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Power Market Review 2026

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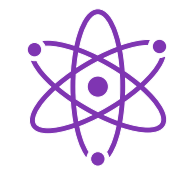
Introduction



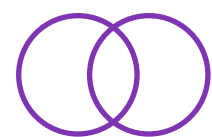
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The global power sector is at the core of the next industrial revolution: electrification. The advent of artificial intelligence, expanding digital infrastructure and rising expectations for energy security are all reliant on stable, reliable and available power.

But geopolitical policy, ageing assets, supply chain bottlenecks and variable grid infrastructure are dictating the direction and pace of change.

The power sector is reaching an inflection point, where long-term transition objectives need to be balanced with near-term reliability.

Key drivers: Supply chain, mergers and acquisitions, and new technologies

Structural forces are changing the sector's risk profile. Equipment lead times are stretching recovery assumptions and increasing business interruption exposures, while dependence on global manufacturing capacity, including Chinese original equipment manufacturers and sub-suppliers, is creating new concentration and geopolitical risks. Better supply-chain visibility, engineering analysis, spares strategies and realistic recovery modelling are becoming essential to both operational resilience and insurance program design.

Capital strategies are evolving in parallel. Electrification, data-center demand and grid constraints are increasing



the strategic value of power assets, even as constrained private equity exits create headwinds for transaction activity. Successful mergers and acquisitions will increasingly depend on whether companies can demonstrate asset stewardship, portfolio resilience and credible risk and insurance strategy early in the deal process.

Meanwhile, renewed momentum in nuclear energy demonstrates that announcements alone do not make projects deliverable. Translating policy ambition into new capacity will require financeable, insurable structures and earlier collaboration between developers, lenders, insurers and brokers. Bankability, rather than technology ambition alone, is emerging as the sector's defining challenge.

The insurance market is soft, but not indiscriminate

Against this backdrop, the power insurance market remains highly competitive. Property capacity is abundant, rates continue to fall and insurers are actively seeking growth. Well-managed power companies with strong loss records, credible valuations and robust engineering information are using the soft market to rebalance their risk strategy, but catastrophe-exposed assets, vulnerable supply chains, emerging technologies

and risks with weak maintenance or operational data will continue to attract closer underwriting scrutiny in the year ahead. For international liability, wildfire and bushfire exposure, grid resilience, failure to supply and coal-related risks remain firmly under the underwriting spotlight.



The companies best positioned for 2027 will be those that treat renewal as a strategic risk-financing exercise rather than an annual transaction. Risk quality, operational resilience and deliberate placement execution continue to determine which companies capture the greatest value from current conditions.



Rob Hale, Global Power & Renewable Energy Leader, Willis Natural Resources

The central message of this year's Power Market Review is clear: the insurance market is soft, but not indiscriminate. Falling rates may create immediate savings, but the greater opportunity is to use today's market leverage to strengthen resilience, reassess retention and transfer strategies, improve coverage and prepare for a future change in the cycle.

The global power sector is rich in opportunity. In an interconnected energy system, insurance is not simply a mechanism for transferring loss. Used strategically, it can support investment, protect capital, strengthen resilience and give power companies greater confidence to grow.

If you have any comments or questions, we welcome you to contact a member of our specialist team. We look forward to sharing more insights in the coming months.



Rob Hale

Global Power & Renewable Energy
Leader, Willis Natural Resources

rob.hale@wtwco.com



Beyond premium savings:

Creating long-term value in a soft power insurance market

Capacity is abundant, rates continue to fall and insurers are competing hard. Future-ready power companies are using the cycle to build resilience, not simply bank savings.

Key takeaways

- Market leverage has shifted towards well-prepared buyers. Abundant capacity and growing competition are giving power companies more options on price, structure and lead insurer selection
- Soft pricing does not mean softer risk. Natural catastrophe, drought, wildfire, supply chain fragility, ageing assets and new technologies continue to test underwriting appetite

- 2027 is likely to reward discipline. Companies that invest now in data, engineering and renewal strategy will be better placed if market conditions tighten

The power insurance market has remained soft in 2026, where the balance of negotiating power continues to swing in insurance buyers' favor. Capacity is abundant and rates are decreasing, creating intense competitive pressures that are directly driving market behavior.

For power companies, this creates a valuable opportunity, but also a strategic test.

In a soft market where reductions of c.40% are available in some cases, the temptation to focus exclusively on premium savings could create missed opportunities. Future-ready power and utilities companies are using the soft market to their advantage: to strengthen risk strategies, explore innovation and build resilience before the market cycle turns again.

Insurers are growth-focused, but selective

A major change in the power market is not simply price; it is behavior. Insurers are simultaneously defending existing portfolios while actively seeking growth opportunities.

But appetite to change the portfolio extends beyond new geographical frontiers. Follow capacity is increasingly challenging incumbent leaders, and newer and less established market players are stepping into leadership roles. Placements that once relied heavily on a small

group of established leaders are now more likely to attract credible alternatives.

This competition is creating leverage for insurance buyers, but it is not unconditional. Conventional thermal and hydropower with established and strong loss records, credible valuations, clear maintenance regimes and well-engineered risk data remain the most sought-after risks attracting intense competition. For risks which include prototypical or unproven technologies, underwriters are more selective. In the thermal gas segment, where swathes of innovation have focused on building bigger

and more efficient equipment, the new technologies are testing underwriters' appetite. Vulnerable supply chains and catastrophe-exposed assets share scrutiny, establishing a power insurance market that is soft, but it is not indiscriminate.

Capacity is outstripping demand

Capacity remains the defining feature of current market conditions. New entrants, larger line sizes and wider appetite from established insurers are contributing to oversubscribed placements. In most cases, buyers have more market interest than they need, creating scope to test alternative structures, challenge incumbent assumptions and improve terms.

Appetite still varies by asset type: conventional generation continues to find support; gas remains attractive where technology is proven; and hydropower is often judged as much by geography, water availability and climate exposure as by engineering quality.

Rates are falling, but exposures are rising.

Amid current competitive pressures, insurers are being pushed to differentiate on price. Rate reductions remain achievable for many power companies. In some cases, companies are securing reductions of c.40%, particularly



Traditionally, international power insurance programs were transatlantic, connecting London and the U.S., but increasingly, underwriters are exploring power risks in new territories, such as Asia, where the soft market has brought rates down to a level that's competitive enough to disrupt the local markets.



Russ Ashe, Managing Director, Power & Renewable Energy, Willis Natural Resources

where loss records are clean and risk information is well engineered, backed by robust data.

The question remains: where will the market bottom out? For now, pricing remains the core lever that markets can pull to attract and retain power risks. Terms and conditions and deductibles remain stable in 2026 with little indication that this will change in 2027.



It will take a sequence of major loss events to turn the soft market. We're in the throes of the hurricane season at the time of publication, which has been quiet so far, and would leave the market unchanged if this pattern continues.



Declan Cleary, Head of Placement, Power, Willis Natural Resources

But falling rates can disguise a more complicated premium picture. Electrification, new-build generation, delayed retirement of conventional assets, higher replacement costs and rising business interruption values are increasing the insurable base.



Total premium can remain resilient even as rating levels decline, and power companies should review limits, deductibles and coverage adequacy with the same urgency as pricing.



Mark Hiles, Global Head of Broking, Power and Utilities, Willis Natural Resources

Losses have not changed the soft market cycle, yet

Recent loss experience has not been sufficient to swing the pendulum back toward a hardening market. Major loss activity has not materially eroded sector-wide appetite, and insurer profitability has remained strong, which continues to attract competition. A single large event may not be enough to reverse the cycle; a more sustained pattern of material losses such as major natural catastrophe events would likely be needed to force deterioration of underwriting performance.

But buyers should be cautious. Benign loss figures in the year to date do not directly correlate with lower underlying risk. Power assets are increasingly exposed to volatility from weather, water stress, wildfire, machinery breakdown and supply chain disruption with longer reinstatement timelines. In many cases, the risk profile is becoming more complex at precisely the moment when insurance pricing is becoming more favorable.



Outlook to 2027: buyer-friendly, but not buyer-proof



Looking at 2027, the most likely scenario is a continuation of competitive conditions, provided current capacity levels remain intact, and no major loss pattern emerges. High-quality risks with strong engineering information, credible valuations and well-engineered risk data should continue to attract meaningful insurer appetite.



Rob Hale, Global Power & Renewable Energy Leader, Willis Natural Resources

But the market is unlikely to soften evenly around the world and across sub-segments. Emerging technologies, catastrophe-exposed assets, weak maintenance data, challenged supply chains and uncertain outage scenarios may still face tougher underwriting scrutiny. Insurers may compete hard for growth, but they will continue to differentiate between risks they understand and risks they cannot confidently price.

