



**ACE Renewable Energy**

*Insurance solutions  
for a sustainable future*

**The rapid industrialisation of emerging economies, together with the developed world's "addiction" to oil and other fossil fuels, means mankind's energy needs are growing at an ever increasing rate. With the effects of global warming already making an impact around the world and dwindling fossil fuel reserves, urgent action needs to be taken to develop clean, efficient and sustainable sources of energy.**



## Insuring risk in a changing world



**The UK government, in common with governments around the world, is now encouraging the production of energy using fuels from sustainable sources as well as reducing the need for landfill.**

Government incentives to support a sustainable future include the use of Renewable Obligation Certificates (ROCs) and Climate Change Levy Exemption Certificates (LECs). Landfill taxes and obligations on recycling, together with the use of ROCs and LECs change the economics of fuel and electricity production and waste disposal methods, leading to the construction of more non-conventional solutions such as waste to energy electricity production, bioethanol, biodiesel, biomass, composting and recycling.

These solutions produce unique problems of insuring what can be relatively small scale petrochemical plants in the case of bioethanol and biodiesel, or power generation plant in the case of waste to energy. Companies must also be aware of the potentially significant liabilities associated with these activities.

The growth opportunities associated with this business have attracted industrialists and entrepreneurs alike who need the confidence of a sound insurance programme behind them to allow them to get on with the business of providing sustainable sources of fuel or power.

ACE European Group can provide a comprehensive and seamless insurance package covering the construction and ongoing operational phases of facilities of this type. Through our extensive experience and knowledge base, we are able to offer support and advice, including the special fire risks involved and how the risks can be minimised. Early involvement of ACE at the design stage of the project will help produce an insurable operational plant.

The goal of the ACE Renewable Energy product is to provide a full compliment of covers for these facilities in a single policy including:

- Construction/erection all risks
- Primary third party and excess third party construction liability
- Operational industrial all risks
- Operational liability
- Marine cargo
- Environmental impairment

#### Target markets

##### Power

- Traditional waste to energy production
  - Incineration/steam power generation
- Non traditional waste to energy
  - Gasification of waste etc
  - Landfill gas
- Biomass derived power generation
  - Including:
    - Cereals
    - MBM (meat and bonemeal)
    - Poultry litter
    - Woodchip/forestry/straw
- Wind energy (onshore only)
- Solar power generation

##### Fuels

- Biofuels
  - Biodiesel
  - Bioethanol
  - Other biomass derived fuels
  - Refuse derived fuels



## Our capabilities: construction



### Construction/third party liability/delay in start up

Our Technical Lines department has many years experience of underwriting the construction and operational segment of power production projects and renewable energy risks. We recognise the often complex construction, build and design and use of technology. We also appreciate the complex contractual nature of this business, including possible advanced consequential loss implications. These may include loss of future profit, power purchase agreements, fixed costs and contracts, gate price, additional increased costs of working such as landfill costs. We provide bespoke insurance products which include: all risks during the course of construction plus subsequent maintenance and defect liability obligations; associated advanced loss of profits/delay in start up and primary third party public liability cover. Drawing on our technical expertise, we assist our clients in meeting their specific insurance needs. Our approach is both professional and technical and we also offer risk engineering and claims support.

In addition, ACE Casualty department can provide significant third party liability capacity, as it acknowledges that the majority of contracts require high limits of third party liability cover.

Construction cover can be arranged on a single project basis and can be extended to include:

- Owners and principals controlled or main contractors arranged policies
- Subcontractors
- Manufacturers\*, suppliers\*, consultants\*
- In respect of delay in start up/advanced loss of profit, interested financial institutions and lenders as well as the owner/principal

Our aim is to provide fully inclusive, seamless cover from the construction phase, including testing and commissioning and defects liability. When required, the first year's operational stage of the facility can be included (please see Technical Lines operational section).

*\* For manual on site activities only*

As part of the risk management process ACE have produced a series of **Fire Documents**, unique and effective risk management tools which draw upon our knowledge and experience of industry best practice. They have been developed through many years experience of risk engineering, surveying and knowledge of losses that have occurred. Insureds complying with this summary of industry best practice will be able to enjoy the security and cover benefits afforded by the ACE Renewable Energy product. There is also the added benefit of achieving an improved grade of risk during the operational lifespan of the facility.

Optional covers can include:

- Contractors all risks
- Erection all risks
- Advanced loss of profits/delay in start up
- Primary third party liability
- Excess third party liability



### Transportation risks

Renewable energy construction projects frequently involve the transportation of plant, machinery and materials to the project site. The suppliers may be located anywhere in the world. The movement of equipment exposes those goods to the risk of loss or damage whilst in transit.

It may be difficult to manage directly those risks where third parties such as suppliers, freight forwarders and hauliers are all involved in arranging shipment to the site. There may be further potential loss for the project as a consequence of loss or damage to equipment being transported to the site. If the commercial start date is delayed there may be a loss of profit, a loss of green energy credits or fixed costs still to be serviced, such as loan repayments.

ACE Transportation Risk Management is an insurance industry market leader in advising and managing the risks involved in transporting equipment for civil engineering projects around the world. Our marine underwriting team is also recognised as a lead insurer in the international marine market for this class of business.

The marine section of the policy provides all risks cover for physical loss or damage to goods

whilst in transit from suppliers' sites worldwide to the project site. This section also incorporates cover for losses incurred due to a delay in the start of operations following loss or damage to equipment whilst in transit or delay due to damage to a carrying conveyance.

