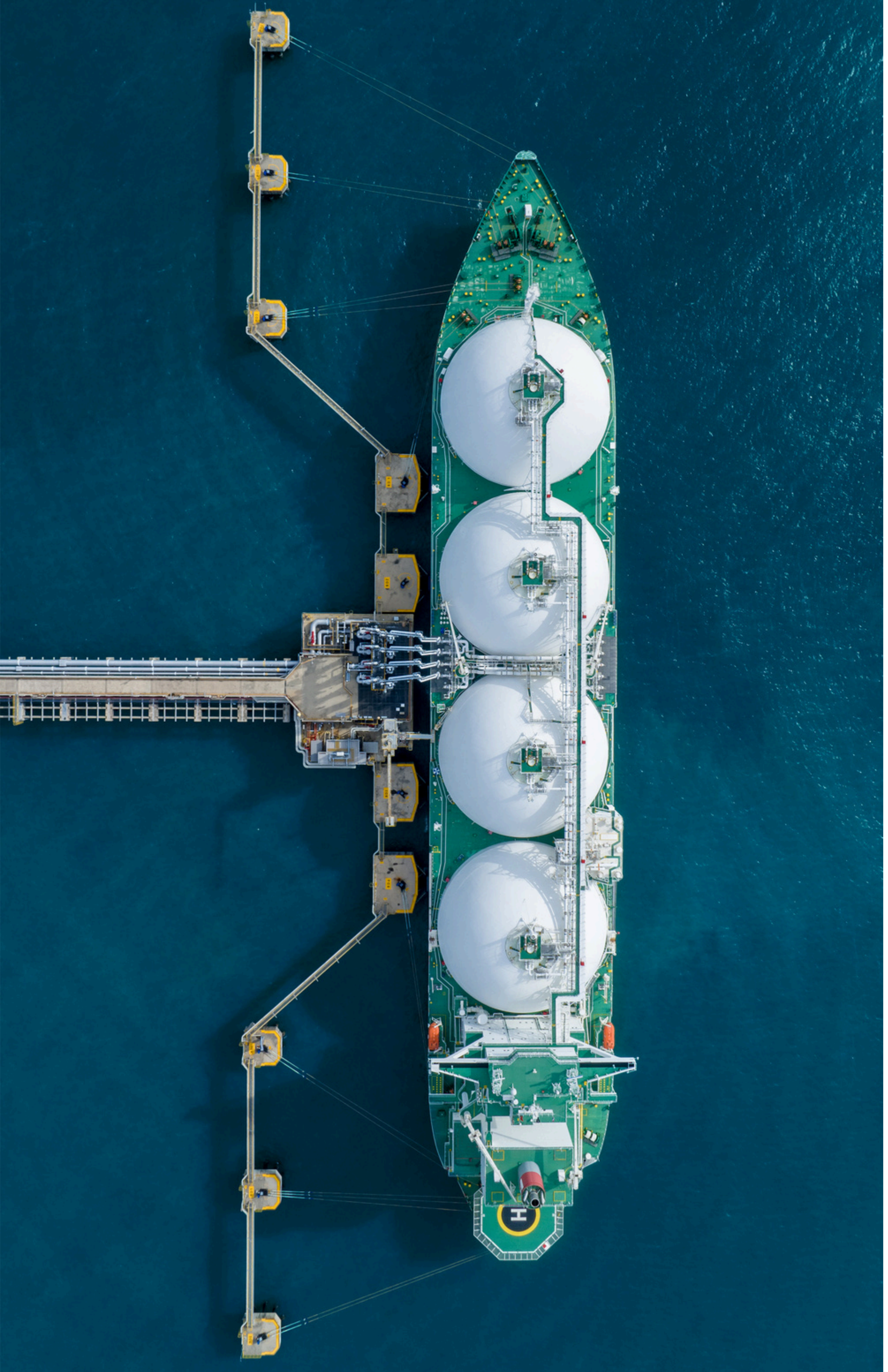

ENERGY INSURANCE MARKET UPDATE

H1 2025

PANTHERA INSURANCE PARTNERS

ABOUT PANTHERA

Panthera Insurance Partners is a boutique insurance brokerage delivering tailored insurance solutions for the energy sector and other specialized industries. As an independent broker, we provide strategic risk placement and advisory services, leveraging deep market relationships with Lloyd's syndicates, global insurers, and specialist underwriters.

