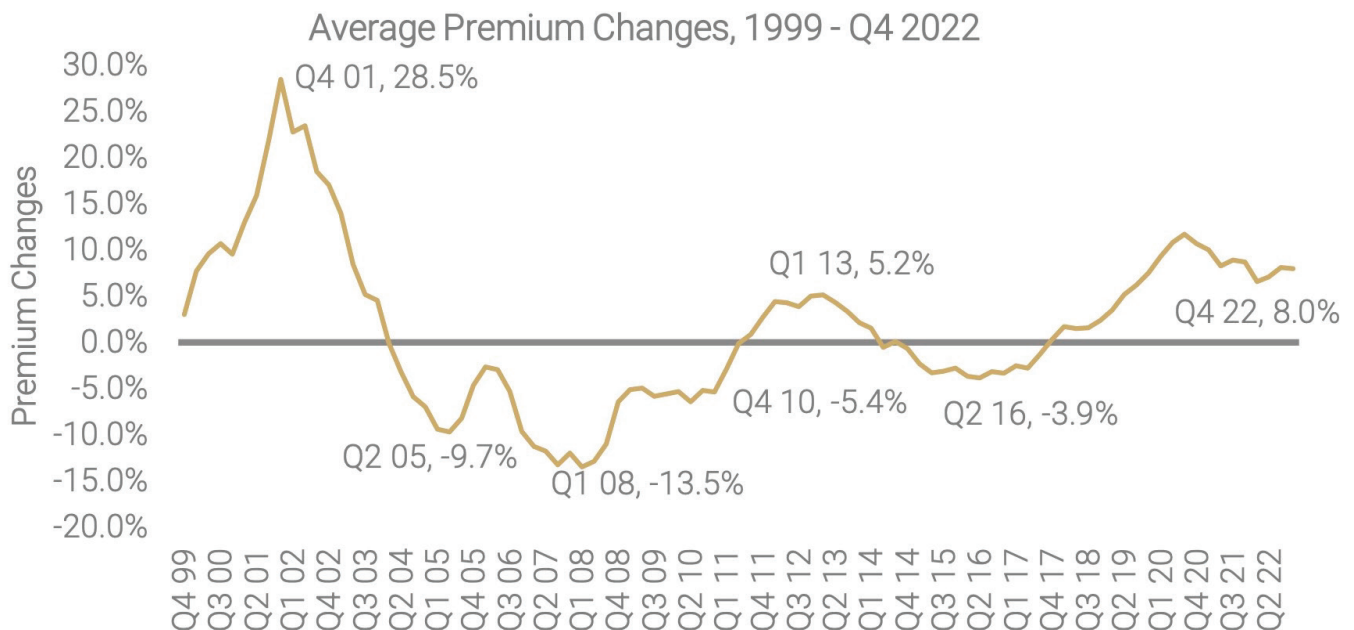
## INSURANCE MARKET OUTLOOK

### Primary Insurance Market Capacity

The renewable energy industry is growing quickly, and insurers are scrambling to increase capacity to capture the momentum in the sector. The hope is that growth in renewable energy will fuel growth for the energy insurance business as a whole, especially with many insurers indicating that they plan to divest from coal projects. From 2017 to 2022, 41 primary and secondary insurers have withdrawn or reduced coverage for coal projects<sup>15</sup>. To sustain revenue streams, most of these carriers are transitioning from underwriting fossil fuels to renewable energy.

However, any hopes of sustainable growth are tempered by the inherent risks of renewable energy projects. For one, the losses in the renewable energy industry tend to be great because of the scale and complexity of the technology on which companies rely. Additionally, assets tend to be exposed to natural disaster risks. Only time will tell if insurers that work with renewable energy companies will be able to maintain healthy loss ratios.

It is also important to note that just as insureds are having to grapple with growing operational costs and risks in the face of unpredictable global events, so too are insurance companies. Continuous negative underwriting results have caused the property and casualty (P&C) market to harden, which means premiums are higher, carrier capacity is diminished, and underwriting scrutiny is heightened.



