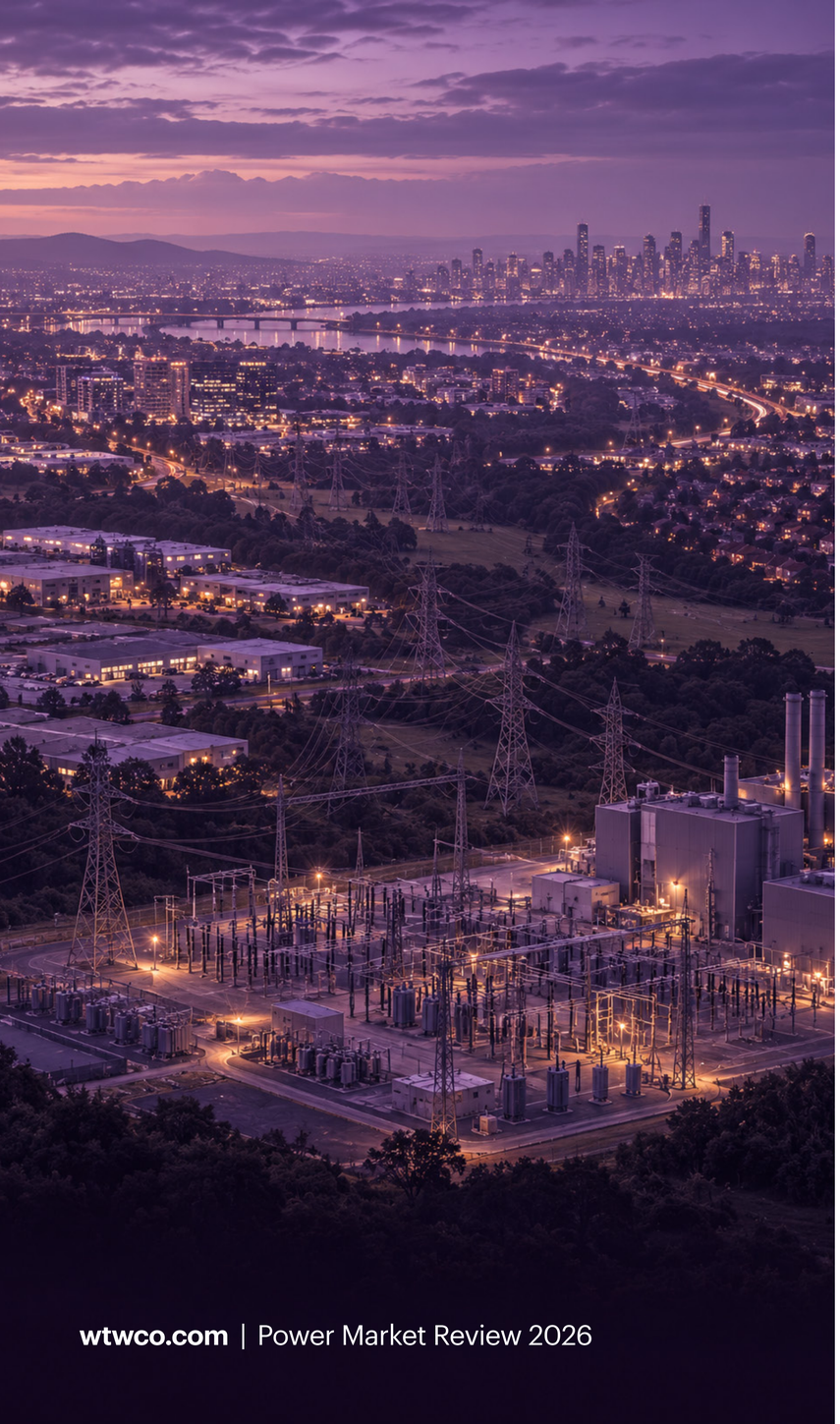


International liability:

Soft market conditions continue, but risk quality and strategy remain critical

The international power liability market continues to move in buyers' favor, offering opportunities to reduce costs and re-evaluate program design, but risk quality, operational resilience and strategic placement execution remain key differentiators.