The implication is clear: 2027 may still be a favorable market, but it will reward preparation. Companies that approach renewal as a strategic exercise — not an annual transaction — will be best placed to convert short-term market softness into long-term value.

How power companies can turn a soft market into a strategic advantage

- 1. Start renewal planning earlier.** Early engagement creates time to test appetite, challenge incumbent positions and build real competition rather than relying on late-stage price pressure
- 2. Make the underwriting submission work harder.** Strong engineering reports, maintenance evidence, valuation data and business interruption assumptions can materially influence insurers' confidence

3. Use lower rates to review protection, not just spend.

Consider whether limits, deductibles and coverage extensions still match today's replacement costs, revenue exposure and reinstatement timelines

4. Challenge the program architecture.

Explore alternative lead markets, revised retentions, long-term agreements, regional market participation and broader coverage where it supports business strategy

5. Tell a clearer technology story.

For new turbines, hybrid assets, storage or other emerging technologies, explain performance data, warranties, contractor obligations, spares strategy and risk controls

The role of risk engineering

Although power projects may be using new technologies, that does not mean the entire project is prototypical. Often, well-known and proven technologies coexist alongside newer technologies.

When considering technology risk, there are three main scenarios that could apply:

- Known technology employed in traditional ways
- Known technology employed in different ways
- New technology employed

Depending on underwriters' industry experience, 'new' elements of a technology may appear unique or prototypical, but in fact are normal proven

technologies in another industry sector, which can provide the operating and loss data needed to make informed decisions about coverage and cost. With these insights, innovative insurance solutions such as performance guarantees protect power companies against technology non-performance while the project goes through commercial scale-up. Combining data-driven risk insights with innovative solutions can help to support growth, particularly in a soft market.

6. Reinvest savings into resilience.

Premium reductions may create headroom for cover that address exposures traditional policies may not fully absorb.

Product innovation

Solutions and capabilities across both broking and underwriting are designed to support power companies' growth. For projects in catastrophe-prone areas, such as a hydropower plant exposed to extreme drought, parametric insurance will automatically pay out against a pre-agreed matrix when a peril such as flood or rainfall falls above or below a threshold. This enables power companies to stabilize their cashflow during periods of disruption

7. Prepare before the cycle turns.

Strengthen insurer relationships and avoid short-term coverage compromises that could become costly when market conditions tighten. The role of the broker is critical in

establishing, maintaining and nurturing relationships with key markets. Sector-specialists will have the capability to articulate power risks with clarity and confidence, backed by data, which can make all the difference when placing new or challenging risks

The strategic opportunity is now

The current power insurance market offers more than a chance to reduce cost. It offers a chance to reset the quality, breadth and resilience of insurance programs before conditions become more challenging. The companies that benefit most will not be those that simply accept lower rates, but those that use today's competition to build stronger, better-evidenced and more future-ready risk financing strategies.



The power insurance market is soft. Your strategy shouldn't be. Contact our sector specialists to find out how to prepare for the year ahead:



Russ Ashe

Managing Director, Power & Renewable Energy, Willis Natural Resources

russ.ashe@wtwco.com



Declan Cleary

Head of Placement, Power & Renewable Energy, Willis Natural Resources

declan.cleary@wtwco.com



Mark Hiles

Mark Hiles, Global Head of Broking, Power and Utilities, Willis Natural Resources

mark.hiles@wtwco.com



Rob Hale

Global Power & Renewable Energy Leader, Willis Natural Resources

rob.hale@wtwco.com





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

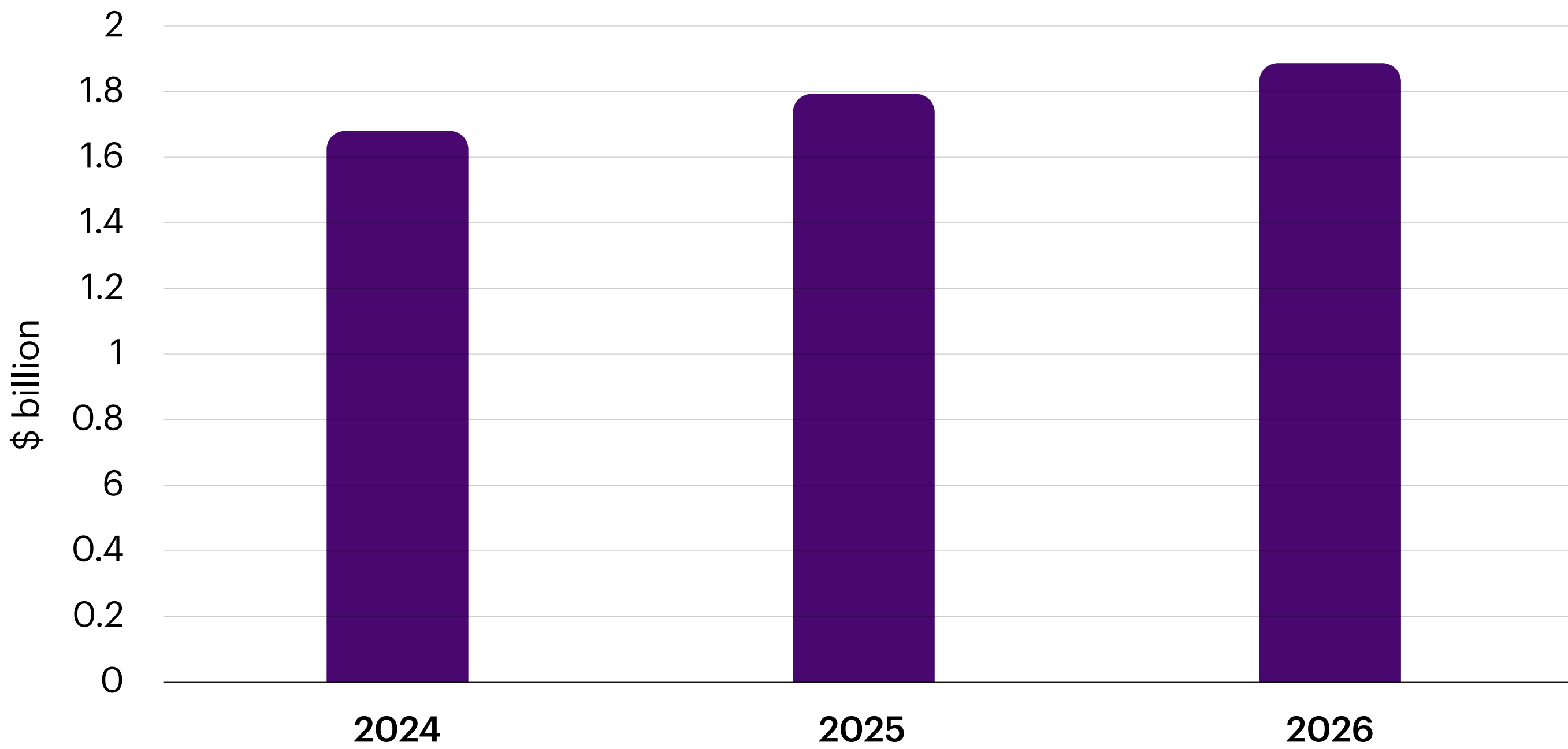
The international liability market for power has continued to be increasingly favorable for buyers, predominantly due to increasing capacity, heightened competition and greater pricing flexibility. For well-risk managed insureds with strong loss records and robust risk information this creates significant 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.