Graph Source<sup>16</sup>

## WHY THE P&C MARKET HAS HARDENED

**Economic pressures**, such as inflation and the threat of recession, make it difficult for insurers to maintain pricing and keep pace with unpredictable loss patterns. In a high inflationary environment, loss expenses increase, which can result in higher loss ratios for insurers. Furthermore, insurance companies are as susceptible as all businesses to the threat of a recession, which economic experts fear is on the horizon due to rising interest rates, sustained labor challenges, and reduced economic activity.

**Supply chain disruptions** brought on by increased demand and slowed production during the COVID-19 pandemic continue and are exacerbated by labor shortages and geopolitical conflict. Supply chain issues have led to a shortage of raw materials. This creates construction project delays, drives up rebuilding costs, and increases losses for insurers.

**Persistent labor shortages** and an aging workforce in key industries, including construction, manufacturing, and transportation, worsen supply chain issues. Labor shortages in the construction industry means that there are fewer available workers to meet labor demands in regions that experience severe losses due to extreme weather events. To attract and retain talent, employers are raising wages, which is another factor contributing to growing construction costs. Insurers are struggling to adapt risk models to account for growing wages in this sector.

**Geopolitical unrest** has had far reaching consequences, particularly the Russia-Ukraine conflict. This war has further hampered an already strained supply chain. Additionally, international conflicts also heighten cybersecurity concerns for businesses and threaten a cyber insurance market with limited capacity.

**Extreme weather events** are reshaping the world as we know it. Because insurance companies look to past events when calculating risk and pricing coverage, they are struggling to keep up with the impact of unpredictable weather events. The insurance industry has yet to adapt underwriting strategies and climate models to the new era of extreme weather events. Recurring natural disasters amount to an increased severity in insurance claims, and when insurers experience year after year of high loss patterns, this threatens their ability to remain solvent.

