



# Risk Financing & Insurance Issues

Renewable Energy

AEGIS Insurance Services, Inc.



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## PANEL




**Sandy Calvert**  
 Advisor  
 Moore McNeil




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 Advisor  
 STANCE



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 Director, Insurance Risk  
 Liberty Algonquin



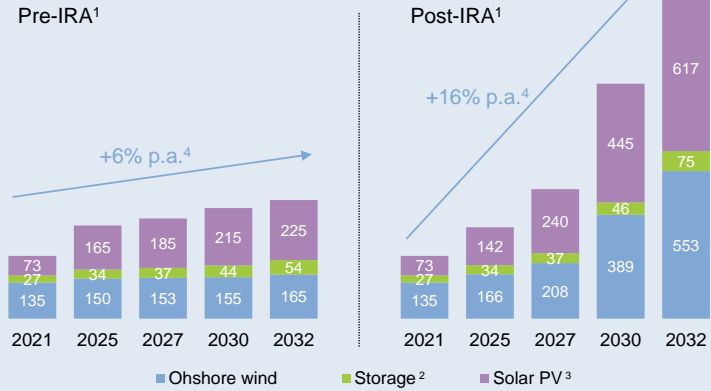
**Mat Pifer**  
 Underwriting Officer  
 AEGIS



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# RENEWABLE ENERGY LANDSCAPE

- Projects are growing in size; technology is continuing to advance
- Projects are being developed in rural areas with minimal Natural Catastrophe (Nat CAT) exposure data
- With the passing of the IRA, a record amount of renewable projects are set to be developed

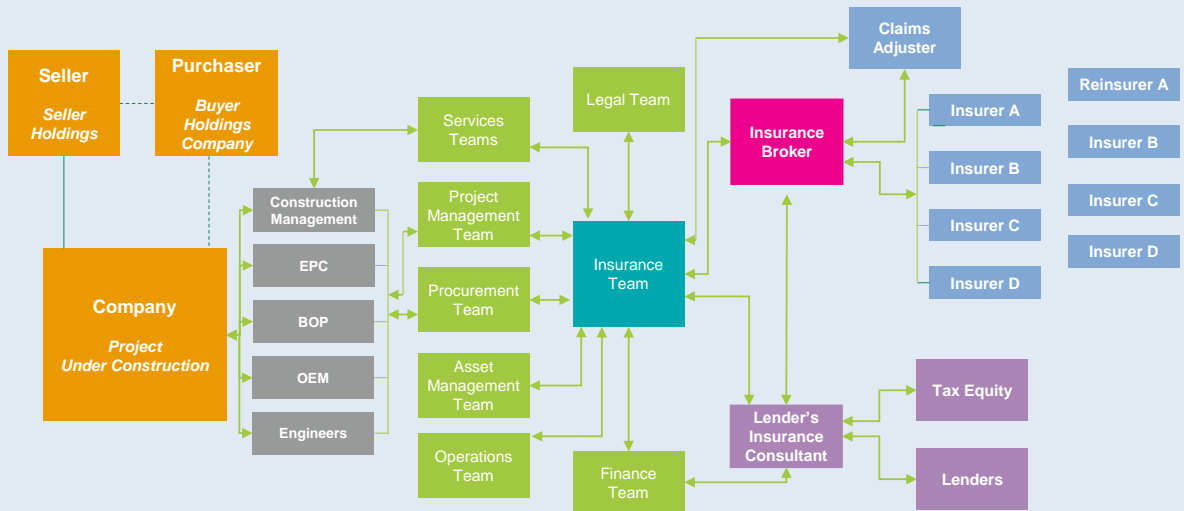


1 Inflation Reduction Act  
 2 Includes lithium ion and existing hydro-pumped storage.  
 3 Photovoltaics.  
 4 Par annum.  
 Source: Inflation Reduction Act of 2022; McKinsey Power Solutions

