Energy, Power & Renewables

MARKET UPDATE

JANUARY 2026

founded 1987
UIB Holdings (UK) Ltd Top 10 largest reinsurance broker
Independent Privately-owned
UIB Group 19 offices 16 countries
LLOYD'S broker
Specialist in complex risks
In-house CLAIMS management

About UIB

Established in 1987 as an independent Lloyd's (re)insurance broker, UIB* works closely with clients and underwriters to provide bespoke solutions for large and complex risks.

With UIB Group offices in all the major global insurance hubs, and by utilising our in-house claims and risk engineering services, we guarantee the quality and competitiveness of our services.

OUR UIB GROUP LOCATIONS:

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UPSTREAM


DOWNSTREAM


POWER


RENEWABLES


CONSTRUCTION

*In this document, references to UIB are to United Insurance Brokers Limited ("UIBL"). References to UIB Group are to the UIB group of companies which includes UIBL

Upstream Energy

The 1st of January 2026 renewals have seen a continued softening of the upstream market. Whereas in 2025 we saw steep rate reductions on tenders of large multi-million-dollar accounts, the rate reductions are now considerably more widespread as Insureds become wiser to the softening condition of the market.

2025 was an exceptionally benign year for losses with the largest reported loss being USD 130m for a control of well incident, and as a result the upstream market has remained profitable.

This has resulted in capacity remaining at an all-time high with an estimated USD 10bn.

Most of this capacity growth is coming from increased line sizes, but also new entrants are still joining the energy market due to the markets enduring profitability albeit marginal in some instances.

A notable withdrawal of capacity was Dale Underwriting that ceased to trade upstream in October.

Further contributing factors to this softening has included, and we believe will continue into 2026:

- Underwriters setting themselves ambitious growth targets.
- A negative feedback loop of softening rates leading to further competition as income shrivels.
- The pool of clients not growing, contributing to increased competition for existing business.

As a result, many renewals have seen decreases ranging from 5% to 15%, and in some instances more.

Liability coverages in upstream packages, often written by the casualty teams of the respective syndicate/company, have now also started showing signs of softening from the earlier hard market status.

We are not seeing any new standard clauses being introduced into upstream programmes, other than some adjustments to existing clauses, in particular JNR2022-23 with a new A version being introduced to explicitly exclude SRCC, and a recent review of the EED8/86 wording the results of which have yet to be implemented.

OUR TEAM CAN PLACE COVERAGE FOR...

- All Risks of Physical Damage to on and offshore operating property
- Onshore and offshore Construction All Risks/Minor Works
- Liability/Casualty
- Protection and Indemnity
- Removal of Wreck
- Sue and Labour
- Onshore and offshore Operators Extra Expense
- Machinery Breakdown
- Platform de-commissioning and removal
- Seepage & Pollution
- Strikes, Riots and Civil Commotion
- Loss of Production Income
- Transit/Storage
- War/Terrorism

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In 2026 we expect the upstream market to continue to soften with capacity levels remaining stable.

Downstream Energy

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The 1st of January renewals for downstream placements took place in a softening market, driven by increased capacity and strong competition for high-quality risks.

Loss-free renewals typically achieved rate reductions of between 15- 20%, with larger reductions available for modern or recently upgraded assets, strong risk engineering, and low natural catastrophe exposure.

PRICING & MARKET CONDITIONS

Despite the softer pricing environment, underwriters remain disciplined on terms and conditions following heavy loss activity in 2025, where losses are estimated at between USD 6–7bn, including approximately USD 4bn from BI.

However, an abundance of capacity and favourable reinsurance treaty renewals — supported by strong 2024 loss performance — have continued to underpin improved pricing outcomes.

RISK DIFFERENTIATION

Insurers are increasingly differentiating risks based on:

- Asset quality and age.
- Loss history.
- Engineering standards and survey outcomes.

Only poorly performing risks are seeing meaningful resistance to rate reductions.

OUR TEAM CAN PLACE COVERAGE FOR...

- All Risks of Physical Damage
- Natural Catastrophe
- Time Element/Business Interruption/ Contingent Business Interruption
- Construction/Minor Works
- Terrorism/Strikes, Riots, Civil Commotion, Malicious Damage
- Liability/Casualty
- Machinery/Electrical Breakdown
- Transit/Storage
- Seepage and Pollution

TO ACHIEVE OPTIMAL OUTCOMES

- Start renewal discussions early and benchmark against comparable risks.
- Review and enhance policy coverages, including sub-limits.
- Ensure engineering surveys are current and recommendations closed.
- Update asset valuations and BI forecasts.
- Prepare high-quality risk presentations to clearly differentiate their risk.

Loss-free downstream energy PD/BI renewals are achieving rate reductions of up to 15–20%, driven by strong competition and abundant capacity.

Power Generation

The traditional power generation market in 2025 transitioned firmly into a buyer's market, driven by an oversupply of capacity and increasingly aggressive competition among insurers. This shift closely mirrors broader onshore energy trends.

PRICING & COMPETITION

Insurance buyers achieved notable rate reductions, particularly on clean and well-performing risks.

- Standard renewals typically achieved reductions of between 10–15%.
- Competitive tenders for high-quality risks saw reductions of between 20–30%.

Softening has been fuelled by new market entrants, including MGAs and insurers opening desks for conventional. power business, despite a deterioration in underwriting results during 2025.

LOSS EXPERIENCE AND MARKET PRESSURE

In 2025 underwriting results came under increased, primarily due to:

- Reducing rates;
- Increased operational loss activity;
- Loss severity being exacerbated by increasing lead times and supply chain constraints on orders for critical items;

These factors in particular have negatively impacted underwriters' bottom lines across the sector.

