

Risk Mitigation for the Offshore Wind Industry

The high project costs associated with offshore wind projects, coupled with a risk profile characterized by numerous unknowns is a major concern for a project stakeholder's financial viability. Although insurance is often perceived as a necessary evil to secure financing for a project, Marsh has the knowledge and experience to ensure that your risk management and insurance programs add value throughout the project's life cycle.

The risk issues you face are both numerous and diverse, and affect every stage of development and operation. During project inception, understanding the various wind and wave force loadings; grid interconnection; economic; political; and legal risks, from an insurance perspective, is key to developing a robust risk mitigation program. As the project progresses, technology; construction; collision; the potential for delay-in-startup; and perpetual natural catastrophe risks can severely impact a project's finances should the proper risk mitigation not be in place.



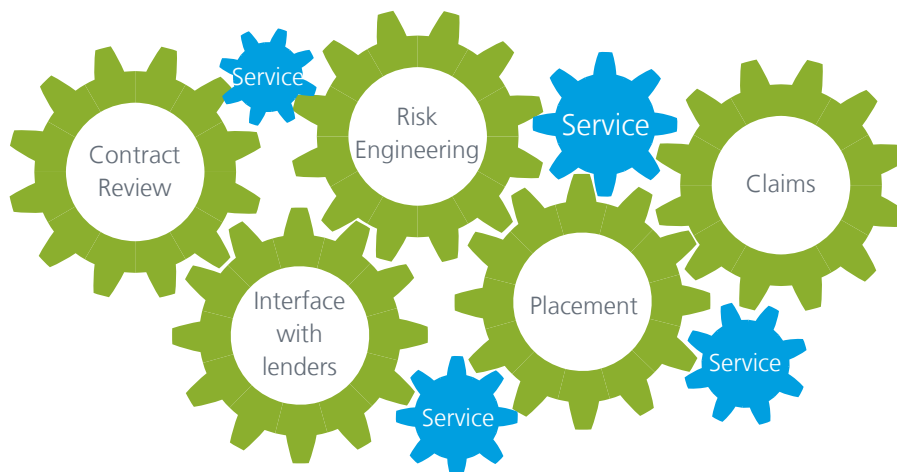
Marsh has served as a trusted risk management advisor to the wind energy industry for the past two decades. With Marsh as your risk advisor, and depending on your specific issues and project phase, your typical risk mitigation program may include (but not be limited to):

- a review of power purchase agreement contracts, engineering procurement and construction contracts, and other supplier and lender contracts for the purpose of advising you of appropriate risk transfer, risk retention and necessary loan covenant requirements
- detailed risk analysis reports for the construction and operational phases
- the design and placement of your comprehensive insurance programs
- a dedicated claims expert to ensure you recover quickly from any loss

Marsh solutions to key offshore wind risk issues

- **Delay in start-up.** Our extensive experience can help you understanding key bottlenecks such as long lead-times, availability of vessels and contractor equipment, access to the construction sites, and damage in transit, enabling solutions to be developed to minimize the impact of any delay.
- **Cabling.** The type, number, length, burial depth, and method of installation of export cables are of particular interest to insurers. Projects with experienced contractors and well-considered redundancy may benefit from Marsh’s ability to secure competitive insurance terms and conditions.
- **Offshore wind force and wave load disruption.** Marsh can help you understand the impact of sea conditions on all types of offshore work. Mitigating the associated risk of delay due to any repair work is vital to ensure the correct insurance cover is available.
- **Offshore collision.** Rigorous risk management procedures and protection methods need to be in place to prevent vessels colliding with each other and the wind farm itself. Working closely with our Marine colleagues, we can design a package to cover a myriad of collision risks.
- **Subsurface conditions.** At Marsh we have the expertise to review and analyze the necessary geological surveys, with a specific focus on the foundation/piling and cable laying.
- **Technology.** Technology is a pertinent risk issue for offshore wind projects. Many turbine models have limited operating experience and track records. Marsh can help developers assess the technology risk, review manufacturers’ warranties, and attempt to place insurance such that it fits in and around these warranties to avoid gaps in coverage.

► Building blocks of your bespoke insurance program:



For more information please contact:

energypractice@marsh.com

or visit us online at:

<http://www.marsh.com>

The information contained in this publication provides only a general overview of subjects covered, is not intended to be taken as advice regarding any individual situation, and should not be relied upon as such. Insured’s should consult their insurance and legal advisors regarding specific coverage issues. All insurance coverage is subject to the terms, conditions, and exclusions of the applicable individual policies. Marsh cannot provide any assurance that insurance can be obtained for any particular client or for any particular risk.

This document or any portion of the information it contains may not be copied or reproduced in any form without the permission of Marsh, Inc., except that clients of any of the MMC companies need not obtain such permission when using this document for their internal purposes, as long as this page is included with all such copies or reproductions.

Marsh is an operating company of Marsh & McLennan Companies, Inc. (MMC). The MMC operating companies include Marsh, Mercer, Kroll, Guy Carpenter, and the Oliver Wyman Group (including Lippincott and NERA Economic Consulting).

Copyright ©2008 Marsh Inc. All rights reserved.