Swiss Re
Corporate Solutions

Deductible Buy-Down Protection for Business Interruption

A better, faster and more accurate compensation tool for power producers who suffer outages. In an increasingly tightly supplied power market, exposure to unplanned outages and deratings can seriously affect the financial stability of power producers. Compensation from traditional business interruption (BI) insurance may leave holes, such as high deductibles, unclear reimbursement terms and long claim negotiations. Swiss Re Corporate Solutions' ELPRO*-based deductible buy-down protection for business interruption can help you fill the gaps.

Product features

- Complements existing BI insurance.
- Covers unplanned outages and other losses of production (eg gas/steam leaks).
- Can also cover unplanned deratings.
- Adaptable to most types of power plants.
- Can provide cover from the first hour of outage.
- Parametric structure with settlement by formula.
- Compensation formula for lost MWh can be fixed or floating (based on power prices and penalties from regulator).

What do we need from you?

1. Term sheet with such details as risk period (typically one year), compensation profile (fixed in currency/MWh per month or floating based on energy prices and penalties), deductible in hours or days, limit in days and/or maximum payment amount.
2. History of both planned and unplanned outages with duration (in hours) and reason for outage.
3. Information about the power plant(s), including recent maintenance and engineers' reports.

Who should use this protection?

Any power producer who is unhappy with limitations of existing BI insurance (excessive deductible or other reasons).

In particular – Independent power producers with medium to small portfolios of power plants (with less back-up capacity and fewer financial resources than large power producers).

Where do I start?

If you have one or more power plants in mind, the structuring and origination specialists at Swiss Re Corporate Solutions can quickly come up with a quote and help you shape the cover you need.

* Electricity Price and Outage Protection (ELPRO) cover compensates power producers for output lost due to unplanned outages. It is based on market conditions at the time of the loss.

Contact us today to learn more

For more information about the Weather & Energy team and the wide array of innovative services and solutions we can offer, please contact:

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Client Example

Client: EU based power generator
Problem: Client unhappy with 60 days deductible in existing BI of a 1,000 MW CCGT
Solution: Deductible brought down from 60 to 45 days for a given calendar year
Result: A 54-day unplanned outage swiftly compensated by Swiss Re Corporate Solutions' payout of EUR 2.16 Million based on contractual formula of 9 days x 24hours x 1,000 MW x EUR10/MWh