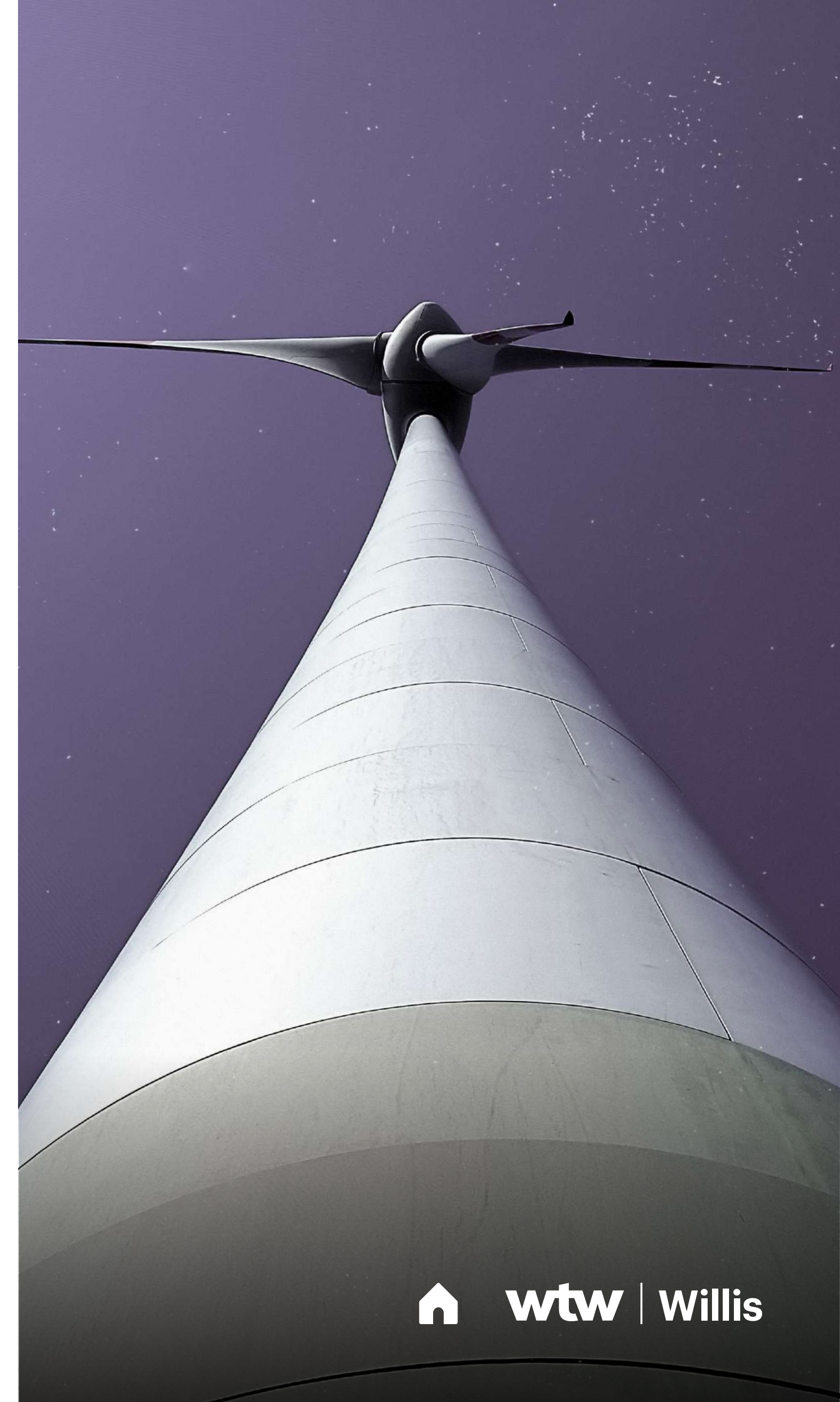
Pricing is more nuanced than for power generation and outcomes are heavily dependent on the individual risk characteristics, such as asset profile, risk management practices and coverage requirements. Premium reductions are typically in the region of 2.5% to 7.5% for well-performing risks but can reach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



Amelia Backhouse
Director, Liability,
Willis Natural Resources
amelia.backhouse@wtwco.com



Matt Clissitt
Managing Director & Head of
Liability G.B., Willis Natural Resources
matt.clissitt@wtwco.com



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



From announcement to investment:

Closing nuclear's bankability gap

Swathes of collaboration and deployment announcements across the global nuclear energy sector are building momentum, but bankability is the headline issue. The sector's biggest challenge is shifting from policy ambition to financeable, insurable project delivery.

In the U.S., the Department of Energy's (DoE's) Reactor Pilot Program has surpassed its goal of reaching criticality for at least three advanced reactor concepts, with four achieving criticality this year.

[The American Nuclear Supply Chain Loans commitment](#) marks another major step toward in advancing President Trump's Executive Order, [Reinvigorating the Nuclear Industrial Base](#), with a conditional [\\$17.5 billion](#) available to support long-lead equipment procurement for up to 10 AP1000 reactors — the only licensed large-scale advanced commercial reactor currently operating in the U.S.

Meanwhile, in the U.K., [Great British Energy Nuclear has signed a contract with Rolls-Royce SMR](#) to begin technology design activities for the U.K.'s first Small modular reactors (SMRs), while Holtec and EDF have submitted plans for up to four SMR-300 units in the U.K., representing around [1.3 GW of capacity](#). In Poland, Bechtel has taken over site management for the country's first nuclear power plant as the AP1000 project moves into large-scale site preparation.

But bankability has not matched the pace of announcements. Contracting, licensing, and financing continue to lag the scale of ambition. Stakeholders across the nuclear energy sector are balancing historic issues: projects are capital-intensive, politically visible and historically exposed to delays, cost escalations, and project cancellations mid-build. For lenders, this track record matters.

Lenders are acutely aware that capital remains exposed to the possibility of delayed returns, impaired debt service, or no return at all.

This is where risk intermediaries have a critical role. While traditional property, liability and construction risks attract market capacity, particularly where the technology is proven, the project structure is clear and experienced contractors are involved, de-risking capital demands new levels of innovation and collaboration across all stakeholders in the value chain.

Performance guarantees are one example of how the insurance industry can facilitate innovation and project deployment, particularly where emerging technologies require support during commercial scale-up. By addressing the risk of underperformance, they can help protect revenue streams and support debt obligations.



Lenders are requesting coverage for cost overruns, but with the sector's complexity, long delivery horizons and severity potential, broad cost overrun transfer is proving challenging for insurers and financial markets. The market has an exciting opportunity to drive innovation and new products that will help to unlock capital and move projects forward.



Kate Fowler, Global Head of Nuclear, Willis Natural Resources



But for legacy nuclear technologies, like the AP1000 which is established and licensed, the focus shifts away from technology validation and toward successful project execution.

For developers and operators, the next step is to think beyond individual risk placements. A facility-based approach can aggregate demand and present a broader, more commercially viable portfolio of risks to the insurance market. Rather than approaching insurers on an individual project-by-project basis, aggregation can create critical mass, show repeatable demand, and allow markets to evaluate nuclear risk in a more structured way.

The nuclear opportunity is significant, but unlocking investment and moving projects forward at scale will depend on converting policy support into financeable delivery models. Developers that engage early with lenders, insurers and brokers to build risk transfer strategies around what the market can realistically support, will be better positioned to move from announcement to construction.

To find out how a nuclear-specialist broker can support your project delivery, contact:



Kate Fowler

Global Head of Nuclear Energy,
Willis Natural Resources
kate.fowler@wtwco.com



Daniel Robinson

Director, Nuclear Lifecycle Risk,
Willis Natural Resources
daniel.robinson@wtwco.com

Power sector M&A:

Why risk is becoming a dealmaker in a strained market

Electrification, AI-driven demand growth and grid constraints are elevating the strategic importance of power assets, even as broader merger and acquisition (M&A) activity faces headwinds from constrained private equity exits. Successful transactions will depend not only on asset quality and market timing, but on the strength of a company's risk management and insurance strategy.

Key takeaways

- Private equity exit constraints are directly impacting power sector deal flow. With assets being held for longer and fundraising harder to unlock, transaction volume may remain subdued unless exit markets improve
- Power assets are increasingly being valued as critical infrastructure. Data center growth, grid constraints and behind-the-meter generation are pushing investors to think beyond standalone generation economics
- Power companies need insurers to take portfolio views, not siloed technology views. As risks become increasingly interconnected across electrified value chains

The power and utilities sector is undergoing a shift in merger and acquisition (M&A) activity. Demand for power continues to increase exponentially, pulling capital into the sector, and technology-led growth is reshaping



the role of generation assets. But the sector remains bound by macro M&A transaction trends. Private equity companies are facing constrained exits, longer holding periods and challenging fundraising conditions. Deal ambition remains, but the route to execution is becoming more selective, more strategic and more dependent on risk quality.

This is not a simple slowdown. For power companies, trends represent a reset in how assets are valued, packaged and financed. Investors are weighing the short-term cash generation potential of existing thermal assets against the longer-term growth story around grids, electrification, data centers and future horizon technologies.

In 2027 and beyond, strategic risk management cannot be a back-end placement exercise, it will be part of how deals are structured, financed and made insurable.



Private equity is facing an exit problem

The immediate challenge for private equity is liquidity. Many funds are struggling to exit investments at expected valuations. Assets are being held for longer, capital is not being returned to limited partners (LPs) at the pace originally anticipated, and delays in releasing capital are directly impacting reinvestment. Private credit has helped bridge some of the gap, with private equity increasingly borrowing from other private lenders and equity houses rather than relying solely on banks. But private credit does not solve the core issue: without exits, capital remains tied up and new deal capacity is constrained.

This matters for the power sector. Since the private equity investment horizon is often shorter than 2050 net-zero pathways that often shape power companies' corporate strategies, the timelines diverge and drive priorities further apart. Funds may be looking for five-to-seven-year value creation and exit opportunities, while utilities and power producers are managing asset decisions against long-term decarbonization, reliability and security of supply objectives.

This asymmetry could become acute as pressures intensify, but for now, deal value is high despite deal volume remaining lower than previous years.

