

Energy auctions: which insurances to consider?

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With ANEEL auctions for power generation and transmission scheduled for 2021, companies interested in the sector should structure themselves to meet a series of requirements from the point of view of risks and insurance foreseen in the notices.

“It is important to perform a deep analysis to safely enter complex operations like these”, points out Elio Duzzi, Business Development at Horiens. “The contracting of guarantees is a fundamental element of biddings and, without a doubt, guarantee insurance is the best option to meet the requirements with competitiveness. Insurance that offers coverage for the main risks of an infrastructure project must also be considered,” he explains.

Guarantee insurance in energy market

Risk management for all involved parties is an essential element of energy concession contracts, with guarantee insurance being a very consolidated instrument to enable undertakings and operations to be carried out efficiently, including financially.

“The product works like a credit line, but without burdening the company's balance sheet and at a more attractive cost compared to bank lines”, details Matheus Chammas, Director of Guarantees at Horiens. “Over the years, we have already issued more than US\$ 25 billion in guarantees. We have recognized experience and know-how to structure and enable guarantee programs in an efficient and competitive way to support our customers”, he adds.

Engineering risks

In addition to guarantee insurance, the construction and operation of a power plant – whether hydroelectric or from alternative sources – requires extensive mapping and assessment of exposures inherent to the process and risks.

Insurance products, such as engineering risks (all risks and ALOP), operational risks (material damage and loss of profits), civil liability, equipment, among others, collaborate decisively for a viable business model, ensuring continuity of the commitments assumed in insurable incidents.

Horiens has solid experience in contracting insurance for several markets, including the energy one. The work is personalized from the beginning to the end of the process: from the identification and transfer of risks to the insurance market, to the monitoring and monetization of eventual claims.

“It is essential for projects of this scope that the entrepreneur is able to have predictability in his cash flow. There is nothing better than insurance, which is a cheap contingent capital, to transfer certain risks at a pre-fixed cost. Additionally, at Horiens we believe that the differential is also in

acting in favor of the insured so that, if there is a need for indemnity, it happen quickly”, says Carlos Eduardo Lichtenberger Jr, Director of Infrastructure and Concessions Insurance at Horiens.

In the energy segment, Horiens has operated risk and insurance programs for more than 80 hydroelectric plants, 18 thermoelectric plants, 2 nuclear plants, 1 photovoltaic plant, in addition to 107 power transmission lines.

To learn more about risk management and insurance in concession projects, [talk to our experts](#).