## Nat cat loss events 2022

Natural catastrophes caused overall losses of \$270B worldwide

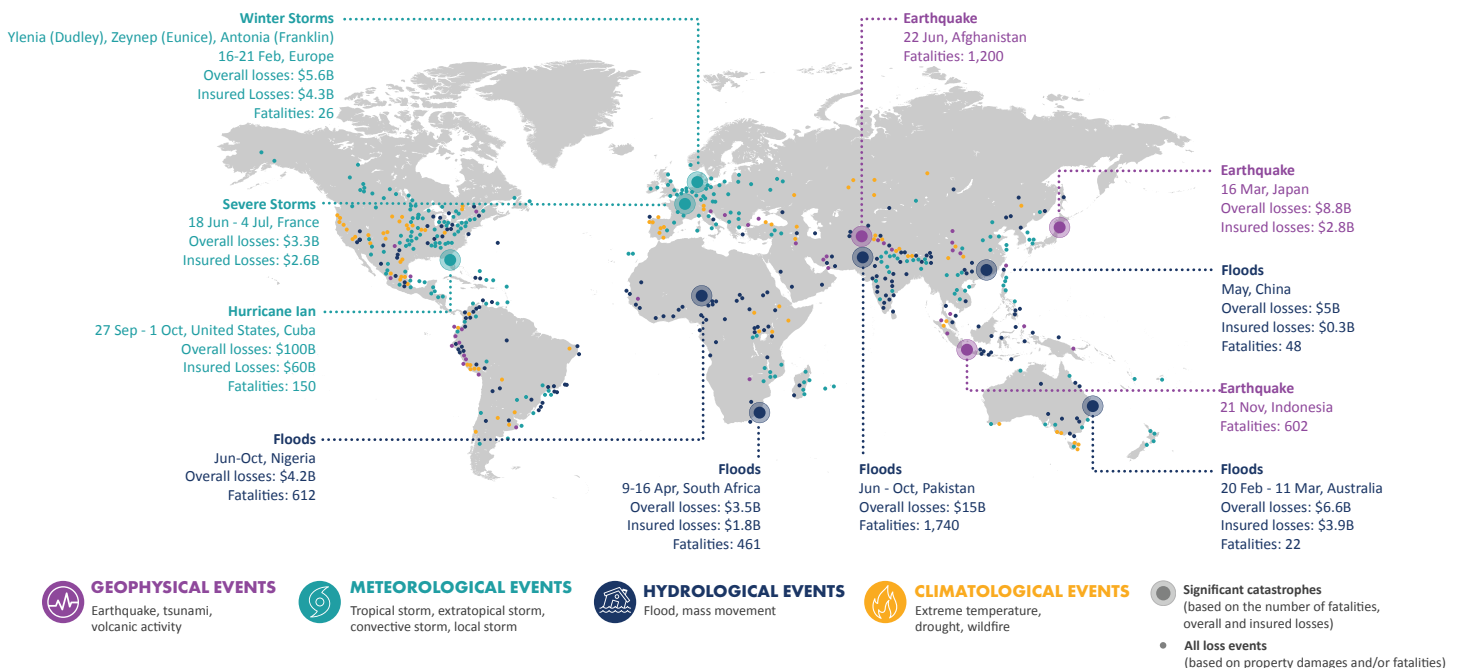


Image Source<sup>17</sup>

**Social inflation** is a term that describes the rising cost of insurance claims as a result of societal trends, such as increased litigation, plaintiff-friendly legal decisions, broader contract interpretation, and larger jury awards. This trend has ushered in the era of nuclear verdicts, with insurers having to foot the bill for litigation and multimillion dollar jury awards.

## WHAT CAN INSUREDS EXPECT FROM THE CURRENT MARKET?

Though the primary insurance market is feeling pressures from many directions and responding accordingly in a manner that energy companies are having to navigate, the availability and terms of coverage for insureds will vary greatly by insurance line, asset type, loss history, and implementation of loss controls.

### Here is what buyers should expect from the current market:

#### Intensified focus on valuations

Seesawing replacement costs, as a result of inflation, supply chain issues, and labor shortages, have made it challenging for insurers to properly price coverage, resulting in significant losses year over year. The collision of these factors paired with the trend of insureds undervaluing assets or failing to update the value of assets has made insurers zero in on valuation of assets during the underwriting process. Insurers hope that this will help them improve modeling and price coverage more accurately so that they are able to improve loss ratios. However, insurer replacement costs are projected to increase between 4.5% and 6.5% in 2023<sup>18</sup>.

#### Evidence of loss controls

With increased underwriting scrutiny, insureds need to take the necessary steps to implement loss controls within their business operations. Underwriters will want to see documentation that paints a clear picture of the risk they are taking on and will ask for evidence of both proactive and reactive loss controls that insureds have implemented. Proactive loss controls mitigate future risks and prevent claims from happening, while reactive loss controls are the plan of action insureds take in the event of a loss to prevent similar events from happening again in the future.

#### Relationships with insurance companies matter

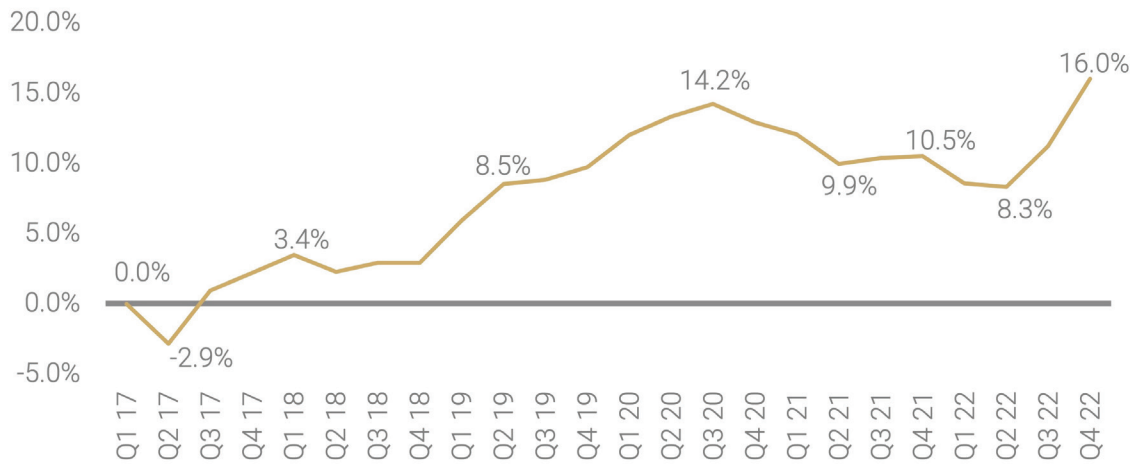
Building and investing in a relationship with insurers over the years pays dividends in a hardened insurance market. Clear and active communication with underwriters throughout the underwriting process is especially crucial for insureds with complex risk profiles, as meaningful conversations are more likely to result in favorable coverage terms. Companies that demonstrate they have invested in building a culture of risk management are likely to cultivate positive relationships with underwriters, which may also put insureds in a better position to negotiate policy terms.