Two-speed transaction drivers: Short-term yield and long-term transition

Across the global power and utilities sector, corporate strategies are defining the ambitions of M&A activities. While some companies are rebranding, divesting higher-carbon exposures and investing heavily in renewables, grids and electrification platforms, others are focused on short-term revenue gains by acquiring coal or gas assets that are being offloaded by other sector players, but remain a key component of value chains in regions across the world.

Despite insurers and power companies previously pulling away, capacity for coal is still available for well-managed risks, although insurer scrutiny is likely to intensify over time and appetite will gradually wind down as assets retire, transition policies harden and portfolios shift. For buyers, the critical issue is not simply whether insurance can be secured today, but whether the risk strategy is resilient enough for the asset's remaining life.

The best insurance outcomes will depend on how clearly insurance buyers evidence risk quality, asset stewardship, transition plans, maintenance regimes, business interruption exposures and portfolio-level resilience. In a softer market, pricing competition can create opportunity to bring more controversial assets into a portfolio, but this remains strictly on a case-by-case basis, rather than a sweeping trend.

Data centers are turning power assets into infrastructure plays

One of the clearest shifts in power investment is the rise of digital infrastructure as a driver of generation demand. Artificial intelligence, cloud computing and data-intensive workloads demand available and stable power. This demand is driving competitiveness and value. In some cases, big technology companies and infrastructure investors are acquiring sites and developing behind-the-meter generation assets, not because generation is the final product, but because power availability is the gateway to digital growth.

Strapped to the uptick in power generation for large-load demand, is grid stability. Investment in grid stability is a primary focus for power and utilities companies through corporate M&A, with some involvement from private equity. Renewable generation investment has increased rapidly over the last decade, but grid investment has often struggled to keep pace. Where policy support, grants or incentives are pulled back in key markets such as the United States, investors are becoming more selective about renewables projects and more focused on infrastructure that can deliver stable demand, reliability and revenue certainty.

This changes the risk conversation. Power, cooling, grid connection, cyber, climate, water, permitting, supply

chain, operational uptime and business interruption are no longer separate issues. They are connected exposures across a single infrastructure ecosystem. Failures that look manageable in isolation can become material when they interrupt a data center, delay construction or undermine capacity commitments. Taking a portfolio view of [risk across the entire value chain](#) will be critical in identifying vulnerabilities.

For power and utilities companies, this will mean implementing risk controls and reducing volatility to present an attractive proposition for investment, or secure capital for growth through M&A. For insurers, this will drive data-driven decisions about cost and coverage. For investors, this will inform due diligence conversations and investment decisions based on risk profiles and long-term viability.





Innovation is accelerating, but legacy assets still matter

Power investment is not moving in one direction. Technology companies, infrastructure investors and some private equity funds are all looking for ways to improve efficiency, reliability and the carbon profile of power systems. Investment activity is increasingly targeting technologies capable of delivering step-change improvements in power generation and system performance, such as:

- Enhanced geothermal systems
- Small modular reactors (SMRs)
- Nuclear fusion power
- Advanced battery energy storage systems
- Grid modernization
- Energy efficiency technologies

Meanwhile, older and less efficient assets remain valuable where they provide stable generation capacity, particularly in markets facing grid congestion, equipment lead times or rising demand from electrification. In some cases, refurbishing or extending the life of existing thermal assets may be more bankable in the short term than waiting for newer technologies to mature, secure permits or achieve commercial scale.

For power companies, this creates a balancing act. The market is rewarding innovation, but it is also rewarding reliability. Increasingly, risk strategies are being asked to answer both: the emerging risk profile of new technologies and the operational discipline required to keep existing assets insurable.

The ask of insurance markets

To keep the M&A deal cycle turning, insurers are being called on to follow the way power companies are investing. Portfolios are no longer neatly divided into thermal, renewable, grid, storage or digital infrastructure exposures. They are increasingly integrated, and risk transfer strategies are evolving in parallel.

For insurers, moving beyond siloed technology or line-of-business approaches and taking a more strategic portfolio perspective will support growth for the power sector. Power companies are diversifying, and may own a mix of coal assets, gas generation, renewables, storage, transmission interests and behind-the-meter infrastructure serving data centers. Assessing each asset in isolation risks missing the quality of the overall risk management strategy, the diversification of revenue streams and the role of individual assets in maintaining system resilience.

Sector-specialist brokers have a critical role in driving collaboration between insurers and power companies. Sophisticated broking partnerships are already mobilizing to support M&A deals through transactional insurance, specialist engineering input, risk analytics, claims insight and market advocacy. But the strongest outcomes will come where power companies engage early, present robust underwriting information and connect the deal objectives to a credible risk and insurance strategy.

How power companies can prepare for M&A

- 1. Build the risk narrative before the transaction narrative is fixed.** Insurability, business interruption, asset quality and transition strategy should be considered before valuation, financing and integration assumptions are locked in
- 2. Use data and engineering evidence to differentiate the portfolio.** Insurers are more likely to support complex or mixed-technology portfolios when buyers can evidence maintenance discipline, loss prevention, asset condition, supply chain resilience and credible recovery planning

- 3. Challenge the insurance market to respond to the whole portfolio.** Power companies should use the current competitive market to test appetite, align strategic carrier partners and explore structures that recognize diversification rather than penalizing complexity

Bottom line: Deal resilience will depend on a robust risk strategy

Deal volume may remain constrained by private equity exit challenges. But the strategic value of power assets is rising as electrification, data centers, grid constraints and future technologies accelerate demand. In the power sector, companies that can translate complexity into underwriting confidence will be best positioned to secure capacity, protect value and move with confidence.

For further information, contact:



Geré Maree

Director, Mergers & Acquisitions and Private Equity, WTW FINEX Global

gere.maree@wtwco.com





Power failure:

How global utilities can tackle equipment lead times

With ever increasing lead times, contingency planning for critical equipment is a strategic priority for power and utilities companies.

Across the global power and utilities sector, equipment lead times are challenging existing operating models, constraining capital strategies and compounding exposures to financial losses.

Procurement times for major equipment such as transformers, turbines and generators have nearly doubled since 2021, with some components taking 2–5+ years to procure due to global bottlenecks. For generation companies, utilities and network operators, these delays directly translate into longer recovery periods after losses, higher estimated maximum loss (EML) values, and more volatile business continuity planning.

Why lead times are rising: Global forces, local impacts

Key trends are driving extended equipment timelines.

Electrification and AI-driven load growth

Rapid expansion of demand centers — from electric transport to hyperscale data centers — is absorbing global manufacturing capacity at unprecedented levels. Equipment that once supplied utilities is now also needed to power industrial-scale electrification and digital infrastructure. Power and utilities companies rely on these same original equipment manufacturers (OEMs) and are now competing with other industries to secure orders.

Regional conflict zones

The war in Ukraine and conflict in the Middle East represent major disruptors for the power sector. Following Russia's invasion of Ukraine in 2022, sourcing strategies shifted, where damage to critical infrastructure increased demand for replacement transformers, generators, cables and high-voltage components. More recently, the Middle East conflict has ushered in new waves of disruption. Attacks on commercial shipping in and around the Strait of Hormuz, the Red Sea, Bab el-Mandeb and wider regional chokepoints have led many carriers to reroute vessels around the Cape of Good Hope. In both cases, closure and disruption to traditional transport corridors forced cargo onto longer or less predictable routes, adding cost, complexity and uncertainty to delivery schedules.

