



How to Differentiate Your Risk in the Eyes of the Underwriter

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The Relationship between Insured and Insurer

- What are the insured's objectives?
- What are the insurer's objectives?
- Quick win or long term?



Branding the Risk

- Why my risk and not all the others?
- Two fundamental drivers:
 - Information
 - Trust



Information

- How much detail?
- How should the information be presented?
- Should the information be specific to the risk?
- Or include generic information about the technology?



How Much Underwriting Information?



Good morning Sir.
My client would like to
insure his fountain pen...



How Much Underwriting Information?



Yeah, mate, it's nuclear...



Information

- How much detail?
- How should the information be presented?
- Should the information be specific to the risk?
- Or include generic information about the technology?
- How important is it to understand and communicate the technical risk drivers?



Trust

- When is Trust critical to the success of the placement?
 - Where the information presents challenges – major loss, merger, technology issues, hardening market
- What are the components of Trust?
 - Credibility
 - Reliability
 - Intimacy
 - Interest

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Trust

How does trust develop?

- Over time
- Sincere, senior involvement from the insured
- Plant visits – especially in key moments (C inspection)
- Real partnership. Sharing good times and bad times.
- If you start to develop trust when you need cover, it looks thin!

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How to Differentiate Your Risk in the Eyes of the Underwriter

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The Client's "Trilemma"

- We need to manage security of supply
- Care for environment, and
- Take account of simple economic goals as, at the end of the day we're all in business



The Underwriter "Trilemma"

- Loss ratios 120% +
- Reducing investment income = limited ability to offset loss
- Take account of simple economic goals as, at the end of the day, we're all in business



Being Different in a Land of Quality Standards

In this challenging environment how can we best align Client and Underwriter interests and differentiate risk?



Increasing Severity of BI Claims

- Drivers
 - Growing world energy demand consumption will increase by 45% by 2030¹
 - Increasing volatility in wholesale markets – price fluctuation
 - Ageing plant and unproven technology
 - Pressure on manufacturers lead times – spares bottlenecks (transformers / generators)
 - Expertise – energy industry employee population has second highest average age of 54 industries studied²



Understand Your Asset Profile

- Your availability and reliability v. fleet performance
- Forced outage ratios (5 years)
- Spares strategy
 - Strategic spares – on site
 - Pooling arrangements
 - LTMA / LTSA with OEM
 - Competitor Sourcing
- Redundancy of plant
- Site accessibility
- Lead times on critical plant
- Preventative maintenance and capex programmes



Communicate Your Risk Mitigation Strategies

- Plant hierarchy / dispatch and relevance to profitability
- Trading
 - Carbon revenue
 - Fuel sales and hedging
 - Contracting
- Contractual relief and benefit
- Independent risk engineering reviews



It's Not Just about the Power Train

- Customer and supplier exposure
- Interdependency
- Pipeline and fuel supply risk
- Training and internal RM programmes and procedures
- Non-damage BI
 - Regulatory exposure
 - Industrial action
 - Emissions constraints
- Business continuity strategy



Liability

- Site exposure – surrounding property
- Accident rates and management
- Employee training
- Consistent and established procedures and protocols
- Health and safety initiatives
- Accumulation risk
- Contracting strategy and risk mitigation with third parties

Meet Frequently with Your Insurer

- You are the best advertisement for your risk
- Demonstrate that your risk retention strategy delivers value for the insurer
- Be clear in your expectations and provide a business context
- Long term relationships can deliver value on both sides

