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Wind farms: Claims issues and trends

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Asia's wind markets

Traditional to emerging markets

More traditional markets

- Taiwan and Japan

Not yet lived-up to the hype?

- Korea

Troubled waters?

- - Vietnam

Emerging markets

- India, the Philippines and Bangladesh



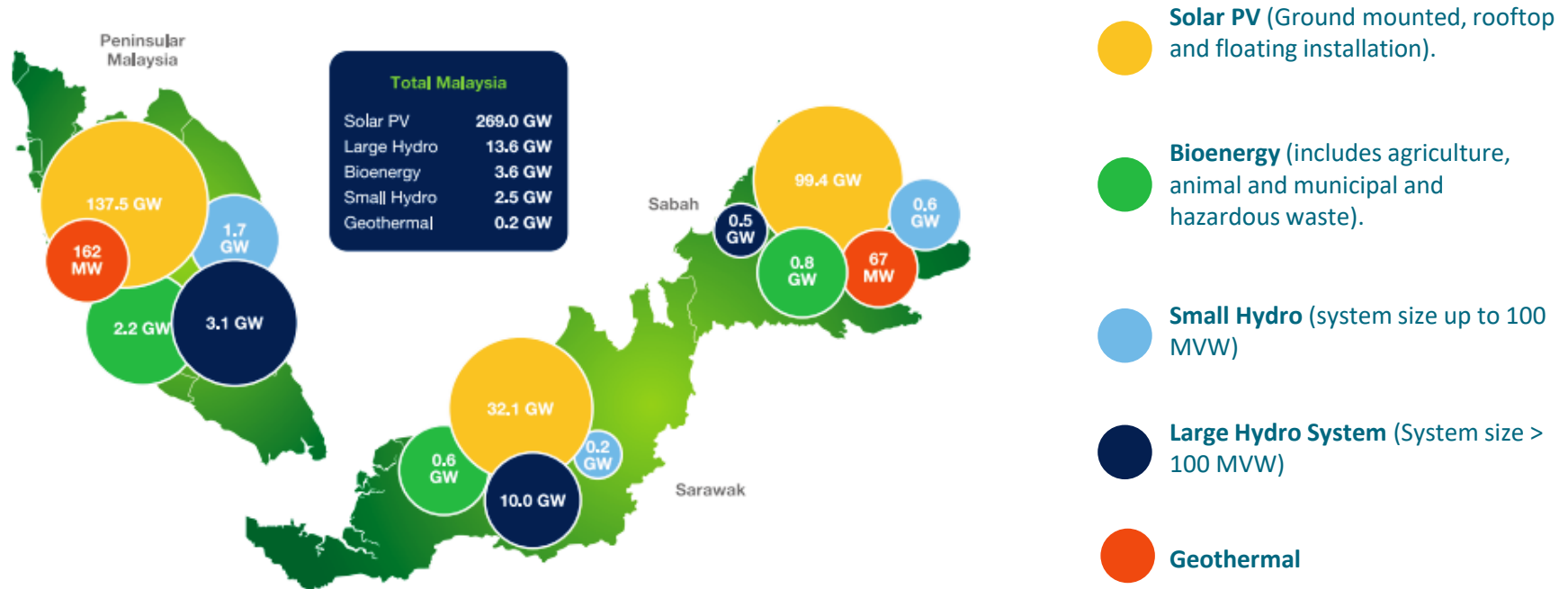
Malaysia's renewables market

Renewable Energy Objectives

- 2021, Malaysia's Renewable Energy Road Map
- MyRER target includes:-
 - 2025: a renewable energy share of 31%
 - 2035: renewable energy share of 40%
 - 2050: renewable energy share of up to 70% & net-zero greenhouse gas emissions.

Malaysia's renewables market

Renewable Energy Resource Availability

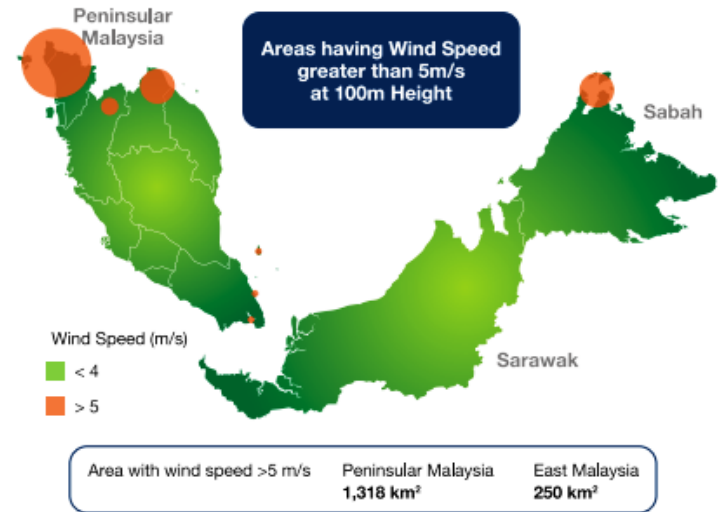


(Source: Malaysia Renewable Energy Roadmap, published by the Sustainable Energy Development Authority Malaysia in 2021).