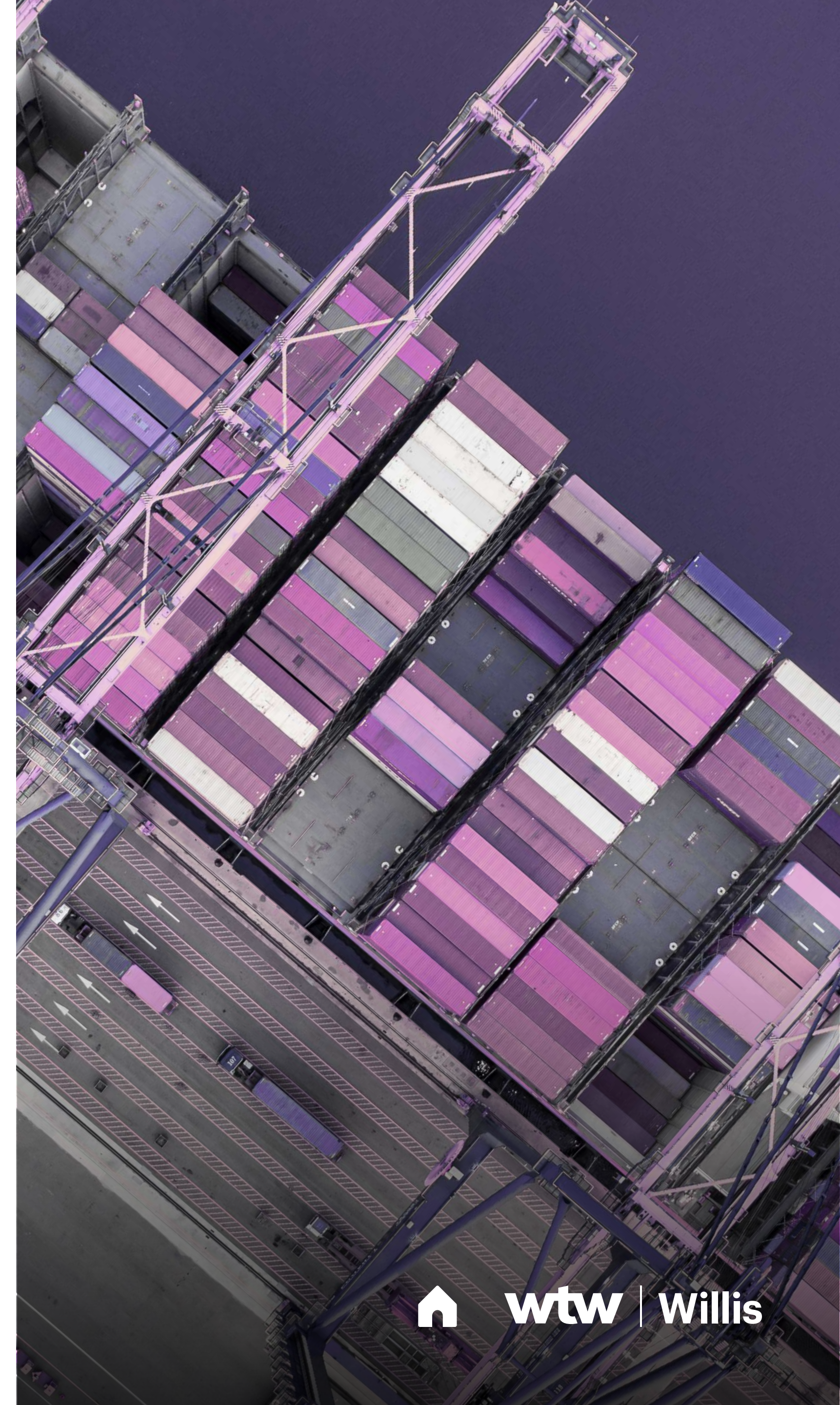
Manufacturing bottlenecks

The conflict in Ukraine, tensions in the Middle East and disruption to shipping routes have highlighted how energy security increasingly depends on resilient supply chains. Transformers, generator step-up units, high-voltage switchgear, gas turbines, rotors and control system components are all competing for limited manufacturing capacity, and Chinese OEMs have become an epicenter of manufacturing capacity for electrical equipment and critical power sector components.

Chinese manufacturers can often offer competitive pricing, shorter production windows and access to a broad supplier base at a time when European and North American OEM capacity is heavily committed. In a constrained market, Chinese OEMs present a compelling case for companies trying to secure equipment for new projects, grid connections or post-loss recovery.

But reliance on China also introduces a new dimension of concentration risk. If a critical transformer, switchgear component, control system or turbine-related part is dependent on a Chinese OEM or sub-supplier, the true recovery timeline may be driven by factors outside the operator's direct control: export capacity, port availability, shipping routes, customs clearance, quality assurance requirements, geopolitical tensions, sanctions exposure, trade restrictions, cyber and data requirements, and the availability of OEM engineers to travel and commission equipment. The issue is not whether the integrity of Chinese OEMs are more or less reliable; it is whether buyers fully understand where China sits in their asset, component and service supply chain.

This is particularly important for power companies operating mixed fleets. A plant may have European or U.S.-branded primary equipment, but still rely on Chinese-manufactured subcomponents, transformers, inverters, cables, switchgear or replacement parts. Supply chain visibility therefore needs to extend below the tier-1 supplier level.



Cross-sector competition

Competition among industries has shifted OEM production priorities.



In Europe, for example, the forging capacity required for large-frame gas turbines is dominated by aviation: a higher-volume, lower-risk commercial proposition, pushing power and utilities equipment further down the production queue.



Mark Walshaw, Head of Risk Engineering, CEEMEA, Willis Natural Resources

The game changer: Risk engineering

A strong risk strategy needs more than insurance and scenario planning — it requires a technical discipline that connects real world asset behaviour with organizational decision making. That discipline is risk engineering.

1. Demystify complexity: Quantify risk

Risk engineering translates asset-level data into usable risk metrics. This includes:

- Understanding equipment failure modes
- Analysing lead times, OEM dependencies and recovery pathways
- Quantifying business interruption (BI) exposures based on technical realities

Risk engineering ensures loss scenarios and BI estimates reflect actual supply-chain constraints, not theoretical ones.

2. Identify hidden vulnerabilities across the entire asset lifecycle

Answering key questions, backed by data, can reduce the likelihood of catastrophic failure and shorten downtime if a failure occurs.

- Design phase: Are protection schemes appropriate for fluctuations in load and renewable intermittency?
- Construction phase: Are manufacturing quality, inspection and testing standards consistent across manufacturers?
- Operational risk: Are maintenance regimes aligned with OEM realities and spare availability?
- End-of-life and decommissioning risk: Should aging assets have their life extended, be refurbished, or be replaced? Is component obsolescence creating the risk of unsupported equipment?

3. Stress-test resilience

In scenarios where replacements for transformers can take up to 36 months, or a turbine loss occurs in a region with limited capacity, for example, scenario modelling can clarify how long recovery will take for each critical asset, what the total cost would be of the delay, and which single points of failure are most likely to lead to extended outages.

The true recovery timeline may also depend on the availability of specialist transport, lifting equipment, installation contractors, test equipment and authorized commissioning engineers.

These insights are critical to assess credible and accurate loss exposures, which ensure business continuity plans are not based on unrealistic recovery assumptions.

4. Allocate capital strategically

As demand accelerates and grid capacity struggles to keep pace, engineering-based guidance ensures CAPEX can be prioritized in areas where it delivers the most cost-effective risk mitigation. Risk engineering insights can be applied to rigorous and sophisticated analytical models to identify the optimal balance of risk retention and transfer under different scenarios. This analysis enables companies to compare different mitigation options, such as holding dedicated or shared spares, improving equipment redundancy, investing in condition monitoring, or securing manufacturing and service capacity in advance. This ensures companies get the most for every dollar spent on risk management.

5. Enable smarter insurance negotiations

When transferring risk to insurance markets, risk engineering data is the foundation of robust risk information that will help insurers make informed decisions.

Risk engineering gives power and utilities companies a strong negotiating position, enabling brokers to:

- Articulate robust maintenance and resilience planning
- Evidence redundancy and spare holding strategies
- Quantify the impact of mitigation measures on potential losses
- Validate that risk levels are being actively managed

Combined, risk information creates a powerful story, backed by data. It improves insurability, supports more favourable terms, and creates trust with insurers, ultimately contributing to optimal cost and terms.

Building resilience: There's opportunity in a soft market

Extended power equipment lead times translate directly into heightened business interruption exposure. Longer replacement periods can increase the probability that indemnity periods are exhausted, asset values are understated and recovery assumptions prove too optimistic. For underwriters, the focus will continue to examine spares strategies, contingency planning, asset valuations, OEM relationships, outage management and risk engineering findings.

But using the soft market to your advantage can create opportunities to smooth future supply chain risk and mitigate financial disruption. In a soft market where insurers are competing to secure market share and premium rates remain on a downward trajectory, brokers have scope to put extended indemnity periods on the table. Negotiating extended indemnity periods today could provide valuable protection when the market returns to a hardening cycle, should the current industry-wide issues persist and equipment recovery timelines continue to increase.



What power companies should do now

- **Validate lead times for critical equipment.** Replace historic assumptions with current supplier intelligence for transformers, turbines, rotors and other long-lead items
- **Map business-critical spares.** Identify what is held, where it is located, who controls its release, compatibility and whether it can be accessed quickly after a loss
- **Stress-test contingency plans.** Model recovery scenarios that reflect delayed shipping, constrained OEM support and extended outage durations
- **Conduct logistics and installation planning.** Pre-plan transportation routes, permits, lifting requirements, site interfaces, installation resources and commissioning support for critical replacement equipment
- **Increase equipment flexibility/interchangeability.** Where practical, standardize specifications across fleets and assess whether strategic spares can serve multiple sites or generating units
- **Engage OEMs earlier.** Strengthen visibility over manufacturing slots, service agreements, warranty commitments and alternative repair options
- **Use risk engineering strategically.** Treat engineering reviews as a tool for resilience planning, not simply insurer compliance

- **Review insurance program adequacy.** Reassess indemnity periods, values, deductibles and business interruption assumptions against current replacement realities

The companies best placed to protect revenue and reliability will be those that understand their exposure at asset, plant and portfolio level; build stronger visibility over spares and suppliers; and align operational recovery planning with insurance program design. In a sector where reliability, availability and grid access are central to value, critical equipment resilience is becoming a strategic differentiator.

