

HUB

When The Wind Blows: Renewable Energy Risk Management Strategies

Small Wind Conference 2017

Overview

- About HUB
- Insurance Solutions
 - General Coverage Overview
 - Stakeholders
 - Cyber Liability
 - Engineers and Consultants
 - Manufacturers and Suppliers
 - Installers
 - End User
- Conclusion

ABOUT HUB



HUB Brokerage Scope & Scale



10,000+ Employees



96% Client Retention



1 Million+ Clients



400+ Locations
in North America



TOP 8 Global Broker
Based on Revenue



\$12 Billion+
in Premium

Global Resources – Local Relationships

As a top 10 global insurance broker, HUB International offers property and casualty, life and health, employee benefits, investment and risk management solutions.

Our global resources and local relationships create world-class results for clients.

Solutions include:

- > Health & Benefits Consulting
- > HRIS Consulting
- > Communication & Design
- > Health & Performance Practice
- > Voluntary Benefits
- > Human Capital Consulting
- > Workforce Management
- > Change Management
- > Life Insurance
- > Commercial Risk: Property & Casualty
- > Workers' Compensation
- > Risk Services & Claims Advocacy
- > Management Liability
- > Global Practice Group
- > Private Client Group/Personal Lines
- > Surety/Bonds
- > Non-Profit & Public Affairs Practice
- > Financial Practice

Taking A Different Look At Your Insurance Program

- In-House Resources
 - Executive Liability, Professional Liability, Cyber Liability, Environmental, Non-Profits, Construction, CleanTech etc.
- Specialized Focus
 - We organize our professional insurance services into **industry specific practice areas**, we assure that we are up-to-date in our understanding of client business exposures so that we can offer specialized advice and solutions.



Insurance Solutions



Protecting your people, property and profits

Commercial Coverage Overview

- General Liability
- Workers' Compensation
- Employment Practices Liability (Wage & Hour)
- Inland Marine
- Professional Liability
- Directors & Officers Liability
- Pollution/Environmental Liability
- Automobile Liability
- Excess/Umbrella (Follow Form)

Stakeholders

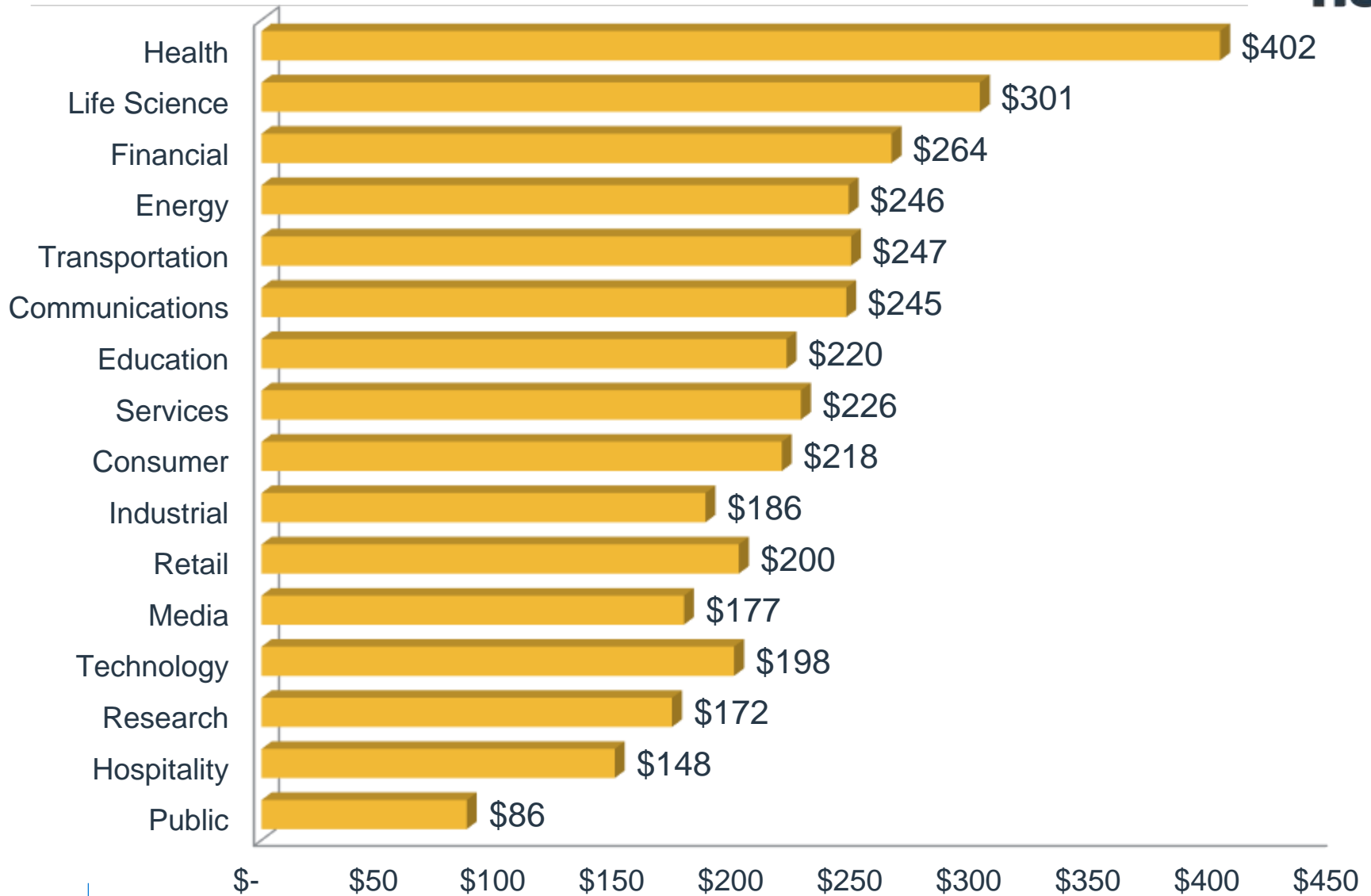
- Original Equipment Manufacturers
- Installation Contractors
- Cooperatives
- Financing Companies
- End Users
- Engineers
- Third Party Certification Companies



