



Risk Solutions

Towards a sustainable future: Bioenergy Plant Performance Insurance

Sustainability is becoming an increasingly pressing issue for green technology businesses around the world. The spread of green tech has seen parallel growth in competition, costs and uncertainty, creating a need for adequate cover to manage risks and stabilise business plans. In response, Green Tech Solutions (GTS), our specialised unit at Munich Re, has expanded the boundaries of insurance to support the sector in realising its sustainability objectives.

What we offer

Munich Re Green Tech Solutions now provides a new **Bioenergy Plant Performance Insurance** cover. The insurance solution is of particular benefit to new and established businesses because it delivers the following key benefits:

- Improves bankability and access to capital
- Stabilises revenue stream
- Provides more cost-efficient financing (i.e. credit enhancement)
- Provides balance sheet protection
- Supports new green technology
- Offers a flexible insurance structure to attract lenders and investor

In addition to the above, the cover has an attractively high insurance capacity of up to USD 100m and it is backed by the AA-rating of proven and well-respected international player Munich Re.

How it works

Bioenergy Plant Performance Insurance has been specially designed to focus on thermal (heat) and biological (digestion) technology processes. Attention has also been given to project technical parameters and specifications with regard to the quality and quantity of feedstock as a function of its output performance over time.

Technological characteristics are assessed in light of a given project's project financial model performance to identify alignment of interests and insurability. Risk assessment is carried out by Munich Re Green Tech Solutions and is confirmed by third-party business partners, i.e. independent engineers.

What types of cover are included

The Bioenergy Plant Performance Insurance is comprised of two major cover elements, the Output Cover and the Repair Cover:

Output Cover:

The Output Cover insures the minimum output of a biomass facility. The purpose of the cover is to protect the balance sheet of the insured project and stabilise cash-flows based on expected output.

This solution provides liquidity for project production shortfalls and protects the investment as output is directly correlated to related debt service in a financed project.

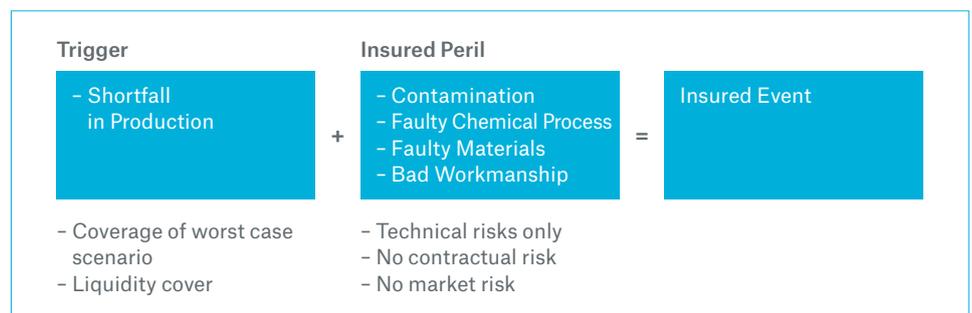
Repair Cover:

In addition, there is an option to include a Repair Cover for unscheduled major repairs, in order to cover any crucial repairs needed to restore operational performance.

How the cover applies to an insured event

Output cover:

We insure a predefined shortfall in production on an annual basis. Insured Events causing a shortfall in production are triggered by predefined Insured Perils (see figure below).



Repair Cover:

In addition to the Output element of the cover, the insured has the option to purchase a Repair Cover for unscheduled major repairs. This makes allowance for unscheduled major repairs of specified components of property insured, where the lack of such repair would cause a significant drop in output and ultimately lead to an insured event.

Policy period

The policy period, as standard, is limited to 10 years and is determined in accordance with the terms of the related loan, debt financing and/or owner's interests.

In general, the policy is not cancellable from the insurer's perspective. However, in the event that a test during the first year of production or respective ramp-up phase does not provide confirmation of the nameplate capacity, the insurer maintains the right to cancel the policy contract within a pre-defined period of time.

Indemnification

Indemnification due to potential losses will be calculated and paid on an annual basis, or in certain cases where applicable and feasible, smaller time periods. Annual limits, total policy limits, annual deductible, self-insured retention and surplus production apply.

Compensation will be paid for the gap in cash available for debt service (CAFD) due to a shortfall in output.

The insurance concept also allows for the defining of the beneficiary/loss payee, for example, the finance lending institution or investor.

Who to contact

Contact the person below you feel is most conveniently located to assist you.
We look forward to working with you.

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