To find out how to build resilience against extended equipment lead times, contact:



Russ Ashe

Managing Director, Power & Renewable Energy, Willis Natural Resources

russ.ashe@wtwco.com



Declan Cleary

Head of Placement, Power, Willis Natural Resources

declan.cleary@wtwco.com



Mark Hiles

Global Head of Broking, Power and Utilities, Willis Natural Resources

mark.hiles@wtwco.com



Alan McShane

Global Head of Risk Engineering, Willis Natural Resources

alan.mcshane@wtwco.com



Mark Walshaw

Head of Risk Engineering, CEEMEA, Willis Natural Resources

mark.walshaw@wtwco.com

Key power hotspots

North America

Alex Forand

Regional Leader, Power & Renewable Energy,
Willis Natural Resources, North America

The U.S. power sector has entered a period of demand growth not seen in decades. Artificial intelligence, cloud computing and the continued expansion of hyperscale data centers are accelerating load forecasts in major markets, often faster than utilities can add generation and transmission.

This imbalance is changing the development model: instead of waiting solely for large, grid-connected projects, data-center operators and power developers are evaluating smaller, modular sources that can be deployed closer to the load.

A new generation mix

Small gas turbines and internal-combustion engines (particularly reciprocating-engine installations) are becoming important bridge solutions. Their modular design, faster construction profile and ability to support islanded or behind-the-meter operations can help data centers secure dependable, around-the-clock power. But these assets do not exist in isolation. Developers increasingly pair thermal generation with solar, wind and battery storage, creating hybrid systems that seek to balance speed, reliability, fuel flexibility and emissions goals.

For insurers, modular portfolios may reduce dependence on a single large generating unit, but they also introduce multiple technologies, operating modes and contractual interfaces. Underwriters must evaluate fuel supply,





equipment warranties, controls integration, battery protections, maintenance strategies, interconnection risk and the consequences of a common-mode failure across co-located assets.

Property rates continue to decline, casualty rates moderate

Against this rapidly changing exposure base, property insurance pricing remains broadly favorable. Additional capacity and competition are producing continued rate reductions for well-engineered, well-operated risks with strong loss histories. The best outcomes are available to insureds that demonstrate credible engineering data, current valuations, disciplined operations and maintenance, and a clear approach to natural-catastrophe resilience.

Declining headline rates, however, should not be mistaken for relaxed underwriting: loss-affected accounts, catastrophe-exposed facilities and newer technologies can still face differentiated terms, deductibles and sublimits.

As additional power generation capacity enters the market, casualty insurance rates are expected to moderate due to increased competition among insureds and a broader spread of risk across a larger

asset base. While inflationary pressures and large loss activity continue to influence the casualty market, the introduction of new, well-designed capacity structures may help stabilize premium results. This increased supply of insurance capacity, coupled with improved risk management practices, is expected to create a more balanced market environment and temper upward pressure on casualty insurance rates.

Headwinds are taking shape

- First, rising wholesale electricity prices and constrained grid capacity can increase business-interruption values and amplify the cost of an outage
- Second, turbine shortages and extended equipment lead times can lengthen restoration periods following a machinery breakdown. For all turbine and engine fleets, replacement-unit availability, spare-parts inventories and service agreements will become increasingly important underwriting considerations
- Third, climate change is intensifying the scrutiny applied to wildfire, flood, hurricane, freeze, heat and severe-convective-storm exposures: risks that can affect both conventional and renewable assets and their supporting transmission infrastructure

The result is a two-speed insurance market. Strong assets may continue to benefit from lower property rates and broader competition, while projects with weak engineering, uncertain technology integration or concentrated climate exposure may see less relief.

Insurance strategies should begin before construction: validate probable maximum loss assumptions, model realistic outage durations, secure critical spares, test fuel and grid contingencies, and demonstrate how hybrid assets will operate safely under both normal and emergency conditions.

Looking ahead

Property and casualty insurance rates in the U.S. power sector are likely to remain competitive in the near term, but the underlying risk is becoming more complex. Data-center demand is accelerating investment, while distributed thermal generation and renewables are converging into new operating models.

Organizations that translate this complexity into clear engineering, resilient design and credible recovery plans will be best positioned to capture the benefits of the soft market before emerging headwinds gain further strength.





Latin America

Sergio Toro

Head of Power & Renewable Energy,
Willis Natural Resources, Latin America

Latin America offers tremendous opportunities for the power sector. Our natural resources, growing electricity demand and the need to strengthen electricity infrastructure continue to attract investment from around the world.

But this growth also gives us the opportunity to step back and look at the whole picture.

When we talk about the power sector, we usually think about generation plants, but transmission lines, substations, transformers, cables and all the equipment around them are as critical as the generation plants themselves.

A power system is only as strong as its weakest link, and if transmission and distribution networks do not keep pace, we will never capture the full value of those investments.

We are already seeing this across several countries in Latin America. Transmission infrastructure is not expanding fast enough, resulting in operational constraints, grid congestion, delays in new projects and increasing levels of curtailment.

So, the challenge is no longer only about building more generation plants. We also need to accelerate the expansion and modernization of transmission and distribution networks, invest in smart grids, intelligent power equipment, automation, digitalization and HVDC transmission, while continuing to develop firm generation. To make this happen, we need clear regulation, efficient permitting processes and a long-term vision that gives investors' confidence.

The insurance market remains soft: Use capacity to build resilience

Capacity remains available and market conditions continue to be competitive, but technical quality is becoming even more important. Good risk engineering, reliable information and advanced analytics help the market better understand project risks and support stronger insurance programs.

Combining power sector specialism, risk engineering capabilities, advanced analytics and access to insurance and reinsurance markets will put power companies at an advantage to protect investments and support long-term infrastructure resilience.



I am increasingly convinced that the conversation should no longer focus only on how many megawatts we can install. The next big challenge will be building and modernizing the transmission and distribution networks that allow electricity to reach where it is really needed; safely, reliably and efficiently. If we get this right, we will not only strengthen our electricity infrastructure. We will strengthen energy security, improve competitiveness and create conditions for sustainable long-term growth across our region.



Sergio Toro, Head of Power & Renewable Energy, Willis Natural Resources, Latin America



Middle East and Africa

Mark Hiles

Global Head of Broking - Power and Utilities,
Willis Natural Resources

The power insurance market in the Middle East and Africa region remains in a softening cycle. Managing general agents (MGAs), international carriers and regional markets are competing for relevance in a growth region that continues to attract infrastructure, energy and digital investment, even as geopolitical volatility adds complexity to underwriting.

Power segments

Conventional generation continues to expand across MENA, led by gas-fired capacity as the region's primary transition fuel. While solar, wind, storage and grid interconnection projects are accelerating, natural gas remains central to meeting rising demand from industry, desalination, population growth and the rapid build-out of data centers.

Global investors and lenders have tempered their corporate stance on ESG, which is improving the investability of MENA power projects. Rigid exclusions on thermal generation have softened in favour of transition-aligned financing, allowing international banks and institutions to re-engage with gas-fired and hybrid schemes that incorporate carbon capture and storage (CCS) readiness, efficiency gains or renewable co-

location. This shift has broadened the pool of available capital, shortened financing timelines and supported a stronger pipeline of project-finance transactions across both conventional and renewable developments in the Gulf Cooperation Council (GCC) and wider MENA region.

In response, ambitious 2030 targets in Saudi Arabia, the UAE and other GCC markets are being delivered alongside continued investment in thermal capacity. The result is a more complex, hybrid generation model, where storage co-location and grid interconnections are increasingly part of project design to improve flexibility. New combined cycle gas turbine (CCGT) projects are increasingly being designed with carbon-capture readiness or retrofit potential, while hydrogen and nuclear small modular reactor (SMR) ambitions are being pursued more selectively.

A main driver for expansion and investment across the region? Data centers. Sovereign strategies in the UAE and Saudi Arabia, combined with hyperscale and AI investments, have produced an extensive pipeline of facilities. Projects such as the multi-gigawatt UAE-US AI campus in Abu Dhabi (including the Stargate UAE cluster) and Saudi Arabia's HUMAIN-backed developments are targeting several gigawatts of capacity over the coming decade, with regional data-center IT load expected to grow from roughly [1 GW today toward 3 GW or more by 2030](#). The resulting offtake is already influencing

generation planning, supporting new gas-fired capacity, renewable-plus-storage solutions and continued interest in SMRs for firm, low-carbon baseload.