With expertise spanning traditional and renewable energy, we offer bespoke coverage for upstream, midstream, and downstream operations, including offshore assets, FLNG projects, and emerging technologies. Our approach extends beyond transactional broking—we work closely with clients to assess exposures, implement risk mitigation strategies, and secure optimal coverage in an evolving risk landscape.

In addition to energy, Panthera delivers bespoke insurance solutions across a plethora of specialized sectors, including but not limited to Private Clients, private aviation and marine. By combining the agility of a boutique firm with global market access, we deliver exceptional service, innovative solutions, and a steadfast commitment to protecting businesses navigating complex risks.

INDUSTRY OVERVIEW

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The global energy insurance market is entering the first half of 2025 with a continuation of the softening trends seen throughout 2024. Increased market capacity, fewer catastrophic loss events, and heightened competition among insurers have contributed to downward pressure on premiums across multiple energy sub-sectors. However, certain risk categories, namely offshore construction, remain challenging to place, with premiums either stabilising or experiencing slower rate declines.

The upstream, midstream, and downstream energy markets are experiencing a sustained softening trend, driven by increased insurer capacity and a favorable claims environment. Upstream risks, particularly offshore energy, benefit from strong competition among insurers, leading to lower premiums and improved policy terms. Midstream energy, including liquefied natural gas (LNG) infrastructure, continues to attract high insurer interest, with well-managed risks seeing noticeable rate reductions. Downstream markets are experiencing some of the most significant softening, particularly in refining and storage, where clean loss records and strong risk management practices result in double-digit rate reductions. However, insurers remain vigilant regarding business interruption (BI) coverage, refining margins, and exposure to natural catastrophe risks.

The renewable energy insurance market is also seeing increased capacity and competition as insurers continue to refine their understanding of risks associated with green technologies, offshore wind, and solar technology, leading to more favorable underwriting conditions. However, the sector faces underwriting challenges due to a lack of historical loss data and the evolving nature of climate-related risks.

Additionally, the carbon capture and storage (CCS) sector is gaining traction as governments and industries invest in emissions reduction technologies. While CCS projects present significant underwriting opportunities, insurers remain cautious due to the complexities of long-term liability, regulatory uncertainties, and the potential for leakage risks.

Looking ahead, the trajectory of the soft market will largely depend on loss activity as well as broader economic conditions. While 2025 presents a highly favorable environment for buyers, any significant market event could lead to a rapid shift in insurer strategies. Companies should leverage the current conditions to secure long-term agreements (LTAs), optimize risk management practices, and ensure their insurance programs remain resilient against potential future volatility.

UPSTREAM

UPSTREAM

OVERVIEW & KEY TRENDS

The upstream energy insurance market continues to exhibit strong buyer-friendly conditions in the first half of 2025. Increased underwriting capacity, limited catastrophic loss activity, and heightened competition among insurers have sustained the downward pressure on premium rates.

Policyholders in the sector are benefiting from improved policy terms, broader coverage options, and greater leverage in negotiations. However, insurers remain selective regarding high-risk placements such as offshore construction, subsea operations, and deepwater drilling due to their significant loss potential.

Despite concerns over geopolitical uncertainties and regulatory shifts, insurers remain eager to write upstream business. The presence of excess capacity, coupled with stable oil prices, has encouraged insurers to expand their appetite for well-managed risks. This trend is particularly evident in offshore energy markets, where competition among underwriters is driving single-digit rate reductions.

The soft market has been reinforced by a decline in reinsurance costs, allowing primary insurers to maintain competitive pricing. However, insurers are enforcing stricter risk selection criteria, favoring clients with strong safety records, effective risk management practices, and adherence to ESG standards, particularly in European markets.

LOOKING AHEAD

Insurers will continue to monitor loss trends and regulatory developments while maintaining underwriting discipline. While the soft market is expected to persist, the market remains susceptible to sudden shifts. A major offshore loss event, regulatory changes, or geopolitical instability could quickly alter underwriting dynamics.

