SOLAR PERFORMANCE WARRANTY

Companies that are involved in manufacturing of solar power generation assets and their customers are exposed to losses on account of variance in solar output beyond guaranteed levels.

Specifically, if the solar power output is lower than guaranteed levels, expected revenue for the user is typically reduced. The policy is designed to offset this loss and provide coverage for installation/reinstallation, as well as loss of revenue due to module under/non-performance.

PROGRAM HIGHLIGHTS

- Backstop of supplier's original performance warranty for all panels under the policy.
- Covers a single utility project or a portfolio of commercial/residential projects.
- Double trigger program:
  - For a manufacturer, coverage is activated when claim exceeds agreed deductible.
  - For an operator, covers risks which are likely to arise when:
    - Solar power output may, in course of time, fall below the level guaranteed by a manufacturer.

What you get

Customized performance warranty insurance solution to support underlying performance warranties and mitigate long-term technology, operation, and resource risks.

- Indemnity due to loss of power arising out of:
  - Faulty construction.
  - Material defects .
  - Production errors.
  - Material ageing (above the normal).

What it covers

- Repair of the module.
- Replacement of the module.
- Supply of additional modules to compensate for the decreased output.
- Financial indemnification based on the actual cash value, which is always the maximum payout for each non performing module.
- Loss of revenue as add-on to replacement of module cover.

- Manufacturer or seller can no longer be held liable under its warranties due to insolvency.

  – Flexibility – customization of program to activate only in the event of under/non-performance.

- Coverage:
  - Contingent Cover: General cover available in the market requires a double trigger. However, customization is possible to suit the client's needs.
  - Primary Cover: Requires a valid warranty claim as per the terms and conditions of the manufacturer's warranty terms.
  - Policy term can be selected by client or can also be co-terminus with project debt.
- One-time premium payment for entire tenure of the cover 20-25 years.
- Flexible structure: Multiple options for deductibles and limits for clients to choose as per individual requirements, and to suit the project needs.
- Territory: Worldwide.
- Cover can also be extended for loss of revenue as add-on, on top of the component replacement cover.

Renewable energy insurance policies have numerous benefits, including the potential for protected earnings - allowing for more efficient use of equity—and generally predictable cash flows, which investors and the financial markets value.

Whom it is for

- Manufacturer:
  The policy covers all modules manufactured throughout one year (for example, 2018) and sold within an agreed time (for example, six months) from the manufacturing date. The policy covers losses sustained in relation to them over 20 to 25 years, in order to comply with the standard performance guarantee offered by the solar module manufacturers.

  In subsequent years, the insured would need to have a new policy underwritten annually in order to cover the modules produced during such year for losses occurred in relation to them over the following 20 to 25 years.
- Operator or EPC:
  For an operator or EPC, the policy works out in a similar way as it does for a manufacturer, with the only difference being an additional trigger stating that coverage is activated if a manufacturer not being able to respond to claims.

For more information about Renewable Energy Products, contact:

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