Insurance market trends

Insurance capacity remains plentiful. Regionally domiciled reinsurance capacity is close to \$2 billion, with practical working capacity nearer to \$1 billion. Dubai International Financial Center continues to attract new entrants with international reinsurers, adding operational and construction capacity, while established players all remain to be a leading force, regularly deploying maximum working lines with a commercial approach that secures lead positions. Regional MGA capacity remains abundant and Saudi carriers continue to seek greater participation in the premium pool.

Rate reductions for well-managed, loss-free accounts have deepened further, with mid-double-digit reductions off prior levels now commonplace. Even accounts with modest claims experience below the burn cost are seeing low double digit downward pressure. Regional (re) insurance placements remain heavily oversubscribed. Markets continue to chase premium, reinforcing a buyer-friendly environment that is expected to persist through the balance of 2026.

Position for success in 2027

The key challenge for clients is to use today's soft market strategically. Strong engineering data, clear business interruption values, credible contingency plans and early engagement with a broad panel of insurers will be critical to converting abundant capacity into resilient coverage. Geopolitical risk, supply-chain disruption and Strait of Hormuz exposure are now being examined more closely, particularly for critical spares, logistics, contingent BI and war or political-violence exclusions. The market remains open, but underwriters are increasingly rewarding clients that can demonstrate disciplined risk management and protect project execution.

Spotlight: The impact of the Middle East conflict and Strait of Hormuz disruption

The Middle East conflict and heightened disruption risk around the Strait of Hormuz have shifted geopolitical exposure from a background concern to a practical operational challenge for power and utility companies. Although direct physical damage to generation and desalination assets has remained limited, the indirect impact on logistics, supply chains and project execution has become more material.

Critical equipment, spare parts, turbines, transformers and specialized components that traditionally moved through Gulf ports faced extended lead times, elevated freight costs and, in some periods, the need for alternative routing via Red Sea or overland corridors.

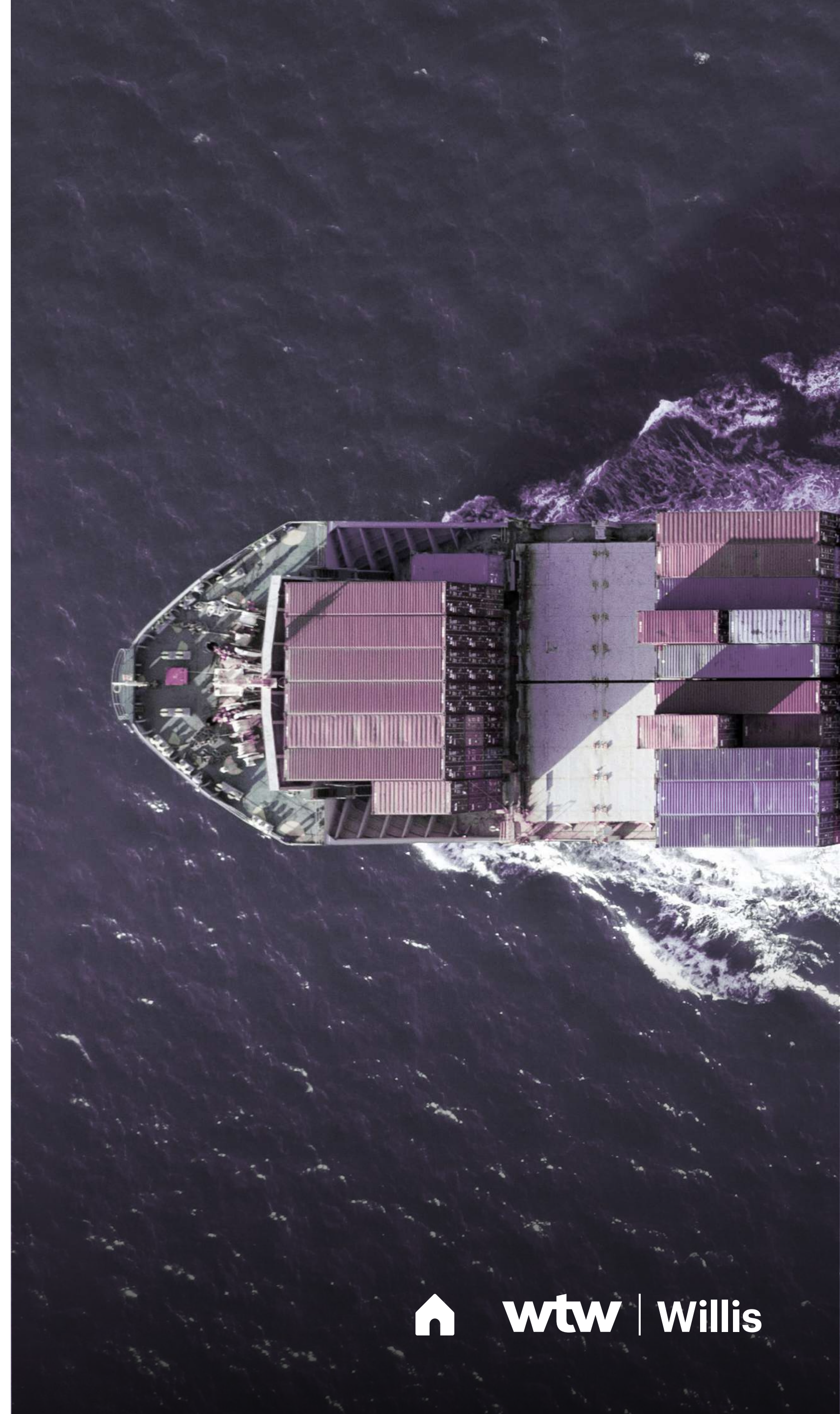
As shipping patterns adjusted, temporary bottlenecks emerged for both new-build projects and planned maintenance schedules, particularly where just-in-time inventory practices were in place. The same exposure is increasingly relevant for data-center construction and fit-out programs, where delays to electrical and cooling equipment can quickly affect delivery.

Fuel logistics have added another layer of complexity. Liquefied natural gas and feedstock movements for gas-fired plants have seen periods of volatility, although domestic pipeline gas and strategic storage have helped cushion many GCC utilities. Even so, contractors and sponsors are reassessing delivery risk, mobilization plans and contingency arrangements across both renewable and conventional developments.

For insurers and reinsurers, the issue is less about isolated asset damage and more about accumulation, delay and dependency. Business interruption values, contingent business interruption exposures linked to suppliers, critical spares strategies and evidence of alternative logistics routes are all being examined more closely.

At the same time, war and political-violence exposures have moved higher up the underwriting agenda. Premiums for vessels transiting or operating in adjacent waters have risen sharply, while exclusions, sub-limits and aggregation controls are being reviewed more carefully across both direct and reinsurance programs.

Despite these headwinds, the underlying growth narrative remains intact. Capacity providers have largely stayed engaged, supported by strong capitalization across the GCC insurance sector and continued investment in infrastructure, energy and digital assets. For clients, the priority is to demonstrate resilience before renewal: clear visibility over supplier dependencies, critical spares, logistics alternatives, BI assumptions and contingency plans will be essential to maintaining insurer confidence while geopolitical volatility remains elevated.





Europe

Declan Cleary

Head of Placement, Power & Renewable
Energy, Willis Natural Resources

The European power market is moving into a further period of increasing electricity demand. Electrification of transport, heating and industry is adding load, while the rapid growth of AI and data centers is creating a new, concentrated source of very large demand – notably in the U.K., Ireland, and Northern Europe. EU data center capacity is expected to rise from ~12 GW in 2025 to ~28 GW by 2030.

The power system is being challenged to accommodate more intermittent renewable output from wind and solar energy sources, which is creating a greater need for flexible gas generation. Despite falling utilization over

time, gas-fired generation remains Europe's key source of flexible output when renewables underperform. In short, the European power market will remain sensitive to gas prices and the balance of weather-related intermittency issues in the near term.

From an insurance perspective, the market remains buyer-friendly, with significant overcapacity driving competition and downward pressure on rates. Insurers continue to compete aggressively for business, with an increasing number of carriers willing to challenge existing lead incumbent insurers for market share. At the same time, the acceleration of electrification and demand growth are creating new exposures for insurers to consider, including increased grid dependency, extended equipment lead times, supply-chain constraints and emerging technologies. However, we do not expect these evolving risks to dampen insurer appetite.

Asia

Lyo Foo

Head of Power, Willis Natural Resources, Asia

The Asia power insurance market remained highly competitive throughout the first half of 2026, supported by strong insurer profitability, abundant reinsurance capacity and sustained competition among international and regional carriers.

