

SUSTAINABILITY

Renewables insurance: Supporting MENA's energy transition



Mr Willem Van Wyk

Mr Franz Adamczyk

A significant portion of investment in renewable energy happens in the MENA region, providing a glut of opportunities for insurers. We speak to HDI Global's Messrs Willem van Wyk and Franz Adamczyk about the ambitious energy transition and investment in MENA, the associated risks and the role of technology in shaping the future of renewables insurance.

By Anandi Iyer

The MENA region has become a focal point for aggressive expansion of the renewables sector. While current capacity is still below global levels, it is said to be the fastest growing region outside China in terms of adding capacity.

With ambitious projects coming online continuously, insurers are well-placed to de-risk these energy transitions beyond the critical growth phase.

Speaking to *Middle East Insurance Review*, HDI Global Dubai office managing director Willem van Wyk said, "We do see significant investment in renewable energy across the Middle Eastern region. Construction on some of the largest solar renewable energy projects in the world is already afoot with many more in the planning phase. Incorporating renewable power in the energy mix is a priority for the region and its energy security. In the MENA region,

the GW produced by renewables is expected to triple from 2024 to 2030. So, we do see a lot of opportunities to support not only our present clients but also new firms that are entering the region."

Mr van Wyk said, "With some of the highest solar irradiance levels in the world, the Gulf states have ample solar resources and to a lesser extent, wind."

Some ambitious solar projects came online last year. In Saudi Arabia, the Al Shuaibah 1 solar plant became operational in November 2024. In neighbouring UAE, the world's largest single-site solar park, the Mohammad bin Rashid Al Maktoum Solar Park advanced to its final development phase and is targeting carbon-emissions reduction of 6.5m tons upon completion.

Renewables insurance

Mr van Wyk said, "According to a

Sept 2024 report from the Energy Industries Council, the Middle East is on course to invest \$75b in renewable energy projects by 2030.

"Often national oil companies, including state-linked companies are driving investments into renewables but we see more and private firms supporting capital requirements. HDI Global is already playing a significant role in insuring energy projects both in the construction and operational phases. We do see ourselves as partners as the region transitions to lower emissions energy and are building a strong reputation as a technically capable long term risk partner in the region."

When asked about the launch of the company's newly minted energy unit and how it could leverage the transition from fossil fuels, he said, "We continue to see increased investment from the Middle Eastern countries in renewables. Ambitious

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strategies and commitments from governments are driving this development with Saudi Arabia, Bahrain and Kuwait aiming to be net-zero by 2060 and Oman and the UAE by 2050. Hence, HDI sees the region as an integral part of its aim to be a global leader in providing risk transfer vehicles in developing the renewables sector.”

Specialised risk solutions for renewables

The transition to renewable energy is not just about green energy; it's also about managing the complex risks associated with these projects. These include tariffs, access to rare minerals for solar panels, changes in technology and Nat CATs. Rain damage to the Noor 1 installation in the Al Makhtout Solar Park illustrates risks from Nat CATs.

According to HDI Global head of energy and power Franz Adamczyk, “while the shift towards renewable energy solutions is picking up speed, with billions of investments going into this sector, most of these are very complex technologies, that need dedicated support from the

insurance companies. Insurers must be well equipped to deliver this along the whole value chain – from the planning/project phase to the operational phase.”

Mr Adamczyk said, “Our aim is to be a thought leader in the renewables energy space in the world by helping clients to manage risks around new technologies and renewable projects. With our risk engineering, underwriting expertise, claims learnings, and other relevant data we can support clients to make projects bankable by supporting them and managing the transfer of various risks. This worldwide span leads to a global network of experts, that leaves us very well equipped to tackle any challenge our clients may have.”

AI and next-generation technology shaping renewables insurance

Mr Adamczyk said, “The combination of AI and underwriting expertise will be essential in the renewables space. For a lot of technologies, some key parts are crucial for the operation, like the turbines for wind energy.

“Our AI driven assessment, done

with a variety of variables that are continuously monitored, allows us to focus on those parts and ensure the best risk mitigation possible.

“This enables early detection of damage, minimises failures and maximises the performance of the turbines. Additionally, we have similar technologies for battery energy storage systems. It shows that we are willing to invest in such technologies and support our clients with the best possible expertise.”

Partnerships with local stakeholders to drive growth

“With the start of our Dubai operation a few months ago, we are now able to deliver faster and more dedicated underwriting directly from the market. Forming those close relationships with the renewable energy community to share information and ideas in managing risks is only possible if you are there – just like we are. Additionally, those learnings and developments in the managing of risks are vital to understand how we can support the development of new technologies as best as possible”, said Mr van Wyk.

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