

McGill and Partners collaborates with Renew Risk to develop bespoke catastrophe models for offshore wind portfolios

Models use industry leading expertise to more accurately assess risk in high natural catastrophe areas

London - 27 September 2023 -- McGill and Partners, the global boutique specialist insurance and reinsurance broker, has collaborated with Renew Risk, a leading risk analytics SaaS provider for renewable energy assets, to develop catastrophe models for offshore wind portfolios.

The announcement comes as the demand for in depth catastrophe modelling increases in response to offshore wind projects venturing further into high-risk areas. Robust models will help the market better understand and quantify the risk, determine appropriate (re)insurance limits and understand aggregation across multiple windfarms in one region. This will lead to increased insurance capacity available for the benefit of the developer, enabling (re)insurers to offer more competitive and sustainable products, and reduce their own capital requirements and volatility.

Renew Risk, through the implementation of deep data science-driven patent-protected methodologies and leveraging the extensive insight from the McGill and Partners team, built an initial five models in the Oasis framework, an open-source Cat model platform, covering Northeast US hurricane, Taiwan earthquake and typhoon and Japan earthquake and typhoon. These cutting-edge models will assist in providing McGill and Partners with a fuller understanding of the natural peril risks, determining appropriate insurance limits, and grasp of risk aggregation across multiple windfarms in one region.

Traditionally, the catastrophe risk to offshore windfarms has been quantified with general rules of thumb for different regions, or by modelling the risks as onshore. To date, there are no commercially available models for offshore windfarms in the areas of interest where many offshore assets are increasingly being built, frequently in areas that are highly exposed to natural catastrophe perils.

McGill and Partners commissioned the project with Renew Risk, working closely with the firm to develop the models and are the first in the market to license the models.

Tom Sexton, Partner and Head of Renewables, Power and Energy at McGill and Partners said: *"There has been a pressing need for a custom-built offshore wind catastrophe model to accurately assess the probability of loss for this rapidly developing asset class in high-risk zones. These models will assist both offshore*

wind clients and insurers to access more efficient risk transfer capital. They will enable insurers and reinsurers to price coverage more accurately, understand asset class aggregations, and assess offshore wind's impact on other lines of business - previously inaccessible insights. This will give insurers and reinsurers the confidence to provide greater capacity at more appropriate pricing levels to our offshore wind clients in high catastrophe zones."

Dr Catherine Tillyard, Partner in Treaty Reinsurance at McGill and Partners added: "McGill and Partners is also part of the Sustainable Markets Initiative, something we're immensely proud of and that shapes how we look to develop our business. Without sufficient insurance, offshore developers are unable to access credit for these large-scale projects. These catastrophe models provide all parties with a more accurate assessment of the risk, enabling such projects to become a reality - crucial if we are to transition to renewable energy sources."

Ashima Gupta, Chief Executive Officer at Renew Risk, said: "Offshore wind plays a pivotal role in the transition to a renewable energy economy. But as the industry witnesses a surge in new projects located in regions susceptible to natural disasters, it is important to have robust risk models which will allow (re)insurers to appropriately assess the risk of these billion-dollar assets constructed in the deep sea. With our state-of-the-art data science-driven risk models, we can enable our clients to thoroughly assess the intricate risks associated with natural disasters, thereby instilling the confidence needed to furnish these projects with precisely tailored insurance coverage. By offering this robust risk management solution, we are actively contributing to the progress towards a greener and more sustainable energy landscape."

Dr Joshua Macabuag, Chief Product Officer at Renew Risk, said: "Renew Risk brings the best in Engineering and risk modelling to provide risk analytics designed and built specifically for renewable energy. McGill and Partners have been the ideal collaborators, resulting in the world's first commercially-available catastrophe models built from the ground up specifically for offshore windfarms. We look forward to continued collaborations to provide leading risk analytics for renewables, and accelerate the transition to a renewable energy economy."

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About McGill and Partners

McGill and Partners is the fastest growing global boutique specialty insurance and reinsurance broker in the world. It was launched in 2019 and the firm has significant backing from funds affiliated with Warburg Pincus, a leading global private equity firm. McGill and Partners is headquartered in London with offices in Bermuda, the US, Ireland, Australia, Switzerland and Germany.

About Renew Risk

Renew Risk is a B2B SaaS startup dedicated to improving the end-to-end financial lifecycle from planning to financing to insurance of renewable energy assets like offshore wind farms. With a passionate team of experts, leveraging deep data science technologies and a deep understanding of industry dynamics, Renew Risk is committed to transforming the insurance and finance of renewable energy and shaping a better future.

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