Malaysia's renewables market

Wind

- Variability of wind generation:
 - Low wind speeds during the southwest monsoon period (May / June to September).
 - Higher wind speeds during the southwest monsoon in the east coast of Peninsular Malaysia (November to March).
 - Possible strong winds from typhoons striking neighbouring countries.
- Malaysia's mean wind speed is around 2 m/s.
 - Minimum wind speed to generate electricity : 4m/s.
 - Minimum wind speed required for profitable wind energy generation : 7-8 m/s.



(Source: Malaysia Renewable Energy Roadmap, published by the Sustainable Energy Development Authority Malaysia in 2021).

Malaysia's renewables market

Wind - Opportunities



- Decrease in the costs of wind generation with the rise of Asian OEMs.
- Promotion of cross-border renewable energy trade. Announced that Malaysia will lift the ban on the export of renewable energy.
- As part of Malaysia's Strategic Framework, one of the key post-2025 actions include:-
 - Developing technology for low wind speed.
 - Exploring offshore and onshore wind potential and feasibility of wind energy integration.

Supply chain risks, wordings and adjustment techniques

From an insurance claims perspective

- Increased supply chain risk due to vessel unavailability
- Underinsurance and average clauses
- Declaration linked policies
- BI volatility clauses

BI volatility clauses (LMA5608)

Subject to all other applicable terms, conditions, exclusions and limitations of this (Re)Insurance, a monthly cap shall apply to the **Time Element** maximum monthly liability (the “Monthly Cap”) as follows:-

1. The Monthly Cap shall be the monthly **Time Element** values declared to and agreed by (Re)Insurers for the Location(s) suffering delay or interruption indemnifiable under this (Re)Insurance. If any monthly **Time Element** values are missing, the monthly values for the same months in the most recent policy period on file with the (Re)Insurers shall apply.
2. If monthly Time Element values are not declared and agreed by (Re)Insurers prior to a loss, the Monthly Cap shall equal the lesser of the relevant declared Time Element:
 - a. Sum Insured; or
 - b. Specified sub-limit,

for the **Location(s)** suffering delay or interruption indemnifiable under this (Re)Insurance divided by the relevant **Time Element** maximum indemnity period in months specified in this (Re)Insurance.

BI volatility clauses

3. If an escalation percentage is specified in this (Re)Insurance and is applicable to the **Time Element** Sum Insured or specified sub-limit, the Monthly Cap shall be increased by multiplying it by the specified escalation percentage.
4. If an escalation percentage is not specified, then the following shall apply, but only where a percentage is stated below:
The Monthly Cap shall be increased by xx%
5. If the generating output at a **Location(s)** is produced by two or more discrete pieces of apparatus and reduced as a result of the inoperability of one or more of them, the Monthly Cap shall be limited pro rata to the loss of available generating output as a proportion of the total generating capacity at the **Location(s)** suffering delay or interruption.
6. There shall be no cover for any increases in the **Time Element** declared value for a **Location(s)** which are not agreed by (Re)Insurers prior to a loss

BI volatility clauses

Definitions

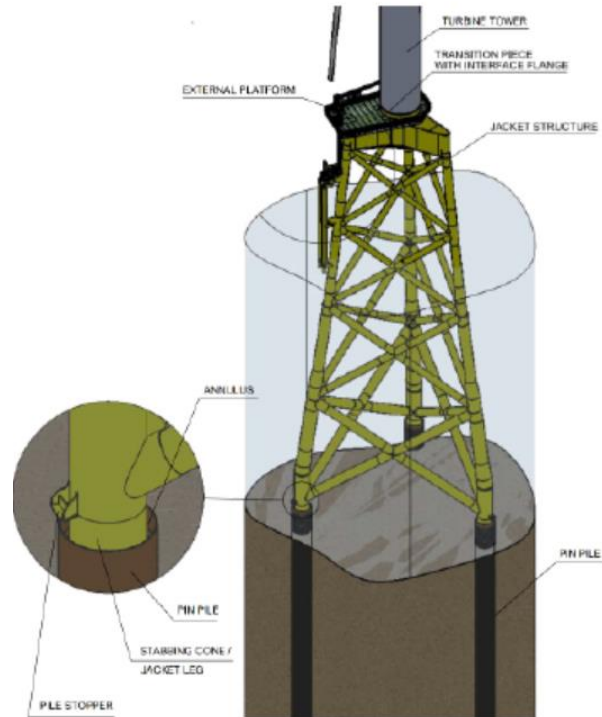
- ❑ **Location(s)** means the project site(s) or location(s) indemnified under this (Re)insurance.
- ❑ **Time Element** means all delay or interruption related coverages within this (Re)Insurance including but not limited to Delay in Start-Up and Business Interruption

War risks

“Notwithstanding any provision to the contrary within this reinsurance or any endorsement thereto it is agreed that this reinsurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with or occasioned by any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

(1) war, invasion, acts of foreign enemies, hostilities or warlike operations or military, naval or air operations (whether war be declared or not), blockade, civil war, coercive (re)unification, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, martial law, state of siege, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority, and/or any act of any person or persons acting on behalf of or in connection with any organization the objects of which are to include the overthrowing or influencing of any de jure or de facto government by any violent means; or (2) any act of terrorism.”

Renewables claims: “damage”



Renewables claims: “damage”

Examples of current interesting Asian renewables claims



Renewables claims: “occurrences”

Examples of current interesting Asian renewables claims



Subrogation

Observed greater appetite for market consideration

OEMs as targets – challenges

LTSA contractors as targets – challenges

Thank you. Any questions

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