Cyber Liability: Data Breach Response

- Needed by any business with a website, engaging in Internet commerce or storing sensitive information on their public or private network.
- Coverage is provided for direct loss, expenses, and legal liability resulting from cyber security breaches.
- **Third Party Liability (Customer Information)**
 - Electronic media liability, also known as content liability; network security liability; and privacy liability
- **First Party Coverages (Loss Costs)**
 - Business interruption, data restoration, cyber extortion payments, crisis management expense, regulatory action, credit monitoring and notification expense

Per Record Cost by Industry Class



Third Party Liability

- **Security Liability** – covers defense costs and damages in the event there is a failure of the security of a computer system, or failure to comply with any statutes that require notice of unauthorized access by others of confidential information.
- **Privacy Liability** – covers defense costs and damages in the event that there is a failure to protect confidential information, failure to disclose an event in accordance with applicable laws, failure to comply with a formal privacy policy, or violation of any statutes.
- **Regulatory Proceedings** – covers defense costs in the event of an investigation by a governmental entity. Regulatory fines and penalties are covered by some carriers.
- **Payment Card Industry – Data Security Standards (PCI-DSS)** – covers fines or penalties from a Payment Card Association (e.g. MasterCard, Visa, American Express) or a bank processing payment card transactions in connection with an Insured's lack of compliance with PCI standards.

This is a comprehensive listing of coverages available in the marketplace, not all coverages apply to every risk.

First Party Coverages

- **Privacy Event Expenses** – an insured’s first line of defense and the main area of differentiation for carriers. Covers costs including legal consultations, forensic expenses, notification expenses, credit monitoring and remediation, public relations and consumer call centers.
- **Cyber Extortion** – covers investigative expenses in the event of a threat and extortion payments are made to remedy the threat. Most carriers’ forms are “consent to settle,” meaning the insured and the insurer must agree to make an extortion payment.
- **Business Interruption** – reimburses for income lost and extra expenses incurred in the event of a breach. This coverage part is triggered by a breach, and is subject to a 6-24 hour waiting period. Some policies include broader coverage for contingent business interruption and system failure.
- **Digital Asset Protection** – reimburses for costs to restore or repair lost data in the event of a breach and to determine what data cannot be restored, recollected or recreated.

This is a comprehensive listing of coverages available in the marketplace, not all coverages apply to every risk.



Insurance Solutions for Engineers & Consultants

- Errors and Omissions (E&O) and Professional Liability Insurance
 - Protects businesses against liabilities arising from an act deemed neglectful, including an error or omission in the performance of professional service, or a breach of contract.
 - Covers judgments, settlements and defense costs.
 - Common claims allege negligence, misrepresentation, design errors, violation of good faith & fair dealing and inaccurate advice.
 - E&O lawsuits have the potential to cause the most financial damage to an engineering company. Review your policy in detail with your broker.
 - Policies specific to CleanTech engineers exist that provide more tailored coverage.



