

State of the Market

Renewable Energy Insurance Market Update

2024 Outlook

Introduction

Through 2023, the renewable energy industry pursued growth spurred by sizable investments, government clean energy policies, and strong demand for renewables. Though energy transition efforts have ramped up, geopolitical challenges, climate risks, and economic conditions tempered tailwinds in the renewable energy industry and also challenged the insurance market. In 2024, prospects for growth in the renewable energy industry remain shaped by these familiar forces.

When approaching the insurance marketplace, buyers with differentiated, preferred risk profiles will achieve the best results while loss-affected and natural disaster exposed entities will see less favorable outcomes. Partnering with a team of dedicated renewable energy experts with meaningful experience in both the energy industry and insurance marketplace can help businesses ensure that they get the best outcomes from their risk mitigation strategies, so that projects are financially protected at every step of the way.

Key Considerations and Insurance Market Trends

Global conflicts

In 2024, the global geopolitical environment is mired with emerging and persistent conflicts, and their impact affects the viability and profitability of renewable energy projects. With conflicts expanding and not shrinking, their ripple effect shapes supply chains, trade policy, and economic growth. Conflicts and instability in key source countries for valuable minerals and other raw materials are some of the greatest challenges impacting the clean energy transition today. As one example, about 69% of the world's cobalt, a critical component in rechargeable batteries, comes from the Democratic Republic of the Congo [1]. From an insurance perspective, renewable energy companies with exposures to this risk need to be able to demonstrate what steps they are taking to strengthen their supply chains and operations to reduce the likelihood of claims.

Supply chains

Global conflicts and trade tensions place continuous pressure on supply chains in the renewable energy industry today. As a response to trade protectionism and tensions with countries such as China that source and refine valuable minerals for clean energy, the U.S. federal government has tried to reward the domestic sourcing of commodities and manufacturing of critical components for renewable energy projects through the Inflation Reduction Act (IRA). These incentives, which are meant to bolster renewable energy deployment and reduce U.S. dependency on less favorable trade relations, have not yet fully worked as intended, leaving renewable energy supply chains vulnerable to geopolitical risks. In spite of conflicts, supply chains did become more stable in 2023, which provides more hope for their viability in 2024.

Labor shortages

Labor shortages continue to affect the renewable energy industry in 2024. Fortunately, there were promising advancements in 2023 to build vocational training programs for clean energy jobs and fill job openings. For example, in November 2023, the Biden administration announced that through the Bipartisan Infrastructure Law, seven new Industrial Assessment Centers and ten Building Training and Assessment Centers would receive a combined \$40.8 million to boost training opportunities for the energy workforce [2].

Government incentives

Federal clean energy policies such as the IRA and the Infrastructure Investments and Jobs Act flooded the renewable energy industry with monetary investments throughout 2023. The IRS and governing bodies continue to provide guidance and clarification regarding clean energy policies and tax credits, giving businesses more guidelines and certainty to meet regulatory expectations. Investments and tax incentives have created great opportunities for the renewable energy industry, but they have also led to some unintended consequences.

Because individuals and entities need to meet deadlines to reap the rewards of the IRA, some of them have rushed to rollout projects without properly planning and accounting for risk scenarios, leading to losses. Looking ahead, businesses that want to capitalize on the ample opportunities that exist for the renewable energy industry need to take the time to properly weigh the risks that may impact their investments and lean on their broker partner for guidance on adequate loss controls and insurance strategies.

Insurance capacity

There is significant capacity in the insurance market for renewable energy, though underwriting appetite will vary on risk quality. Presenting comprehensive risk engineering data and meeting with underwriters ahead of renewals will help differentiate submissions for improved results. Notable areas of concern include business interruption and property insurance, both of which remain challenged. Supply chain instability is a continued driver of business interruption rates, while persistent natural disasters leave little room for respite from a hardened property market.



Your Partner for Success

Because there are a lot of incentives and cash flowing into the renewable energy industry, many investors are flocking to this space. Given that renewable energy projects are large and complex, spanning multiyear timelines, partnering with a trusted insurance advisor can help you identify and remediate potential issues before they materialize and navigate the insurance market to protect your company and investments from risks. Our dedicated team of renewable energy experts have seen countless scenarios play out and know how best represent your risk to underwriters. By becoming an extension of your team, we deliver risk mitigation strategies and insurance architecture that align with your goals from day one.

[Partner with us to protect your assets and investments.](#)



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1 Peterson Institute for International Economics, "Who controls the world's minerals needed for green energy," Luc Leruth and Adnan Mazarei, August 9, 2022

2 Energy.gov, "Biden-Harris Administration Announces \$40 Million to Expand Clean Energy Workforce Training and Enhance U.S. Building and Manufacturing Efficiency," November 16, 2023