

Erection, testing and catastrophe exposures of the project

The construction and operation of wind farms is at a pivotal stage of development, and is possibly exceeding the 'boutique' phase according to Frank Mastiaux, head of German power group E.On's green operations. High hopes are held for offshore wind energy to contribute towards the growing obligation to produce clean energy; however it does not come without its own fresh challenges.

Offshore erection risks

The operating history of onshore wind turbines is proving a growing success, leading certain operators to try to emulate this success in the larger scale and potentially more lucrative offshore environment. The inherent harsh conditions related to offshore environments, including high humidity, high salt content, and the extreme pressure of dynamic loads, intensifies the necessity for effective risk management. The cost of hiring offshore erection equipment and associated labour costs due to the particularly specialist nature of the skills required, mean the stakes are much higher, and enhanced protection is required. Oval has recognised that this niche market is growing into a mainstream industry and consequently requires specifically designed insurance solutions based on an underlying understanding of the mechanics of the industry and process. It is clear that a standard onshore policy may not be sufficient to provide adequate protection. Oval designs and negotiates bespoke insurance wordings with a range of selected insurers to upgrade standard covers to meet these new exposures.



Catastrophe exposures

Wind farms are particularly susceptible to damage from cyclones and windstorms, even more so with the recent development of wind projects in offshore locations. According to the Georgia Institute of Technology in Atlanta, Georgia, and the National Centre for Atmospheric Research, global cyclone statistics demonstrate a significant increase in the number of category 4 and 5 tropical cyclones (the most intense kind) since the time when satellite records began. Between 1975 and 1989, 171 severe hurricanes were recorded, whereas between 1990 and 2004, 269 severe hurricanes were recorded. The rationale for this is related to global warming, a phenomenon that we are all the more used to in the twenty first century. This evidence suggests that wind farms are facing an increasingly hazardous environment, and emphasises the importance of ensuring that you have the most appropriate and comprehensive insurance programme to suit your specific needs.

Terrorism protection

Terrorism is a real and constant threat in the modern world, and although certain remote wind farm sites may feel secure from such a risk, the value and growing prominence of wind farm structures may justify measures to protect assets against the ever more sporadic phenomenon. Furthermore, consider the potential impact of a loss at a third party location, such as your turbine supplier, or information technology systems operator. A temporary loss of specialist equipment or communications could have a drastic affect on your daily activities. Oval is well aware of the threat and the potential impacts, and we provide highly regarded protection from a range of markets.



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