Insurance Solutions for Manufacturers & Suppliers

- General Liability

- Products and Completed Operations Liability

- Coverage for suit seeking damages for bodily injury or property damage that arises from your product away from your premises.
 - Insurers may exclude this coverage form from a commercial package policy, requiring a separate policy from a specialty insurer.
 - ISO CG 21 04–Exclusion–Products/Completed Operations Hazards
 - A stand alone products liability policy can result in the best pricing and coverage.

- Umbrella/Excess Liability

- Review policy for exclusions for products and completed operations.
 - Stand alone excess policies exist to provide additional limits for products and completed ops exposure if the umbrella will not cover it

- Stock Throughput Policy
 - Inland and international transits by any mode of transportation
 - Inventory (stock), including raw materials, work in progress as well as finished goods
 - Covers:
 - Incoming raw materials and finished products
 - Stored raw materials and finished products
 - Local Transportation, final distribution and transit to customer
 - Eliminates coverage gaps that arise from separate cargo, inventory/storage and transit policies

- Trade Credit Insurance
 - Coverage
 - Accounts Receivables Exposure
 - Commercial risk (buyer's insolvency and slow-pay)
 - Non-payment of non-confirmed letters of credit
 - Non-transfer of currency out of a foreign country
 - Repossession of lessor's equipment by a foreign government
 - Benefits
 - Allows larger credit limits that can result in business growth
 - Provides comfort in expanding sales to new customers and territories
 - Protects from external risks that could cause customers to default on payments

- Product Warranties and Extended Warranties
 - Available through Specialty Insurers focused on CleanTech
 - Risk Transfer and Program Structure
 - Programs are structured to fit each companies needs
 - Insurers will assume up to 100% of the risk on each warranty
 - Companies can participate in risk sharing by assuming a percentage of the risk
 - Research Intensive Underwriting
 - Analysis of design, engineering and failure modes to quantify product risk
 - Focus on risk management and loss prevention
 - Warranty claims management
 - The insurer includes the policyholder in the claims process
 - Premiums are based upon the companies specific product offering, manufacturing costs, and past warranty expense



Insurance Solutions for Small Wind Installers

- Owners and Contractors Protective Liability (OCP)
 - Available as an endorsement to a general liability policy or as a separate policy
 - Protects a general contractor from the liability exposure that results from the hired subcontractor's negligent acts to perform work on the general contractor's behalf
 - Should be required of subcontractors and engineers
- Products and Completed Operations Liability
 - Coverage for bodily injury or property damage that arises from the insured's work/ installed product
 - How work should be defined in the definitions section of your policy: "Operations performed by the named insured or by others on its behalf. Including materials, parts, or equipment furnished in connection with the work."

- Inland Marine
 - Contractors Equipment
 - Provides physical damage coverage for equipment at the contractor's premises, job site or while in transit
 - Can be endorsed to cover leased, rented or borrowed items
 - Goods In Transit (Transportation Insurance)
 - Coverage for products being transported by the contractor or a hired firm
 - Installation Floater
 - coverage starts when the items to be installed are transported to the customer's premises and remains in place until the interest of the contractor ceases or the owner accepts the installation
 - Installment Sales
 - Protects the contractors interest in a product purchased by a client on an installment plan; The purchasers interest can also be protected by the contractor
 - Important for companies that provide financing for clients

Energy Savings Guarantees

- This insures the energy savings guarantees issued by energy efficiency contractors to municipal or commercial facilities
- One year policy with individual projects endorsed separately
- Policy term extends through end of all guarantee terms
- Engineering-Focused Underwriting
 - Insurer reviews project, technologies, **projected vs guaranteed** savings
- Premium: 2-5% of total guaranteed energy savings
- Deductible: 5-10% of total guaranteed energy savings



End User Insurance Solutions

Commercial Entity

Equipment Floater or Inland Marine Policy

- Depending on the insurer, inland marine policies can be endorsed to cover property damage to wind energy equipment.

Individual

Homeowner's Insurance Policy

- Depending on the carrier this policy can be endorsed to extend coverage to wind turbines, batteries and controllers.
- If the homeowner is seeking protection from lightning strikes and other acts of god, have them contact their homeowners insurance company to inquire if coverage is available.

Thank you.

Contact Information

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