THE LATEST TECHNOLOGY

AN EMERGING RISK PROFILE

RISK MANAGEMENT EXCELLENCE

THE WILLIS BIOFUEL AND ALTERNATIVE ENERGY TEAM
THE MOVE IS ON FOR ALTERNATIVE ENERGY SOURCES

A viable, sustainable domestic biomass industry that produces renewable biofuels, bioproducts and biopower enhances U.S. energy security, reduces our dependence on oil, provides environmental benefits (including reduced greenhouse gas emissions) and creates economic opportunities across the nation. This is the aim of the Department of Energy, and a lot of capital will be invested to bring this goal to fruition.

Satisfying an ever-growing demand for energy and protecting air quality to minimize global warming are dual imperatives that are not always compatible. Alternative energy sources are an obvious answer. With advances in biofuel production and the potential for significant costs for oil and its refined products, biofuels have become the alternative energy source that can be produced domestically to offset reliance on imported oil.

Risks, of course, remain – a highly complex and specialized set of risks. To meet the risk management needs of the organizations leading the biofuel charge, Willis has established a dedicated Alternative Energy Team comprised of experts from across our global company. The new team builds on a long-standing position of leadership in the energy sector. We have a wealth of experience with biofuel providers, ranging from companies building and operating ethanol plants and biodiesel plants to new projects looking at using algae to manufacture aviation fuel. Our team is also working on some of the development technology, such as cellulosic biomass. We have provided insurance solutions for every stage of the biofuel generation cycle, from construction to plant operation.

BIOFUEL CONSTRUCTION AND INSTALLATION

Biofuel projects are challenging in part because of their size, usually remote locations and because they frequently encompass multiple contracting parties. Willis works with the project principals to ensure that a broad insurance program provides effective and efficient protection to all parties involved. This is usually accomplished through an owner-controlled insurance program (OCIP) tailored to meet the project’s specific needs at the lowest reasonable cost. As the world’s leading construction broker, Willis is arguably the leader in establishing OCIPs and CCIPs (contract-controlled insurance programs) and shaping them to suit the contractual arrangements among the principal parties.
A subset of the Alternative Energy Team, the Willis Biofuel Team is comprised of many professionals, ranging from engineering experts to brokers. Our team is global, gathering resources in North America, London, Bermuda, Europe and Asia. The team offers services from initial risk identification through the construction phase, including the handover to operation as the plants complete testing and commissioning. Each part of the process has distinct risk management and brokerage requirements.

Offering truly comprehensive risk management services requires resources beyond the construction team. Supporting the team are experts from our Renewable Energy practice, as well as resources in the traditional insurance product lines one would associate with a biofuel construction project: property, casualty, construction, political risks and environmental. Your Willis team may further expand to include specialists in structured risk and reinsurance as needed.

Together, your Willis team:

- Provides knowledge and expertise on biofuel technology
- Provides expert support in the understanding of your business and risk profile
- Provides contract review services
- Assists in developing tailored insurance contracts, including policy contract wordings analysis and development of endorsement wording
- Assists in developing alternative risk solutions
- Offers knowledge of market capacity and underwriting philosophy
- Maintains regular interaction with underwriters to determine trends and rate movements
- Offers experience in large claim settlements
OPERATIONAL RISK

Once the project has completed construction and is operational, it faces a new set of risks, which need to be fully understood to determine whether the risks can be accepted, mitigated or transferred via insurance.

The biofuel industry is responding to today’s often risky business environment by adopting strategies that embrace flexibility and limit capital exposure. Insurance programs play an increasingly important role in ensuring assets and liabilities are properly protected. Driven by these factors and by changes in ownership and management, biofuel companies have become sophisticated buyers of insurance, highlighting the need for a broker with the capability of addressing both traditional and non-traditional risks.

The Willis Biofuel Practice functions in two ways: as a source of industry-specific knowledge and expertise, and as a conduit for our clients to access the full array of Willis risk management and product offerings. This combination offers clients the benefit of Willis’ expertise in traditional areas, such as property, casualty, executive risks, construction and employee benefits, as well as many other areas that are material to meeting the needs of modern utility clients, including:

- Actuarial service
- Captive management
- Engineering and loss control
- Risk management consulting
- Contract review and analysis
- Mergers and acquisitions
- Project finance
- Structured risk financing

We develop new products for the biofuel sector as its risk financing needs evolve. Past innovations include:

- Environmental cost cap and liability products
- Multiyear weather insurance deals
- Alternatives to financial and performance bond insurance

The reason you buy insurance is to protect assets and liabilities, and when the unexpected loss event occurs, you want to make a quick and effective recovery. We have a thorough understanding and detailed knowledge of adjusting complex claims and working with insurance carriers toward an optimal resolution of the claim. Our claim experience includes construction and operational losses due to major mechanical breakdowns, catastrophic fires, builders risk collapses, business interruption, delay in start-up, contingent business income loss, workers’ compensation claims, third-party property damage and injury, directors and officers suits, fiduciary suits, explosions, flood, professional liability, political risk, marine transit, and tax credit recapture losses.
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A PLATFORM FOR SUCCESS

The broad knowledge base and skill sets provided by our practice groups, combined with the Willis business model, result in a sharp differentiation between our service offerings and others available in the marketplace.