In response, well-performing power assets with strong engineering standards and favorable loss records continued to benefit from premium reductions, broader coverage options and ample underwriting capacity. Gas-fired generation, renewable energy projects and operational assets all remain favorable as the market heads toward 2027 targets.

Competition remains intense

Strong underwriting results in recent years, combined with significant available market capacity, have encouraged many insurers to prioritize premium growth and market share over underwriting margins. Meanwhile, Middle Eastern insurers have increased their participation in Asian power programs. This has intensified competition, with insurers showing increased flexibility on pricing, capacity deployment and program participation to retain existing clients and attract new business.

Coal-fired power generation continues to attract greater underwriting scrutiny than other sectors due to the ESG commitments and sustainability objectives of many international insurers and reinsurers. Nevertheless, conditions have become increasingly favorable for insureds. Abundant capacity and heightened competition





Overall, international and regional insurers continue to deploy significant capacity, enabling many insureds to secure premium reductions, broader insurer participation and enhanced policy terms. While engineering quality, operational performance and claims history remain important underwriting considerations, insurers' desire to maintain premium income and expand market share has become the dominant factor shaping renewal outcomes



Lyo Foo, Head of Power,
Willis Natural Resources, Asia

have prompted a growing number of insurers to expand participation in, or resume underwriting of, well-managed coal-fired risks. For quality assets with strong operational performance, sound engineering standards and favorable loss experience, underwriting decisions are increasingly being driven by technical risk quality rather than fuel type alone.

Preparing for 2027

The outlook for the second half of 2026 remains positive. Strong insurer appetite and abundant capacity are expected to sustain competitive market conditions across the region.

Clients can take advantage of the current competitive market conditions to test program structures, pricing and coverage options. Maintaining a strong and transparent risk presentation, together with up-to-date engineering information and clear loss experience, will remain important in maximizing market competition. Given the continuing focus of insurers on premium growth and market share, clients should also consider engaging with a broad range of markets early in the process to leverage competition and secure the most favourable terms for 2027.

China

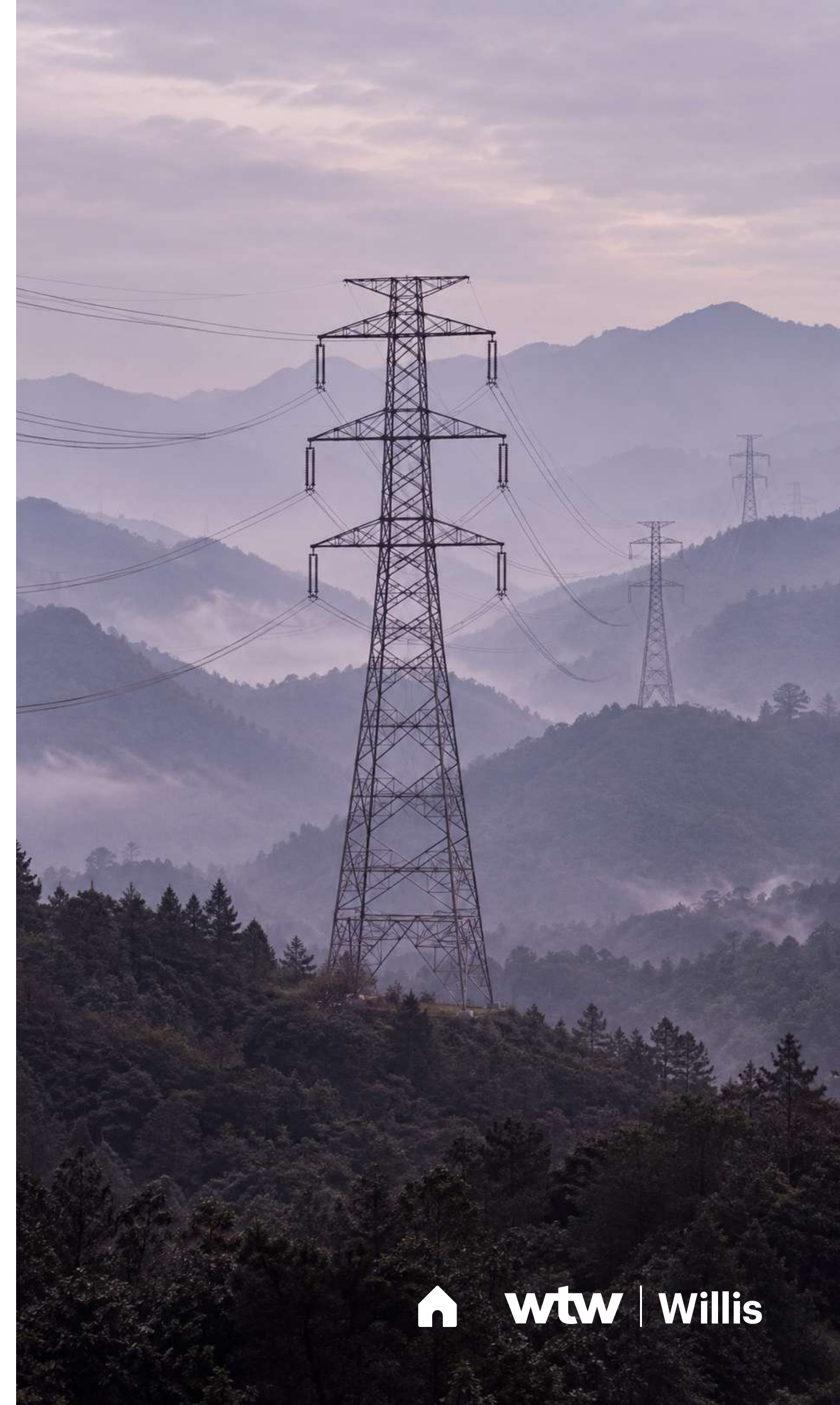
Ray Zhang

Power and New Energy,
Willis Natural Resources, China

The Chinese power market continues to grow steadily, with forecasted growth at 9.3% in 2026ⁱ outpacing the average growth rate of other industries. While increasing insurance demand is stemming from power generation (41%) and transmission and distribution (T&D) (37%), the share of premiums related to coal-fired power dropped despite continued reliance on thermal power broadly.

Chinese domestic power insurance market features a “dual-track” pattern which includes three leading insurers and technical markets focused on power. One particular insurer holds the largest market share at approximately [33.2%](#), and the three largest insurers collectively account for around [75%](#) of the whole market share. Meanwhile, power captive insurers leverage their shareholders’ resources to deepen their presence in specialized segments, becoming key suppliers to the power insurance market by demonstrating strong competitiveness in T&D lines, energy storage, and power engineering insurance.

International insurer participation in China brings global underwriting experience, catastrophe models, and reinsurance capacity to the market, particularly for complex projects. Reinsurance support for major projects is likely to remain strong.





China shows stability in a soft international market

In 2025–2026, leading and power specialized insurers achieved good underwriting results, where the comprehensive combined loss ratio for power insurance stood at approximately 58.7%, decreasing 2.1% year-on-year.ⁱⁱ Conventional power projects, benefiting from proved technology and standardized operation & maintenance, generally experience lower loss ratios than renewable energy projects

In contrast to the distinctly softening trend in the international power insurance market, the average premium rates in Chinese power insurance market remain stable, with some projects seeing slight rate decreases. As insurance premium rates of conventional power projects remain at relatively low levels in recent years, with the application of the new insurance regulatory policy “Reporting and Execution Consistency”, the rates are unlikely to reduce following the trend of international soft market.

Trends to watch

Multiple typhoons from 2024 to 2026, combined with heavy rainfall in the Southern China, have led to significant increase in insurance claims for power insurers.

Higher premium rates might be applied to power projects in the coastal area of Southern China.

Meanwhile, the adoption of new technologies is shifting insurance protection from “post-event indemnification” towards full lifecycle risk management. Technologies such as drone/satellite remote sensing inspections, early-AI-identified warnings and extreme weather disaster forecasting are helping power companies and insurers use probabilistic modelling.

Underwriters are harnessing these technologies and developing dynamic pricing models integrating multidimensional data such as meteorological, geographic, and equipment operational data enhance risk identification accuracy. In the event of a claim, innovations in remote sensing technology are supporting remote damage assessment, which is compressing traditional survey cycles from several days to just hours.

These efficiencies are driving a more proactive approach to risk for insurers and power companies. Embracing technology will be key to delivering data-backed information to insurers and negotiating the optimal balance of cost and coverage in 2027.

ⁱ **Footnote source:** The Annual Development Report of China Electric Power Industry 2026 issued by China Electric Power Enterprise Federation

ⁱⁱ **Footnote source:** Analysis Report on Market Prospect and Investment Evaluation of China Energy and Power Insurance Industry in 2025 issued by B&Y Consulting Co.

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