### Contractors Pollution Liability

The Contractors Pollution Liability (CPL) policy is designed to offer protection for third party environmental liabilities arising out of the covered operations of the insured. An array of coverage is available for the insured and their subcontractors with each solution tailored by ACE Environmental Risk to meet their specific needs.

Key benefits:

- Coverage for sudden and accidental and gradual pollution
- Claims made or occurrence forms available
- Coverage on a practice or project specific basis
- Pollution 'owner controlled insurance programme' solutions available for remediation or construction projects
- Automatic coverage for biodiversity (natural resource) damage
- Damage to third party property, including diminishment in value

## Our capabilities: operational



### Third party liabilities

In addition to providing excess casualty capacity during the construction phase of a renewable energy project, we can provide bespoke primary liability cover in respect of the operational phase of the project. This section of the policy is specifically designed to provide the Insured with as comprehensive a coverage as possible; combining public and products liability with employers liability, engineering and breakdown risks, property and business interruption risks. Cover can also be considered for third party financial loss exposures for 'failure to supply'.

ACE Casualty department is keen to support not only the operational facilities, but also the specialist product suppliers that enable these facilities to be run effectively.

### Operational cover

In addition to our construction capabilities, our Technical Lines department has the ability to offer annual operational cover for power generating risks. As in the case of construction we have many years experience of underwriting the operational segment of power production projects and renewable energy risks. We recognise the often complex design, technology and operating regimes along with their associated issues. We also appreciate the complex contractual nature of this business including the possible business interruption implications such as loss of revenue or profit. Other exposures will also be considered relating to power purchase agreements, fixed costs and contracts, gate fees and additional increased costs of working such as alternative landfill costs. We provide bespoke insurance products such as industrial all risks, including machinery breakdown and boiler explosion. When required we can include the associated loss of profits/business interruption cover, whilst drawing on our technical expertise to assist our clients in meeting their specific insurance needs. Our approach is both professional and technical. We also offer appropriate technical risk engineering and claims support.

Cover can be arranged on an annual basis and/or in advance as part of a seamless

construction product. This can be extended as required to include business interruption for owner/principal and lenders/financial institutions. If necessary, and via our Casualty department, third party liability may be included (please see Casualty section). Our aim is to provide a fully inclusive cover during the operation of the plant.

As with the constructional phase, an insured complying with the best practice guidelines detailed in the ACE **Fire Documents** will be able to enjoy the security and cover benefits afforded by this product, including achieving greatly improved grade of risk during the operational lifespan of the facility.

Covers which can be offered by our Technical Lines boiler and machinery department include:

- Industrial all risks for power generation (all risks including machinery breakdown)
- Machinery breakdown and boiler explosion only
- Associated business interruption

### Biofuel production - operational property capabilities

ACE is a long-standing leading provider of insurance and services to the international energy market. Our portfolio encompasses all aspects of oil, gas and petrochemical operations, from the complex refining of crude oil, to the cracking of hydrocarbons into the many petrochemicals it produces, to the transportation and storage of oil, gas and petrochemicals. This expertise means we are ideally placed to provide a comprehensive package of property and business interruption insurance and expert risk management advice for these highly complex risks.

Our energy underwriting team is recognised as a major leader in this inherently hazardous sector and currently leads a very substantial portfolio of international business. With every change that the market has faced, our underwriting, engineering and claims teams have evolved to become specialists in understanding our clients' needs and how best to deliver a solution.



### Premises Pollution Liability

The Premises Pollution Liability (PPL) section is designed to offer a broad range of flexible protection for first and third-party environmental liabilities on a premises specific basis. An array of coverage is available for the insured and their subcontractors, with each solution tailored by ACE Environmental Risk to meet specific needs. It is also possible to combine this cover with the Contractors Pollution Liability solution discussed above.

#### Key benefits:

- Coverage for sudden and accidental and gradual pollution
- Potential to provide both historical and ongoing operational coverages
- Covers costs incurred by the insured where a clean up is imposed by regulators or required by third parties
- Liability for third party bodily injury, property damage and clean up costs
- Automatic coverage for biodiversity (natural resource) damage
- Damage to third party property including diminishment in value
- Includes liability for pollution caused by the transportation of the insured's products or waste by third parties
- First party business interruption resulting from pollution conditions
- Automatically includes cover for third party claims for nuisance, trespass and obstruction

### Claims capability

Our claims team includes experts in construction losses, and losses associated with operational fuel and power facilities. This expertise includes experience with delayed start up, marine, liability and pollution claims. The claims team seeks to actively manage and coordinate outside experts such as adjusters, accountants and lawyers etc, to ensure prompt and accurate settlement of losses in order to minimise the impact of a loss on your business.

### Other covers

In addition to the cover afforded by the ACE Renewable Energy policy, additional policies can be arranged for:

- Personal accident and business travel
- Professional indemnity
- Directors and officers liability
- Pension trustee liability
- Employment practice liability
- Computers and data protection

For full details of the ACE Renewable Energy policy, please contact your local ACE branch representative.

## Working with ACE European Group Limited



The ACE Group of Companies is one of the world's largest providers of commercial property and casualty insurance and reinsurance, operating in more than 50 countries around the world with licences to trade in more than 140 and supported by a workforce of 16,000.

ACE European Group is a member company of the Group and is headquartered in London. ACE European Group has established branch offices in 19 countries across Europe, Freedom of Services permission to provide insurance services to clients in 30 EEA countries and affiliates in Egypt, Bahrain, Pakistan, Russia and South Africa altogether employing more than 2000 people.

ACE European Group is rated A+ (strong) by Standard & Poor's and A+ (excellent) by A. M. Best.

For more information, please visit:  
[www.aceeurope.co.uk](http://www.aceeurope.co.uk)





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