#### Natural catastrophes limiting capacity

2022 global insured and uninsured losses amounted to about \$270 billion<sup>19</sup>, following \$320 billion in total losses in 2021. Year after year of high losses means that insurers are retreating from riskier markets, making it increasingly difficult for insureds to find Nat Cat coverage. And when coverage is available, insureds in disaster-prone areas are seeing exorbitant rate hikes, restrictive terms and conditions, higher retention levels, and an overall reduction in limits. Experts predict a 10% to 25% increase in commercial property insurance premiums<sup>20</sup> in 2023, though this number may be higher for property in disaster-prone areas.



## Premium Change for Commercial Property, 2017 - 2022



Graph Source<sup>21</sup>

### Auto liability rate hikes

Commercial auto insurance continues to be a challenging market. Loss severity has risen substantially because the cost to repair damaged vehicles has escalated due to inflation, supply chain issues, and nuclear verdicts. Additionally, with newer vehicles being equipped with modern technology, like sensors, computer chips, and cameras, this also increases repair costs. Commercial auto rates rose 7% in Q4 of 2022<sup>22</sup>, with rate increases expected to reach up to 10% in 2023<sup>23</sup>.

### Workers' compensation remains stable

Amidst overarching turmoil, workers' compensation remains stable and has ample capacity, with rates continuing to drop. In the U.S., average premium renewal rates declined 1.48% in Q4 2022 on top of a 1.08% decrease from the previous quarter.

### Excess liability pricing pressures

Excess liability layers are experiencing pressure from social inflation, which has resulted in growing jury awards. Rate increases averaged 9.6% in Q4 2022<sup>24</sup>, though riskier profiles will see higher pricing increases.

### War and terror exclusions

As the Ukraine conflict continues into its second year, insureds need to be aware of exclusionary language related to the war, and any new exclusions that insurers might be imposing as a response to this conflict. Throughout 2023, companies that purchase standalone terrorism and political violence coverage can expect rate increases of at least 20%. This is due to the civil unrest and wars that have plagued the world the past years<sup>25</sup>.

## BY-LINE FOURTH QUARTER 2022 RATE CHANGES RANGED FROM -1.1% TO +16.0%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2022	7.3%	-1.1%	16.0%	4.9%	9.6%	7.4%
Third Quarter 2022	7.6%	-0.7%	11.2%	5.7%	11.3%	7.0%
Second Quarter 2022	7.2%	-1.2%	8.3%	4.7%	11.3%	6.1%
First Quarter 2022	5.9%	-0.5%	8.6%	3.9%	10.5%	5.7%
Fourth Quarter 2021	8.0%	0.3%	10.5%	6.4%	15.0%	8.1%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

## RATE CHANGES IN OTHER LINES

	4Q22	High	Low
Broker E&O	3.3%	15.4%	-4.5%
Business Interruption	6.7%	28.8%	-10.2%
Construction	5.4%	38.7%	-10.7%
Cyber	15.0%	34.3%	-1.5%
D&O Liability	4.4%	32.4%	-8.7%
Employment Practices	4.2%	21.9%	-8.1%
Flood	5.1%	8.6%	-2.7%
Marine	2.8%	4.5%	-10.6%
Medical Malpractice	4.3%	32.5%	-4.1%
Surety Bonds	1.6%	11.2%	-2.3%

Chart Sources<sup>26</sup>

## REINSURANCE MARKET CAPACITY

Even the reinsurance market is feeling the impact of macro socioeconomic trends. Unrelenting claims from catastrophic natural disasters, the threat of climate change, sustained high inflation, oscillating repair and construction costs, and the Ukraine conflict are impacting reinsurers' position. Here is how the reinsurance market is responding to the following issues.

### Natural Catastrophes

Rampant inflation and the known and unknown fallout from climate change present capital challenges for reinsurers. Additionally, investors have been fleeing to other investments with higher potential returns. With extreme weather events showing no sign of slowing down and the threat of recession looming overhead, these issues are likely to worsen.