Key takeaways:

1. Market conditions are creating opportunities, but underwriting remains technical, with well-managed risks continuing to benefit the most
2. Wildfire/bushfire and coal exposures remain under the underwriting spotlight
3. The current environment presents an opportunity to both challenge and improve existing insurance programs

Favorable conditions prevail, but not for all

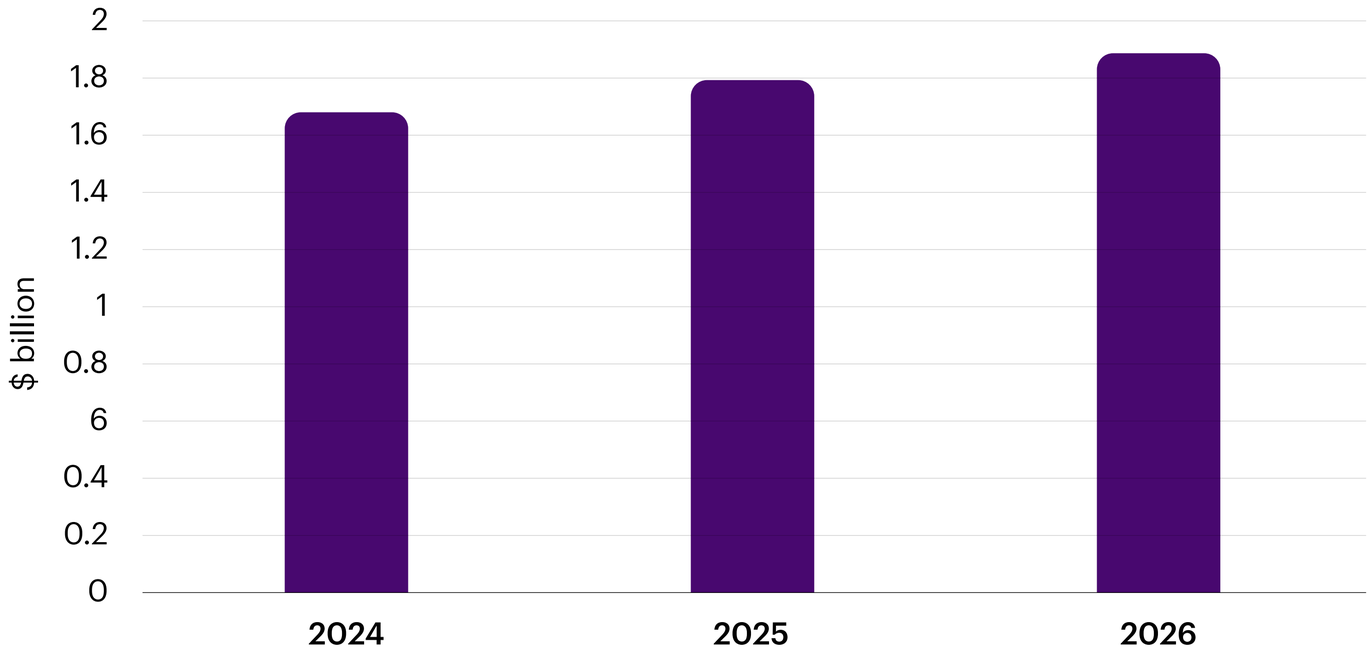
The international liability market for power has continued to be increasingly favorable for buyers, predominantly due to increasing capacity, heightened competition and greater pricing flexibility. For well-risk managed insureds with strong loss records and robust risk information this creates significant opportunity to improve insurance programs. However, this is not necessarily the case for all buyers as certain exposures remain subject to greater underwriting scrutiny. High-quality underwriting information alongside a deliberate placement strategy remain key to unlocking the best results.

Headline market conditions: capacity, competition and pricing

Global insurance capacity has steadily increased over the past few years with existing insurers increasing line sizes, new capacity entering the market, and wider deployment of broker facilities. A sustained period of limited claims activity has further intensified competition resulting in insurers being increasingly willing to challenge incumbent pricing on sought-after accounts and apply sustained downward pressure on premiums. This is particularly apparent where accounts demonstrate robust risk management, favorable loss experience and clear operational controls, with more pronounced discounts being seen in regions such as Latin America, the Middle East, Canada and Australia.

That said, rate adequacy remains important, and the market continues to apply additional scrutiny to exposures such as wildfire/bushfire, grid resilience, and failure to supply. Where market conditions provide less scope for driving down price, opportunity remains for Insureds to consider optimal use of retentions and captives, as well as mechanisms such as long-term, multi-year, agreements with insurers.