Clients are encouraged to capitalize on current market conditions by securing multi-year agreements and ensuring their coverage structures adequately address evolving risks, including ESG compliance and supply chain vulnerabilities, ensuring resilience against potential market corrections in the latter half of the year.

MIDSTREAM

MIDSTREAM

OVERVIEW & KEY TRENDS

The midstream energy insurance sector has entered a sustained period of rate reductions, with rates declining between 5-10%, and in some instances up to 15% for larger entities with strong risk management practices in place. The absence of major losses in 2024, has also contributed to overall market stability.

Reinsurance renewals at the start of the year had minimal impact on pricing, and with improvements in NATCAT modelling, insurers are optimistic about further refinements in risk assessment. The market's oversupply of underwriting capacity, fueled by profitable results in upstream energy, has heightened insurer competition.

This environment is leading to more lenient policy conditions, though key concerns such as supply chain vulnerabilities, business continuity risks, and compliance with regulatory changes remain central to underwriting assessments.

The ongoing expansion of midstream operations, especially in LNG infrastructure, is presenting new opportunities for both insurers and brokers. As underwriting firms that traditionally focused on upstream risks shift into the midstream space, brokers are encountering a highly competitive landscape, where insurance buyers with well-documented safety records are benefiting from the most attractive terms. Despite these advantages, specialized risks, including complex hydrocarbon processing and potential supply disruptions, continue to require closer scrutiny by insurers.

LOOKING AHEAD

While rate reductions have been prevalent, underwriting discipline remains crucial to ensure long-term profitability. Insurers may begin to refine their risk selection criteria, focusing on well-managed accounts with strong operational safety standards.

Additionally, increased scrutiny on catastrophe exposures and ESG-related risks could influence future policy structures and pricing models. Maintaining a balance between competitive pricing and sustainable risk management will be key for insurers navigating the evolving midstream insurance landscape.

DOWNSTREAM

DOWNSTREAM

OVERVIEW & KEY TRENDS

The downstream energy insurance market continues to experience significant softening, driven by increased capacity, stable underwriting profitability, and heightened competition among insurers. Premiums are on a downward trajectory, particularly for well-managed risks with high-quality safety standards.

The absence of major catastrophic losses has resulted in one of the most profitable years for underwriters in over two decades, with rate declines from 5% to 20%, depending on the risk profile and market placement. This favorable environment particularly benefits well-managed risks, while new market entrants, are further intensifying competition and expanding underwriting availability.

Competitive pressures are reshaping insurer strategies, particularly in regions such as Asia and the Middle East, where local markets are intensifying competition against London-based capacity, contributing to further rate softening.

While insurers are offering more flexible policy terms, they are enforcing stricter underwriting discipline, particularly regarding BI and property damage (PD) coverage. Accurate valuations and transparent risk management remain critical for securing optimal pricing and avoiding underinsurance penalties. ESG considerations are also becoming a factor in underwriting decisions, particularly in Europe, where some insurers are restricting capacity for high-emission industries.

LOOKING AHEAD

Insurers will need to balance aggressive pricing with long-term profitability as competition remains high. The expansion of quota share facilities and multi-market placement strategies may help stabilize underwriting portfolios, but external risks such as geopolitical developments and regulatory changes could shift market dynamics. A return to more disciplined pricing is possible if large-scale losses occur, prompting insurers to reassess capacity deployment and risk appetite. Maintaining strong risk controls and demonstrating proactive risk mitigation will be key for both insurers and insureds navigating the evolving downstream market landscape.

RENEWABLES

RENEWABLES

OVERVIEW & KEY TRENDS

The renewable energy insurance market continues to expand, underscored by policy commitments such as COP29's resolution to triple climate finance by 2035, which has in turn created a favorable environment for insurers.

While new facilities for blue and green hydrogen have emerged, underwriting challenges remain, particularly for novel technologies where data availability is limited. Despite growing opportunities, insurers remain cautious about pricing structures and long-term viability, balancing competitive capacity expansion with sustainable risk management.

Market conditions remain favorable for policyholders, with rate reductions expected to range between 5% and 15% in 2025. New capacity from insurers, along with increased follow capacity, has continued to drive premium reductions.