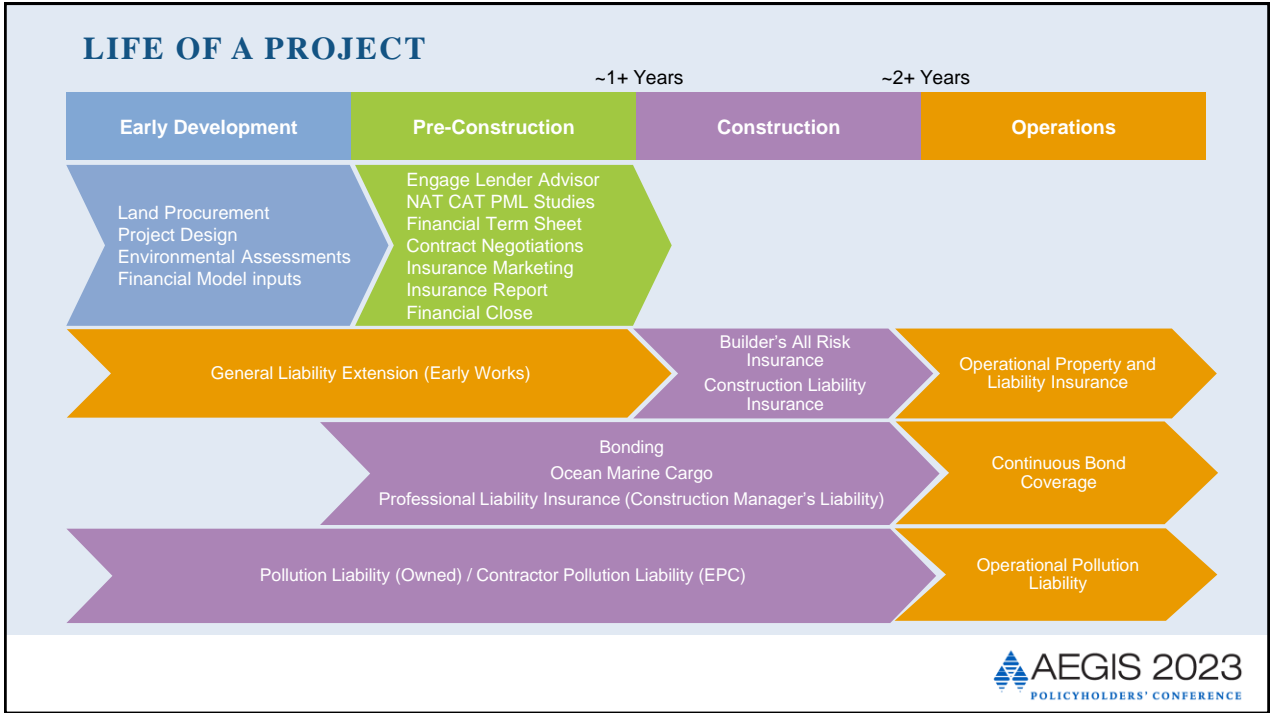


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# INSURANCE RELATIONSHIPS – HIGH LEVEL VIEW



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## RISK MANAGEMENT AND INSURANCE

*Keys to Managing a Renewable Insurance Program*

- Build and foster relationships
  - Ensure early collaboration with internal and external parties, starting at the kick-off discussion
    - Internal Business Units: Business Development, Supply Chain, and Finance
    - External Partners: Brokers, Independent Insurance Consultants, and Tax Equity
- Educate and communicate
  - Provide regularly scheduled updates regarding project timeline, insurance market trends, and costs
  - Identify all risks in project construction, including project location's natural catastrophe exposure

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## RISK MANAGEMENT AND INSURANCE

### *Keys to Managing a Renewable Insurance Program*

- Construction and Risk Transfer
  - Achieve more favorable terms and conditions with an early start on contract reviews
    - OEM's, EPC's, Equipment Suppliers, Engineers, Legal, etc.
- Project Finance and COD
  - Established relationships with Insurance Consultant and Lenders will help provide consistent terms across projects and streamline Insurance Report and Closing processes
- Procurement of Insurance
  - Establish a process and checklist for the information that will be needed in the underwriting process for construction and operational lines of coverage

## INDEPENDENT CONSULTANT WORKSTREAM

- Engagement
- Project Due Diligence
- Insurance Due Diligence
- Write the Report
- Draft the Requirements
- Answer the Questions
- Close the Transaction

## EVOLUTION OF INDEPENDENT CONSULTANT ROLE

- Prior to ~2017 mainly Project and Insurance Due Diligence
- Hard market to present
  - Using expertise to facilitate complex financial closings
  - Intermediary to between owner and financiers
  - Single insurer placements to large quota shares
  - Understanding emerging technology (shift in risk to owner)
  - Assessing loss models
- Common misconceptions

## BEST PRACTICES

### *Keys to Navigating Financing*

- A Risk Manager and a person dedicated to Project Finance is key
  - Develop process and protocols to work with internal workstreams
  - Communicate and inform internal parties on the risks of the project and associated costs
- Nat CAT, Nat CAT, Nat CAT
  - Obtain independent PML reports
  - Discuss insurance expectations with financiers prior to term sheet
  - Procure as much primary coverage available in market; excess limits come at a cost
- Investors and Lenders will require transfer of risk through either insurance coverage or a commercial solution

## BEST PRACTICES

### *Keys to Navigating Financing*

- Site & geographic selection is the first form of risk management
- Set realistic cost estimates – term sheet forward
- Concise and timely proposal, summary of terms, policy information
- Create narrative – answering the ‘why’
- Brokers / Owners understanding non-recourse insurance perspective
- Eliminate key non-concurrencies

## KEY TAKEAWAYS

### *Collaborate, Communicate, Educate*

- Success begins with early collaboration and communication
- Manage cost by analyzing and understanding risk exposure
- Time management and understanding each party's role and process is critical
- Cohesive relationships with brokers, consultants and insurance partners drive efficiencies and best practices

# QUESTIONS

# APPENDIX

## PANELIST PROFILES

### Sandy Calvert

- Sandy brings 27 years of experience in claims and risk management prior to consulting for Moore-McNeil. Prior to joining Moore-McNeil she worked in a variety of roles at Liberty Mutual, 3M, Imation, NRG, Target, and most recently as the Director of Risk Services at Mortenson Construction. Sandy holds an undergraduate degree in Business from the University of Montana and a MBA in Finance from St. Thomas University in Minneapolis, MN.

### Sam Jensen

- Founding partner of STANCE Renewable Risk Partners, Inc., a leading independent renewable energy insurance consulting and advisory firm based in San Francisco. Before co-founding STANCE, Sam spent 15 years in insurance consulting at Traxler & Tong, Inc. where he started the renewable energy division. Sam holds a BA in Business and Sociology from Carroll College in Helena, MT.



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## PANELIST PROFILES

### David Layne

- David is Director of Insurance for Algonquin Power & Utilities Corp. and has over 33 years of experience working for utilities as a risk manager and has served on the AEGIS Risk Management Advisory Committee since 2013. Prior to Algonquin, David worked for The Empire District Electric Company as Sr. Treasury & Risk Manager. David holds a BA in Finance and Economics from Missouri Southern State University in Joplin, MO.

### Mat Pifer

- Mat joined AEGIS in 2021 and is an Underwriting Officer in the Renewable Energy team. Prior to AEGIS, Mat worked at AXIS Capital as Renewable Energy Underwriter, and at Aon Risk Solutions as Associate. Mat earned his BA in Chinese from the University of Vermont in Burlington, VT.



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