Estimated power liability capacity



Source: Willis Natural Resources database 2026

Estimated published international liability capacity for the power sector. Note, in practice the realistically obtainable limit for any given insurance program is less and capacity for coal-exposed risks and transmission & distribution (T&D) risks with wildfire/bushfire exposure is more limited.

Risk spotlight by power type: conventional generation including hydropower, T&D, coal-fire power generation, and renewables

Region	Technology targets	Indicative rate change	Comments
Conventional generation including hydropower	Highly competitive	-5 to -15%	Can be higher depending on region, risk quality and size of limit
T&D	Selectively competitive	-2.5% to -10%	Dependent on location, vegetation management and other underwriting factors
Coal-fired power generation	Restricted movement	-2.5% to -7.5%	The market for risks heavily exposed to coal remains limited
Renewables	Highly competitive	-5% to -15%	Renewables generally seen as a highly desirable sector by insurers

Conventional generation including hydropower

Conventional power generation risks with limited loss activity continue to benefit the most from the favorable market conditions. Abundant capacity and intensifying competition are producing significant pricing reductions, with decreases for well-performing accounts commonly in the 5-15% range. In some cases, depending on the nature of the risk and the limit being purchased, even larger reductions can be achieved, particularly where competition is heightened from increasingly competitive domestic insurers, creating further downward pressure on pricing.

Transport & distribution

T&D remains the most technically scrutinized area of the power liability market. As wildfires/bushfires, extreme heat and climate volatility continue to create an evolving risk landscape, T&D risks, particularly those in highly exposed bushfire/wildfire locations such as Australia, the U.S., Canada and in more recent years, parts of Europe, have increasingly come under the underwriting spotlight.

Recent wildfires in Europe showcase the cause for concern. At the time of writing, while the exact cause is yet to be determined, early sources indicate that a fallen

power line may have sparked the widely publicized fire in the Andalusia region. Additionally, risks associated with climate change could be further exacerbated by “Super El Niño” which is expected to cause “drier, warmer conditions, [which] lowers ignition thresholds and accelerates the spread of accidental, intentional and naturally ignited forest fires”.

Insurers are maintaining a more cautious approach to the T&D segment, placing particular emphasis on robust operational risk management, contractual liabilities and bushfire/wildfire mitigation. That said, meaningful capacity remains available for T&D risks, particularly for transmission operators and other insureds who can demonstrate strong vegetation management practices, emergency response strategies and favorable loss records. Distribution risks continue to be more challenging to place due to their exposure to end customers.

Pricing is more nuanced than for power generation and outcomes are heavily dependent on the individual risk characteristics, such as asset profile, risk management practices and coverage requirements. Premium reductions are typically in the region of 2.5% to 7.5% for well-performing risks but can reach low double digit depending on the region and quality of the risk.

Coal-fired power generation

While coal remains ESG-sensitive, underwriting appetite is becoming increasingly nuanced. According to recent reports, a number of countries are having to reconsider coal as an energy source due to geopolitical instability. This, coupled with Lloyd’s relaxation on their stance regarding coal and fossil fuel projects, has led some carriers to take a more flexible approach to coal-exposed risks (where this aligns with internal appetite). However, capacity remains more restricted than for other types of power generation, with many insurers still beholden to internal ESG requirements, such as thermal coal percentage thresholds and evidence of a suitable transition pathway.

Coverage trends and underwriting discipline

Underwriting discipline continues to apply more rigorously to coverage than price. While underwriters may be open to competing on premium, exclusions for failure to supply, pure financial loss and PFAS are typically applied by default. Where failure to supply and/or pure financial loss coverage is required, coverage is usually subject to more detailed underwriting information and, in some instances, specific underwriting conditions (such as higher deductibles or sub-limits).



How power companies can capitalize on market conditions

The international liability market for power risks presents an opportunity for insurance buyers to reassess their program structures and challenge existing program pricing and design.

Deep industry knowledge, experience of innovative program design, and strong market relationships are essential criteria for input into how to design and execute the optimal placement strategy and secure the most favorable, and sustainable, results in what remains an evolving market.

To find out how to build an optimal placement strategy, contact:



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> To achieve the best possible results, insureds should not rely on market softening alone and must instead look to combine prevailing market conditions with a considered and deliberate renewal strategy.



Amelia Backhouse, Director, Liability, Willis Natural Resources

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This update analyses our observations of the current global market conditions for renewable energy insurance and the impact this has on insurance buyers. This update is based on our observations of the market for our WTW clients and is not a whole of market review.



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