INSURANCE IS BECOMING A STRATEGIC TOOL FOR ENERGY TRANSITION PROJECTS - NOT JUST A TRANSACTION

The RiskPoint Group

As energy transition projects grow in scale and complexity, insurance is evolving from a risk transfer mechanism into a strategic tool that supports project development, strengthens bankability, and helps unlock the capital needed for the energy transition.

This was one of the key messages from my conversation with Jonas Dalsgaard, Chief Commercial Officer for Natural Resources at Howden, when we met during WindEurope in Madrid to discuss the role of insurance in the energy industry. He argues how the role of insurance is evolving alongside the renewable energy sector.

Insurance should be part of the conversation from the beginning

For decades, insurance has often entered renewable energy projects after the financial investment decision. Technical design, contracting, and financing are typically completed by the time insurers are asked to assess and underwrite the risk. According to Dalsgaard, that approach leaves significant value on the table.

“Traditionally, insurance has often been viewed very transactionally, a necessary requirement once the technical, contractual and financing work has been completed,” says Dalsgaard.

“I take a fundamentally different view, as I believe insurance should be engaged at a much earlier stage.”

The rationale is straightforward. Brokers, underwriters and risk advisors have visibility across a wide range of projects and technologies. When engaged early, they can help identify and address risks before critical development and investment decisions are made.

“The earlier insurers and risk advisors become involved, the greater their ability to influence outcomes and enhance project bankability and thus insurability. Everybody wins.”

For developers, investors and lenders, this can mean better risk allocation, improved mitigation strategies and ultimately greater confidence in project execution.
The opportunity is continuous dialogue between developers and insurance expertise to help identify practical solutions earlier, improve project resilience and create stronger foundations for successful delivery.

Hybrid Risk Solutions

The energy transition requires vast amounts of investment capital, technological innovation and infrastructure development, which leaves the question: Can insurance play a broader role than merely transferring risk?

Dalsgaard believes it can: “As an industry, we have an opportunity - and arguably a responsibility - to move beyond being passive risk takers and become active participants in solving some of the challenges associated with the energy transition. This pertains not only to scale but also to new technologies.”

The challenge is not limited to the sheer scale of energy transition. Net-zero carbon economies, electrification, energy security and emerging technologies are creating new risk landscapes that require insurance solutions capable of supporting innovation. But there is a caveat.

“Insurance needs to embrace new technologies and provide the financial backing allowing investments to be made, in other words the true nature of risk taking becomes imperative.”

From the insurers’ perspective, this means the willingness to work with projects earlier, understand technology risks more deeply and support investors who may otherwise hesitate to enter unfamiliar markets.

Who is Jonas Dalsgaard

TITLE
Chief Commercial Officer,
Natural Resources

YEARS IN INSURANCE
25 years and 12 years in Renewable

PRIVATE
Married with two children

LIVES IN
Copenhagen

The rise of hybrid projects where generation and storage are combined into one risk asset has put Dalsgaard’s approach to the test. When developers pursue hybrid configurations involving solar, wind and battery energy storage systems, the overall risk that insurers take on changes - notably in respect of business interruption.

“We were involved in the risk management and insurance placement of one of the first utility-scale offshore wind farms ever to integrate a battery as a critical grid component.” Dalsgaard explains.

The project, located in Japan, integrated battery storage to meet local grid requirements.

“I am very pleased to say that the project including the integration went as smoothly as it possibly could.”

Insurance as a strategic financial solution

Another topic we discussed was how insurance is increasingly helping projects access capital in new ways.

Historically, project obligations have often been supported through bank-issued guarantees and other banking facilities. Dalsgaard believes insurance-backed solutions are beginning to change that landscape.

“I have long believed that insurance can and should be a force for good as insurance has a unique ability to unlock capital.”

Dalsgaard points to the growing use of surety as an example.

“What we are increasingly seeing is willingness from insurers to step into that space and provide capacity for solutions developed by advisors to respond to clients’ need and providing surety capacity that was once considered the domain of banks.”

This is particularly relevant in energy and infrastructure projects where capital efficiency is critical, which leads clients to consider surety, parametric protection, performance bonds and financial guarantee products very early on in the procurement and development phase.

By leveraging the balance sheets of insurers rather than banks, companies can free up valuable credit lines and preserve liquidity for activities that generate growth and shareholder value. The result is a more efficient use of capital while maintaining the same level of confidence for counterparties

Looking Ahead

For energy developers, operators, investors and lenders, the message is clear: insurance is no longer simply a requirement to be addressed before financial close.

Done well, it can strengthen project bankability, support emerging technologies, improve capital efficiency and help create more resilient energy infrastructure.

As Dalsgaard concludes:

“The growth we are seeing in the [insurance] market demonstrates how insurance is evolving from a protection mechanism into a strategic financial tool that supports the delivery of major energy projects.”

In an industry tasked with delivering one of the largest infrastructure transformations in modern history, that evolution may prove just as important as the technologies themselves.

Our message is simple: get in touch early. Whether you are developing established energy technologies or pioneering new energy solutions, RiskPoint wants to engage in an ongoing dialogue to understand your challenges and work with you to find practical insurance and risk management solutions that support your ambitions.

About The Author

Eskild Johannsen is a Strategic Transformation Project Manager at The RiskPoint Group, with a focus on advancing strategic initiatives that support growth, innovation, and operational excellence.
With more than ten years of experience in renewable energy insurance, he has played a key role in product development, market expansion, and organizational transformation. Drawing on extensive sector knowledge and a strong track record in strategy execution, Eskild works closely with brokers, clients, and partners globally to develop insurance solutions for the complex needs of the renewable energy sector.