- Your Willis Client Advocate® offers you a central point of contact for all your insurance and risk management needs. A Client Advocate's job is to understand your business with the goal of protecting both the physical assets of your balance sheet and the liabilities you assume in your day-to-day business. Whatever your question, your Client Advocate is the place to start.

- Through our Glocal service, not only are we nearby, but we bring resources from wherever they are located in Willis right to your doorstep.

- Our One Flag culture integrates Willis knowledge and personnel into a true team rather than simply a collection of resources.

- We have unmatched credibility in the global construction marketplace, a reputation built on experience, knowledge, flexibility and performance. Likewise, we have a worldwide reputation in the operational marketplace. We forge strong relationships and are instrumental in developing new and exclusive products.

- We understand current international insurance and reinsurance markets and are able to negotiate with insurers and reinsurers at the highest levels from a position of strength to achieve the most competitive premiums and the broadest covers.

- We offer established expertise in all aspects of OCIP and ongoing operational programs.

- We engage a dedicated security rating resource to scrutinize the insurance and reinsurance markets on a consistent basis, further improving our marketing efforts.

- We provide engineering services to help identify and reduce exposure to loss.

- We offer a committed claim handling service that helps deliver results from the global insurance and reinsurance markets.
OUR PRODUCTS

Our principle products include:

- Construction/Engineering All Risks
- Advance Loss of Profits/Delay in Start-Up
- Casualty Wrap-Up Programs
- Surety
- Property Insurance
- Business Interruption
- Liability Insurance
- Contractors Annual Programs
- Performance Guarantee
- Efficacy
- Professional Indemnity
- Pollution & Environmental
- Bonds and Surety
- Marine Transit
- Marine Delay in Start-Up
- Weather Insurance
TAILORED SERVICES FOR OWNERS AND CONTRACTORS

A comprehensive risk management solution requires service at every step of the way, from risk identification to claim support.

RISK IDENTIFICATION AND ANALYSIS

We identify risks which could adversely affect completion of a project on time, on budget or to specification. We indemnify the insurability of those risks, advise on risk retention and prepare an outline of insurance solutions to the parties involved to optimize the final degree of risk retention, mitigation and transfer.

CONTRACT REVIEW AND DRAFTING OF RISK PROVISIONS

We advise on appropriate revisions to insurance-related indemnity provisions contained in commercial contracts. Insurance summaries or draft wordings are available to assist you with commercial contract negotiations. During the development phase of a project, review of the contractual obligations contained under engineering, procurement and construction (EPC) contracts, suppliers’ contracts, manufacturers’ warranty contracts, etc. is critical. Likewise, once the project is operational we provide ongoing contract review as needed.

PRODUCTION OF UNDERWRITING PRESENTATIONS

Our underwriting presentations are thorough, accurate and professionally conducted. We spend time with the client and, if appropriate, members of the project team, in order to understand all of the risk management and control features implemented. This ensures that each risk attracts the attention it deserves in the insurance market.

LIAISON WITH LENDERS

We are experts in providing services for projects where structured finance is employed and where lending is on a non-recourse or limited-recourse basis. We offer expert advice on both the value of coverage requirements being set by lenders and the impact of loan covenants imposed by lenders.

DESIGN OF TAILORED POLICY WORDINGS

We design policies around your needs, including protection of your key assets, liabilities and financial exposures.
MARKETING OF RISKS

Our preeminent position in the worldwide construction insurance market allows us to keep you fully up to speed on market developments. It also allows us to comment widely on the scope and availability of coverage from insurance markets globally and to optimally negotiate exclusive capacity.

MARKETS

Several markets offer insurance for renewable energy power plant construction and operational projects. These insurers include mutual insurers involved in a broad range of energy-based exposures, and conventional investor-owned insurers with an appetite for renewable energy construction programs.

The key to selecting the right insurers is to identify those companies that have three qualifications:

- An appetite for the class of business
- The expertise to fully analyze the risk
- The financial security to handle a risk exposure that will stretch over a multiyear period

We assist our clients in deciding which insurers to partner with and secure the most advantageous construction insurance program.

CLAIMS

You buy insurance to protect against the unexpected losses that can have a severe impact on your balance sheet or on the lenders financing the project. Our vast experience enables us to be intimately familiar with the typical loss experience at all power generation construction projects, including renewable source projects. Our claim management experts are an integral part of our client servicing team, playing an active role in designing claim procedures, establishing policy liability, and negotiating quantum with insurers leading to claim settlements.

This coordinated approach ensures that when a loss does occur all parties are fully aware of policy issues. Early involvement of the claim team facilitates efficient loss notification and adjustment, leading to prompt and fair settlement of claims. This helps minimize any delays in project completion and the adverse financial consequences these may bring.

CONTACT

Please contact your local Willis representative for further information or:

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