

## Protecting you at the planning phase

When considering a wind farm investment or project there are some key areas where our expertise can assist you.

### Managing environmental liabilities

The Environmental Liability Directive (2004/35/EC) which is to be transposed in the UK by December 2008, forces operators to pay prevention and remediation costs should they cause 'environmental damage'. In the UK and elsewhere in EU countries, operators will be held financially liable for threats of or actual damage to 'protected species and natural habitats or in a site of special scientific interest, damage to water and land damage' (Source: Environmental Liability Directive 2004/35/EC, Department for the Environment, Food, and Rural Affairs, <http://www.defra.gov.uk/environment/liability/>).

This type of regulation already exists in some parts of the World, especially where there are oil and gas installations.

The EU Directive also defines that operators who are carrying out 'hazardous' activities will be held 'strictly liable' (i.e. there is no need to find evidence of fault or negligence) for damage caused. It is crucial that wind farm projects consider the environmental implications of the project and take appropriate measures to prevent losses.

Oval's specialist Environmental Team can assist in identifying and quantifying your potential liabilities, and in the event that you cannot prevent such losses, Oval has access to environmental liability insurance markets through which we can minimise the costs of unfortunate environmental damage and awards made against you.

### Risk and insurance programme alignment

It is very seldom that all risks can be removed through insurance alone. Each business, whatever the primary function, is exposed to a range of risks that vary in frequency and severity, in unpredictable patterns. Wind farms themselves, being naturally exposed to the elements, are in fact testament to the unpredictable nature of risk.

Our approach to risk transfer involves the construction of a project risk matrix (or register) which demonstrates that you have identified and assessed your key project risks. We translate the key risks through to the most appropriate insurance programme, in order to ensure your insurance coverage reflects your insurable risk exposures.

We offer advice on additional measures for reducing insurable or uninsurable risks to reduce your exposure, which in turn should be reflected in your insurance premium once insurers recognise your business as proactive in risk management.

Oval will not just provide insurance solutions for your business. We aim to provide business solutions that positively impact on your performance, whether that be related to profit, or just a safer working environment.



### Performance bond insurance

It may well be the case that your project is reliant on third party funding. It is not uncommon for there to be rigorous conditions attached by the financing organisation relating to quality standards and timescales. This may expose your company, as project manager or owner, to risks which are out of your control, for example the unfortunate event of bankruptcy or negligence of a contractor resulting in a breach of conditions set by the financier. A lack of adequate cash-flow could have a devastating effect on the project. It is possible through performance bond insurance, to guarantee that the value of work will not be lost due to an unfortunate event. Subject to insurer agreement, you may be entitled to compensation up to the amount of the performance bond.

### Intellectual property rights

Wind farm technology is at a constantly evolving stage of development. If your business is at the forefront of this innovative development, it might be worth protecting the intellectual property from infringement. Oval can arrange cover in respect of defence or attack of patents on a worldwide basis.

### Professional liabilities

There is a significant amount of skill involved in wind farm design and construction, but also operation and maintenance. You may therefore require professional indemnity insurance to protect your principals and employees from financial loss,

injury or damage arising out of an error, professional neglect, or failure to exercise the required level of skill as a professional.

This cover will protect you from the potentially costly exposure to lawsuits following a claim. If as a professional, such as a wind farm designer or specialist engineer, you can claim to have a skill which others subsequently depend on, you should consider professional indemnity insurance.

Oval has a team of professional indemnity specialists who are familiar with working in a range of industries from investment managers, to architects, to engineers and many more.

### Compulsory overseas insurance review

The wind industry is a truly global industry with high potential sites in a multitude of locations, and developers increasingly unrestricted by national borders. Oval currently operates in the marine sector in over 50 countries with clients in Europe, the Americas, Africa, the Caribbean, and Asia. Consequently, we are aware of the process of placing worldwide insurance and the barriers that need to be overcome. We also have access to an extensive database of information regarding compulsory insurances and taxes in different countries. We are therefore very appropriately placed to ensure that you are aware of the insurance environment within the countries that you operate or plan to operate in.

**For a safe and secure approach to planning involve Oval at this early stage.**



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