

IUMI 2022: Underwriters supporting move to offshore renewables

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After a series of quiet and rather uneventful years for the upstream energy market, recent macroeconomic and socio-political developments have once again put upstream energy centre stage, according to Frank Streidl, chair of the International Union of Marine Insurance (IUMI) Offshore Energy Committee.

Speaking on the second day of this year's IUMI conference in Chicago, Illinois, US, Streidl said that energy supply still heavily depended on hydrocarbons sources. Energy security concerns had forced western economies to find new providers.

Streidl said that offshore energy underwriters were key enablers and drivers for the rapid shift to sustainable energy. A willingness to develop tailored products would be required to offer the necessary full life-cycle solutions.

Streidl said that, to achieve the required shift towards sustainable offshore energy, the supporting infrastructure needed to be upgraded and larger wind farms had to be developed further offshore, at deeper water sites.

Turbines would increase in size, with the typical new turbine output expected to be 15MW and 200 metres in height by 2030. Offshore carbon capture and storage facilities were also progressing.

Streidl said that these types of groundbreaking projects had to be backed by insurance programmes that could help to de-risk these investments and unlock the necessary capital flows. "The world is in transition, and it is the self-imposed responsibility of the insurance industry to support companies decarbonize in a safe manner. We need to play our part by developing new products, continuing to proactively support new technologies," Streidl said.

"Streidl said that the offshore insurance sector could be proud of what had been achieved to date. "However, oil and gas still account for more than 90% of premium in the offshore energy market. Offshore renewables offer innovative underwriters the opportunity to develop products for our customers".

He said that, for example, offshore floating wind and solar farms offered the potential to deliver clean energy at a significant scale in the future. But with the increased distance to the shore came riskier installation, operational and maintenance issues, including weather perils.

Cabling, foundation and mechanical issues had driven the majority of claims for the offshore renewables sector thus far, but Streidl noted that the risk profile of offshore renewables assets was still evolving. “The energy insurance sector wants to collaborate with insureds to respond with appropriate insurance cover that is reflective of the changing risks, as well as supporting corporates in managing them”, he said.