

“MAKING WIND INSURANCE A BREEZE”

MARKETS

The scaling-back of some operators in the current economic circumstances has been matched by increased commitment from others - this is still a growth sector, rich in opportunity and supported by governments across the planet.

The Willis Renewables team has been closely involved in all facets of cover from the pioneering era and kept pace with changing technological, social and legal imperatives, helping you negotiate all risk-related challenges

in this rapidly evolving sector. We take the lead in nurturing partnerships and developing market capacity to precisely fit our clients' needs.

Through us, operators can establish a substantial presence in the markets, drawing on specialist underwriters' experience across all types of power generation - but especially wind. Through us, operators forge relationships that will serve their interests now - and in the medium to long-term.



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GENERATING INSURANCE SOLUTIONS... NATURALLY

WIND POWER

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“TO MAKE A GREAT DREAM COME TRUE, THE FIRST REQUIREMENT IS A GREAT CAPACITY TO DREAM; THE SECOND IS PERSISTENCE”

SNAPSHOT

Once viewed as woolly and marginal, Environmentalism and Renewable Energy are now politically and economically pragmatic and occupy centre stage. A global environmental conscience (inscribed, for example, in Kyoto and Bali) confirmed this shift.

The seemingly unstoppable surge in the price of oil seemed to crystallise this outlook. The global downturn, however, has persuaded some parties to re-examine this position.

Wind, along with other Renewables, finds it may no longer be the natural alternative. It may be abundant but locally unpredictable - and with its technologies still evolving, the expected economies of scale have not materialised. However, local unpredictability is not the problem it seems at first: with enough sites and geographical spread it actually becomes a constant.

Despite the current economic situation, it is predicted that global energy demand will swell by at least 40% by 2030*. The technological advances that will render wind a reliable raw material, its conversion into constantly-available electricity and profitable transmission and distribution are now within our reach, if not yet our grasp.

For example, May '09 saw confirmation that the world's largest offshore wind farm - the London Array - will be producing clean energy for the 2012 Olympics. Putting such happy symbolism to one side, if the confidence and means - and persistence - to realise such an enterprise exist in such difficult times for the sector, the implications for the future are bright indeed.

The majority of wind farms are onshore but the future of the sector is offshore - and growing. Willis is the broker and advisor to over 4,000 MW of offshore wind generation. We understand the unique challenges and risks that such enterprises must overcome.

NEW TECHNOLOGIES; NEW ALLIANCES, COMMITMENT

Projects are moving further offshore where the wind is more reliable and stronger but the seas themselves rougher and deeper. During installation in particular, the dangers are more severe. The risk of project delays will only diminish if new vessels, such as jack-up barges, are built - able to tolerate the harsh conditions and installing turbines for increasingly massive units beyond the normal weather window.

Floating substructures and the proposal of an offshore 'supergrid' speak for both the resourcefulness of operators and their understanding that cooperation is vital to meeting

the challenges ahead. We are in an era of fresh realism where the exchange of specialised knowledge through partnerships both increases risk awareness and lays sound foundations for the next steps.

The U.K. Government has a vested interest in driving through its target of 20% of its energy needs to come from Renewables by 2020 - and for 33,000 MW of offshore wind by the same deadline. Prominent here are the thousands of green collar jobs, the environmental dividend, and the reduction in dependence on imported fuels.

WILLIS IDENTIFIES KEY RISKS

- Decommissioning cost overrun
- Laying, maintenance and repair of subsea cables
- OFTO licensing/Business Interruption & Contingent BI
- Employer's Liability/Workmen's Compensation
- Loss of Wind/Carbon Credits/Tax Credits
- Professional Indemnity
- Environmental impairment
- Marine Collision damage
- Seabed conditions/foundation design
- Harbour facilities/Marine Planning
- Mechanical Breakdown/Series Losses
- Use of prototype technology and/or design
- HSE management
- Natural catastrophe Key personnel/Project management
- Vessel availability
- Installation of on - and offshore substations and power delivery
- Weather windows

*International Energy Agency: World Energy Outlook 2008.