CAPACITY & 2026 OUTLOOK

Looking ahead to 2026, conditions are expected to remain challenging due to:

- New participants such as Westfield, Chaucer, and Canopius are looking to build meaningful market share.
- New entrants not yet experiencing the same losses as incumbent markets.
- Continued capacity growth is likely to sustain downward pressure on rates.

Despite the loss experience, the absence of major natural catastrophe events has resulted in largely benign treaty renewals. Further rate reductions are expected in 2026, with early indications suggesting decreases of 7.5–12.5% on expiring rates.

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OUR TEAM CAN PLACE COVERAGE FOR...

- Fossil Fuel-Based Power
  - Coal-fired power
  - Natural gas power
  - Oil-fired power
- Nuclear Power
- Emerging & Alternative Power Sources
  - Hydrogen
  - Waste-to-energy (WTE)

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Renewables

IN 2026: CAPITAL IS PLENTIFUL, CERTAINTY IS NOT

The renewables insurance market is not constrained by lack of capacity, but by how selectively that capacity is deployed.

Insurers continue to face pressure to grow with new capital driving renewal pricing generally lower, creating competitive conditions and negotiable terms for many buyers. At the same time consistent losses and repeated weather events have exposed meaningful performance differences across portfolios once considered broadly comparable, limiting rate reductions for those clients.

In 2026, the onshore renewables market has ample capital, but outcomes hinge on risk quality and differentiation rather than capacity availability.

Ultimately, 2026 will be defined less by market softness or hardness than by dispersion.

Success will depend on credible risk differentiation, with discipline—not capacity—emerging as the scarcest commodity.

THIS TENSION IS INFLUENCING INSURER BEHAVIOUR...

First, underwriting focus is shifting from price to quality.

Rather than applying uniform rate changes, insurers are using capacity, structure, and attachment points as key tools. Well-engineered assets with strong maintenance practices and transparent data are being rewarded. Battery energy storage systems are attractive as the technology matures, and loss experience improves. However, events such as the Waratah transformer failure in Australia highlight insurers' continued sensitivity to large, single-loss scenarios, reinforcing scrutiny of design, redundancy, and contractor selection across all technologies.

Second, catastrophe exposure is no longer viewed as episodic.

Wildfire, flood, severe convective storms, and hurricanes are increasingly treated as recurring conditions. This has elevated the importance of location-specific modelling, resilience measures, and response planning, particularly for portfolios concentrated in high-volatility regions.

Third, product innovation is quietly accelerating.

Alternative structures, including faster-settlement mechanisms, parametric solutions, and longer-term agreements, are gaining traction as insurers seek balance between competitiveness and earnings stability.

OUR TEAM CAN PLACE COVERAGE FOR...

- All Risks of Physical Damage
- Natural Catastrophe
- Time Element/Business Interruption/ Contingent Business Interruption
- Construction
- Terrorism/Strikes, Riots, Civil Commotion, Malicious Damage
- Liability/Casualty
- Machinery/Electrical Breakdown
- Transit/Storage
- Seepage and Pollution

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Construction

The construction insurance market began to show early signs of softening on selected project specific risks in late 2024 / early 2025. Since then the degree of softening has been inconsistent across territories, occupancies, and global insurance hubs. In several key markets, pricing has remained firm as insurers continue to prioritise profitability, whilst others have shown more willingness to compete on price.

PROJECT-SPECIFIC DYNAMINCS

Softening is harder to evidence in project construction due to the market not having the same year-on-year risk data as annually renewing operational programmes, and the variation in nature and period of projects.

There is more competition for "safe" projects in "safe" territories, but less favourable projects in less favourable territories are seeing fewer lead markets willing to quote lead terms. These less favoured projects are seeing rates and coverage maintained at harder market levels particularly in respect of delay in start up (DSU) / advance loss of profit (ALOP).

As a result, preferential terms remain focused on well-structured projects with strong sponsors and Tier 1 contractors.

GEOPOLITICAL & CAPACITY PRESSURES

Geopolitical volatility continues to affect reinsurer appetite, particularly where delays and supply chain disruption increase DSU/ALOP exposure.

Current pressures include:

- Restricted access for surveys and loss adjustment.
- Extended lead times for specialist plant and equipment.
- Ongoing shipping and logistics disruption.

While some capacity has returned to the London market, there has been no significant influx, allowing insurers to maintain pricing discipline..

OUTLOOK

Rates are beginning to soften selectively for the right projects in favourable territories. However, competition remains focused on lower-risk opportunities, with harder pricing persisting for less attractive projects and DSU/ALOP cover. Looking ahead, competitive pressure will only increase, and we see rates softening further over the coming year.

Alternative competitive insurance programme options designed to best meet your contractual needs and budgetary requirements.

OUR TEAM CAN PLACE COVERAGE IN SPECIALIST AREAS INCLUDING...

- Oil and Gas (downstream and midstream)
- Petrochemical
- Heavy Civils (tunnels, bridges, ports and harbours)
- Infrastructure (rail and road)
- Onshore Power (conventional, sustainable and renewable)

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UIB Group

The UIB Group can access many insurance markets around the world, including the renowned **Lloyd's** market through its UK member and Lloyd's broker, United Insurance Brokers Limited.

Established in **1987** following an MBO of Marsh McLennan Middle East, our initial footprint was MENA, Europe and Japan concentrating on energy-related risks.

Today, we have c.**500 professionals** in 19 offices across 16 countries offering insurance solutions for all industry sectors across the globe.

The UIB Group places in excess of **$2bn Premiums** annually and we are renowned as specialists in complex risks.

The UIB Group's ethos is one based on close client relationships offering a comprehensive professional, yet personal service and always acting in a client's best interest.

UIB

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