

Product: Battery Energy Storage System Contractual Liability

(This product is no longer available for Distribution)

Manufacturer Information
Product information
<p>The Product provides standalone cover to battery manufacturers for liabilities incurred under guarantees, provided to their customers of battery energy storage systems.</p> <p>Battery Energy Storage System (BESS) manufacturers may want to provide their clients with a guarantee concerning a batteries State of Health and general working order to provide them with the comfort and security to purchase them for use in their projects.</p> <p>Aggregate and inner limits are agreed with each insured subject to their specific demands and needs.</p>
Target market
<p>The target customers of the product are Battery Energy Storage System (BESS) manufacturers for sale to other entities/projects. Battery energy storage systems are generally purchased to facilitate energy storage, for reasons such as electricity price arbitrage.</p> <p>Customers are sophisticated original equipment manufacturers who have a deep understanding of the technical aspects of battery energy storage systems.</p> <p>The target market is made up of commercial customers who are generally small, mid-commercial and large commercial sized businesses. It is noted that other smaller commercial customers could be targeted in the future where appropriate.</p> <p>Target customers and risks are domiciled in either the United Kingdom (UK), Canada or United States of America (USA).</p>
Types of customer for whom the product would be unsuitable
<p>The product would not be suitable for:</p> <ul style="list-style-type: none"> - Individuals/Consumers - Clients that do not understand the technical aspects of battery energy storage systems; - Clients who are unable / unwilling to provide guarantees on battery energy storage systems to their customers; - Clients who are unable / unwilling to support monitoring of battery usage/performance through the Altelium system. <p>It is noted that that the policy specifies approved types of batteries, battery parts and battery chemistries. Therefore, the policy would not be appropriate to distribute to prospective insureds who intend to provide guarantees on batteries / battery energy storage systems that do not meet the specifications stated in the policy.</p>
Any notable exclusions or circumstances where the product will not respond
<p>Limitations</p> <ul style="list-style-type: none"> - The policy specifies approved suppliers, battery types, battery parts, shelf lives, and battery chemistries which can be covered; - The insured must ensure that the 'guarantee holder' maintains expected battery usage and conditions in line with stated boundaries in the policy;

- Usage data must be provided so that the battery / battery energy storage system can be monitored by the Altelium system in real time;

Exclusions

- Aggregate Deductible (The policy shall not provide indemnity for the Aggregate Deductible)
- Accelerated performance loss (rapid and irreversible deterioration within a single 40 day period)
- Application of tools (Policy shall not provide indemnity of any Claims for loss, liability or damage caused by the application of any tool or process to the BESS during the course of maintenance, inspection, modification, or overhaul)
- Betterment
- Cyber attack/cyber losses/loss or damage relating to data
- Communicable Disease
- Defects, designs, and plans (breakdown from defects, those being shortcomings in the battery pack which are essential to safe operations, or which are not in accordance with the Manufacturer's specifications.
- Disaster recovery plans (losses incurred due to an insufficient DRP or failure to implement a DRP)
- Force majeure
- Fraud
- Insured excess
- Investigation costs (costs for an engineer or operations maintenance provider to investigate the cause of failure on behalf of the insured)
- Manufacturer's Liability
- Physical damage (to the battery unit)
- Radioactive contamination and nuclear risks
- Renewal (of any guarantee)
- Resultant damage (damage to a part that is caused by failure of another part)
- Sanctions
- War and terrorism
- Warranties issued outside of the policy period

Limits of Liability

Each risk is reviewed by underwriters to discern the insured's specific need and underwriter's appetite. An aggregate limit of liability will be applied per battery energy storage system client / project, and inner limits are specified for individual battery / battery energy storage system component parts.

Other limits specified in the Policy Schedule include:

- Performance breakdown per claim;
- Electrical and mechanical breakdown per claim;
- A per guarantee maximum aggregate limit of liability;
- Maximum liability per container.

The policy contains a loss share clause which limits the insurer's liability where the gross loss ratio exceeds 60%, with the insured making a contribution of 33% of the total incurred losses above the 60% boundary. This must be clearly communicated to, and understood, by the insured prior to them purchasing the policy.

Excesses

An excess/deductible will be applied case-by-case depending on the features of each battery energy storage system guarantee/project.

Other information which may be relevant to distributors

This product should be sold in line with FCA regulations and can only be sold by a regulated insurance distributor.

Distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product.

This product can be sold face to face or via telephone or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

Commission & Fees

Total commissions must not exceed 25% of the gross written premium charged to the customer.

No additional fees, charges or other remuneration arrangements are in place.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	June 2025
Expected date of next assessment	N/A