Additionally, projections from catastrophe models have claim expenses increasing up to 30% due to the growing cost and availability of materials and labor, among other factors. Due to the growing number and cost of losses across the U.S. and the number of poorly capitalized insurers in geographic areas that have seen continuous natural disasters, reinsurers are expected to bear the brunt of these extreme events.

Premium increases from reinsurers in 2023 are a result of inflation and record-breaking natural catastrophe losses. Reinsurance rate increases for property catastrophe business have averaged 37%<sup>27</sup>, according to Howden's index.



## Ukraine Conflict

As of January 2023, many reinsurers have pulled back from underwriting risk in Russia, Ukraine, and Belarus. Reinsurers have seen sharp losses from the Ukraine conflict. Losses are being felt by primary insurers related to this event, specifically related to political violence, war, and terrorism, and impacting reinsurers' position. In addition to losses, reinsurers also want to avoid the risk of sanctions. Reinsurers' decision to pull back from war-related risks has also motivated some primary insurers to exclude claims linked to the war in Ukraine. As an example, in December of 2022, 12 of the 13 shipping insurers<sup>28</sup> who comprise the International Group of Protection and Indemnity Clubs announced that they would no longer cover Russia-Ukraine war risk exposures.

## Withdrawals from oil and gas business

In October 2022, the world's largest reinsurer Munich Re announced its plans to withdraw from underwriting and investing in new oil and gas fields, new oil-fired power plants, and new midstream infrastructure starting April 1, 2023<sup>29</sup>. Reinsurer Chaucer also announced in October 2022 its plans to exit the downstream energy market to focus on upstream and midstream business. Though the effects of both of these withdrawals are yet to be seen, they will be very likely to negatively impact overall market capacity and lead to rate increases.

## MANAGING THE OVERALL COST OF RISK AND INSURANCE

Though a hardened insurance market is undoubtedly difficult to navigate, current market conditions also highlight the importance of being as proactive as possible in managing the overall cost of risk to get the best underwriting results from insurers. Implementing these strategies pays dividends in good times, and especially in challenging times.

Because of market conditions, it is also important for you to build a relationship with an experienced broker who understands the complexities of the energy industry. Working with our team of experts can help you determine where you are most financially susceptible to exposures and which loss controls you should implement to protect your assets and investments.

## Consider taking the following steps to help manage the overall cost of your risk and insurance:

### 1. Identify your risks and understand how they impact your cash flow

In order to know how to mitigate your risks and how you can best use insurance to financially protect your business, you need to identify the exposures your organization faces and the financial consequences should you fail to address them. Quantifying risk in dollar amounts empowers you to invest intelligently in loss controls and properly structure coverage to avoid coverage gaps and overlaps. This process also helps you see areas where you might be able to transfer risk to vendors or subcontractors.

### 2. Regularly conduct risk assessments

Because risks take all shapes and forms and come from many directions, regularly conducting risk assessments better positions your company to adapt to the constantly evolving risk landscape that characterizes the world today. When any of your operations or assets change, so do your risks. Communicate with your trusted advisor to ensure that insurance coverages align with these changes as they happen.

### 3. Reconcile all valuations

Insureds and brokers need to confirm all assets are measured accurately because most insurers are now requiring higher replacement cost values for the assets they insure due to inflation and seesawing replacement costs. Staying on top of the valuation process can also improve negotiation leverage in the market.

### 4. Evaluate your risk tolerance

Understand how much coverage you're purchasing and how deductibles impact your liabilities. Ask your advisor to evaluate creative program structures, like deductible buydowns, deductible indemnity agreements, deductible reimbursement policies (captive), and parametric insurance (loss mitigation). If you have a higher risk tolerance, you may be able to lower premiums after reviewing for financial feasibility.

### 5. Invest in loss controls and risk mitigation strategies

Investing in loss controls has upfront costs, but this investment is usually insignificant compared to the financial burden of a loss. Underwriters want to see that both proactive and reactive measures are in place. Proactive loss controls are the actions you take to prevent claims from happening. This can take the form of using telematics for your auto fleet, or regularly educating your employees about safety on the job. Reactive loss controls are the corrective measures you take as a response to loss to prevent similar events from happening again in the future. For example, if you experience a cyber breach, what actions will you take to prevent a similar breach from happening in the future?

