

# Insurance of offshore projects with Nature Inclusive Design

Operating in offshore wind farms can involve risks with high costs and therefore requires insurances. It is highly recommended to consult an insurance broker when taking out insurance on your project. This document is meant to help you prepare your meeting with an insurance broker. It's essential to work with insurance professionals or brokers who specialize in renewable energy projects and understand the specific challenges and risks associated with nature enhancement activities in offshore wind farms.

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### Examples of possible risks involved nature enhancement in offshore wind farms:

- Deployed structures for reef building come loose and damage monopile(s).
- A vessel collides with monopile during monitoring or installation of nature inclusive design.
- Monitoring activities offshore cause damage to the vessel or engine.

## **Before you start**

### **What insurances are in place?**

Some organizations already have insurances in place for the risks you're trying to cover with an insurance. Make sure to always check with your employer and collaboration partners about the current insurances. If not, then your second investigation should be to find out if an insurance manager is available within the company or organization you work at or with. If yes, contact him or her to help you out with the insurances. When working with hired third parties (subcontractors), check whether they are insured as well.

### **Integrate nature inclusive design in overall project**

If possible, integrate Nature Enhancement in the complete project instead of treating it as a standalone part of your project. With an integrated approach the probability of successful insurance is higher. It is easier and often less expensive to take out insurance including the nature enhancement measures in the project. If it is not possible, take into account that premiums and deductibles can be higher and conclusion could be harder to integrate.

## **Step 1: Check your contract**

Many Nature Inclusive Designs are a joint effort and will involve a contract. This is the place to start when figuring out which insurance policies you require to take out.

- Are there items or occurrences you need to insure?
- Are there overall insurances you're required to take?

## Step 2: Perform a risk analysis

### 1. Plot possible risks on the 'risk matrix' (see Image 1)

- Ask different experts involved in the project to contribute to this analysis. Also make sure to involve your legal department or consultant.
- Take into account the different phases and processes involved in your project. Which pose any risks and if yes, which risks?
- Keep in mind that there could be direct effects (damage to a vessel used during monitoring) and indirect effects (less income for shipping company providing the vessel)
- Make sure to quantify risks. For example: day rates in offshore wind installation vessels can go up to 250.000 euro or more per day. If possible, ask an expert to review this quantification for you.

### 2. Consider which of the parties involved is best placed to take out the insurance.

- Who is responsible for the consequences if this risk occurs?
- Consider the provisions of your contract.
- If a risk is not your risk, discuss with your project partners or client how to reduce or insure the risk.

### 3. Can you bear the costs if your risks actually occur?

### 4. Can you reduce the risk that you'd be responsible for? If yes, which measurements will you take short-term and long-term?



Image 1. Risk matrix for risk analysis.

### **Step 3: Identify possible insurances with an insurance broker**

Not all insurance companies give out insurance policies on risks related to offshore wind. It's therefore advised to start your search of suitable insurances with a request for insurance at an insurance broker. Before you consult the broker, create an information package. Write down an outline of the following things:

- What is the scope and background of the project?
- What did you already do to get insight in the risk profile and what did you do to reduce risks? You can include the insights from your risk analysis in an information package or evidence from measurements taken to reduce the risk.
- What other information is essential to know about the project? Make sure to include the goal, collaborative partners, location, monitoring plans etc.
- Keep in mind that nature positive projects can offer marketing benefits for an insurance broker or insurance company. Present it as such.

Based on the supplied information, the broker will plan a meeting or start looking for the most appropriate insurance solution right away and will present you your options. Check with the insurance broker or company whether this insurance policy is valid for offshore activities. Additionally, local regulations and project-specific requirements should be carefully considered when determining the appropriate insurance coverage

#### **What insurances are relevant for activities in offshore wind farm?**

For activities in offshore wind farms the following insurances often can be required:

- Employer's Liability insurance
- Third Party Liability insurance
- Protection and Indemnity insurance
- Contractor All Risk insurance
- Vessel insurance

If you can't find appropriate insurances, or available insurances apply premiums or conclusions which are not suitable for your company or project, discuss this with your project partner or client.