Nevertheless, the sector still faces underwriting challenges, particularly in solar energy, where frequent hailstorm-related claims have led to increased scrutiny and policy differentiation between solar and wind assets. Wind energy remains a mixed market, with European manufacturers facing continued challenges, while Chinese manufacturers are gaining insurer confidence, albeit cautiously.

LOOKING AHEAD

insurers will need to navigate the evolving risk landscape in renewables, particularly as offshore projects and floating wind technology gain traction. While overall capacity is ample, key underwriting concerns include supply chain vulnerabilities, catastrophic weather exposures, and the reliability of emerging technologies.

The continued expansion of LTAs may help stabilize market conditions, though underwriters will maintain a disciplined approach in evaluating complex risks. With climate change-related events driving increased claims activity, insurers will focus on refining predictive analytics to ensure sustainable market growth.

CARBON CAPTURE

CARBON CAPTURE

OVERVIEW & KEY TRENDS

The carbon capture and storage insurance market is evolving as investment in emissions reduction technologies accelerates. While coverage for CO_2 capture and transportation via pipelines is well-established, insurance solutions for long-term storage remain complex due to environmental risks and regulatory challenges.

Tax liability risks, particularly associated with the U.S. 45Q tax credit for unachieved CO_2 capture, are a developing area, with specialized tax insurance markets emerging to mitigate financial exposure. As CCS adoption grows globally, insurers are adapting their offerings to cover both pre- and post-injection phases, addressing physical damage, business interruption, and environmental liabilities.

Storage risks present a significant challenge for insurers, particularly regarding long-term liability. Regulatory timeframes vary widely, with post-closure monitoring requirements ranging from 10 years in some U.S. states to 30 years in the EU.

Environmental Impairment Liability (EIL) insurance is becoming essential to cover potential CO_2 leaks affecting groundwater and marine ecosystems.

Additionally, BI coverage is increasingly sought after by transport and storage companies to mitigate financial losses from halted injection operations. Given the variability in global regulations, insurers must tailor coverage structures to accommodate region-specific compliance requirements.

LOOKING AHEAD

Underwriting models for CCS projects will need to be refined by insurers in order to address long-term liability concerns while balancing market growth opportunities.

Government collaborations may be crucial in bridging knowledge gaps and ensuring financial security for large-scale CCS developments. The expansion of cross-border CO_2 transport networks, such as Norway's Northern Lights project, will require insurers to develop marine and cargo liability solutions. With regulatory uncertainties persisting, maintaining flexible policy frameworks will be key to enabling sustainable insurance coverage for the CCS sector.

CONCLUSION

The energy insurance market is characterized by a sustained softening phase in early 2025, with abundant capacity and intense competition continuing to drive premium reductions across most sectors. While this presents a favorable environment for buyers, insurers face mounting pressure to maintain profitability amid ongoing regulatory shifts and emerging risks. Underwriters are refining their approaches, particularly in complex areas such as subsea placements, new renewable technologies and carbon capture, where pricing remains challenging due to higher loss activity and limited loss data.

For insureds, 2025 is a prime opportunity to secure long-term agreements and optimize coverage while market conditions remain favorable. Companies demonstrating strong risk management, accurate valuations, clean loss records, ESG compliance and good local market or captive participation (If applicable) will be best positioned to secure the most competitive terms. However, insurers are maintaining discipline in key areas such as business interruption and environmental liabilities, making proactive risk mitigation essential to securing comprehensive coverage.

While the soft market is expected to persist, external factors such as major loss events, geopolitical instability, or regulatory tightening could shift conditions. Insurers must balance aggressive pricing with underwriting sustainability, ensuring they can adapt to potential market corrections. As competition continues, 2025 presents a massive opportunity for insurers, brokers, and insureds to collaborate and develop innovative solutions to appropriately navigate an ever-changing energy landscape and tackle evolving risks.

YOUR PROTECTION
OUR PRIORITY

At Panthera Insurance Partners, we don't just insure assets—we safeguard industries, innovations, and investments. In the ever-evolving energy sector, where risk is as dynamic as the market itself, we provide strategic risk management and bespoke coverage solutions that protect your operations, projects, and future growth. Whether securing complex offshore developments, renewable ventures, or critical infrastructure, our team is dedicated to ensuring your business remains resilient.

Contact us today to explore the best protection for your unique energy risk needs.

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