### 6. Vet all vendor relationships

Understand how contracting with other parties can create risk for your business and then find ways to reduce this risk. Most companies rely on third-party service providers and vendors to support their business, and they introduce layers of risk to your organization. This can take the shape of cyber risk, supply chain risk, and more. When you are entering an agreement with vendors and service providers, all involved parties need to think about how contractual risk fits into the picture.

### 7. Be prepared for your renewal

Do not wait until the last minute: begin preparing for your renewal at least four months before coverage is bound. Develop and document a strategy to keep yourself and your advisor accountable throughout the renewal process so that you are able to do everything within your power to get the best terms from insurers. Work with your advisor to hold stewardship meetings to keep everyone informed of current market conditions and what to expect at renewal.

## 8. Prepare a narrative underwriters will understand

The underwriting data you provide to the market needs to be complete and easy to understand. In many cases, tailoring the data for input into various underwriting models will help expedite the process and result in a better outcome. Although it is not always the case, generally the price underwriters charge for uncertainty is greater than if they know the full scope of an account's history and all underwriting information is provided in a user-friendly manner.

## 9. Demand a thorough coverage analysis from insurers

Both you and your advisor should have full policy forms and endorsements on file. Doing an audit of all policies ensures coverages are adequate and meet your goals. In a hard market, insurance companies will look to include endorsements and policy language that remove previously included coverages. Be sure to address all policy changes.



## A DEPENDABLE ADVISOR RELATIONSHIP

Quantifying your risks and knowing which loss controls and coverages are worth investing in is challenging. Our energy experts have seen countless scenarios play out and can help you determine what your risks are, provide resources to help you improve how you approach exposures, and find insurance that meets your needs as they evolve. We know how to put you in a position where underwriters are more likely to see your risk profile in a favorable light.

Our goal is to become an extension of your team and deliver risk mitigation strategies and insurance architecture that align with your goals from day one. In addition to helping with the implementation of loss control strategies that help manage the overall cost of insurance, here are other ways we help clients in the energy industry:



### 1. Keeping you abreast of market changes

We stay abreast of market changes so that you don't have to and communicate how changes to underwriting standards impact your coverage.



### 2. Access to global markets

Our team has access to global markets and knows how to align insurance coverage and risk mitigation coordination for global operations. We have strong, long-term relationships with the world's top energy insurance carriers.





### **3. A consultative approach**

In order to be as effective as possible, we shape our strategy around your business goals, needs, and values as they evolve. It's our job to learn this information from you and adjust our approach to the insurance purchasing and risk mitigation process accordingly.



### **4. Collaborating with lenders**

We help facilitate the conversation with lenders about how insurance fits into the transaction lifecycle for the projects in which you invest. Our experts provide guidance about risk mitigation at all stages of projects and help you communicate with lenders about insurance protects investments and enhances profitability.



### **5. Tailoring your insurance program**

Determining the right coverages and limits for complex operations requires the highest level of expertise. With 35 team members averaging 20 years of industry experience, our team knows how to tailor insurance programs for clients' unique needs.



### **6. Loss control services**

We provide insights and access to resources that reduce the likelihood of claims from occurring. Our goal is to establish a culture of risk management that prioritizes safety, compliance, and education, so that our clients can manage their exposures, stay ahead of the competition, and protect their most valuable assets.



### **7. Providing detailed claims analysis**

Our in-house team of advocates helps expedite and manage the entire claims process so clients can maximize recovery and reduce their cost of risk. We identify what caused a claim to happen and provide recommendations about risk mitigation strategies to reduce the severity of claims in the future.

**With underwriting scrutiny at an all-time high and insurers providing less favorable terms for coverage, now's the time to work with a team of experts with a proven track record in the energy industry.**

Contact our energy team today to learn more about how we can help you assess your risks and protect your assets and investments.



- <sup>1</sup> *How Much Has Inflation Increased In 2022? And Are Prices Still Rising?*, Forbes, December 2022
- <sup>2</sup> *Andrej Sokol and Bjorn Van Roye, US Inflation to Stay Well Above Fed's Target*, Bloomberg, July 25, 2022
- <sup>3</sup> *Nicolás Rivero, Here's how supply chain issues are affecting renewable energy projects*, World Economic Forum, November 4, 2021
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