

THE FUTURE'S SO BRIGHT, ENERGETIC INSURANCE HAS TO WEAR SHADES

Innovative renewable energy MGU leveraged Novidea's configurable, cloud-based AMS to create a robust, compliant system of record for seamless policy administration.



BACKGROUND

Clean energy businesses are dedicated to protecting the environment by supporting the development and use of distributed energy resources. This includes generating clean, renewable energy and increasing energy efficiency via the provision of equipment and/or services. Demand for distributed, efficient energy is higher than ever, and capital for project development is abundant. However, solar developers or other energy-as-a-service developers struggle to reach viable projects due to counterparty credit risk.

That's where Managing General Underwriter (MGU) Energetic Insurance comes in. An early market leader in the renewable energy insurance sector, Energetic enables the clean energy transition by insuring electricity and energy service payment default risk of solar, efficiency, and other distributed or utility-scale energy projects.

Based in Boston and operating in the U.S. and now in Europe, Energetic uses a data-driven approach to develop new risk management products which unlock exponential growth in the renewable energy industry. Energetic's core risk product, EneRate Credit Cover®, unlocks project financing for unrated and below-investment-grade counterparties by covering payment default risk. In other words, Energetic's trade credit insurance policies protect developers (solar, energy-as-a-service, etc.) and financial backers (lenders, investors, etc.) against the risk of payment

default by energy buyers who may be unrated or have below-investment-grade credit. Coverage is ideal for commercial and utility-scale solar project developers who want to tap into the growing and under-served middle market and close more deals. The policies support corporates, small businesses, municipalities, and non-profits who want to procure clean energy, especially those who strive to meet ESG goals.

"At Energetic Insurance, our core business customers are solar developers and banks. We're working with those customers to help them find creative solutions to financial challenges. As an MGU, Energetic can take on certain risks that have been holding back the renewable energy market. Today, that's primarily credit risk for purchaser of the generated electricity, which is the nature of our policy,"

*Jeff McAulay,
Co-founder & COO
of Energetic Insurance.*



HERE COMES THE SUN: A SYSTEM OF RECORD FOR TODAY'S MGU

A trailblazer in trade credit risk for solar, Energetic brings to the industry decades of experience in the energy sector, in conjunction with robust data analytics, modeling, and software. Energetic offers a new form of trade credit insurance customized for the renewable energy industry. It's a 10-year, non-cancellable policy. However, taking on this risk across an entire energy project adds layers of complexity to insurance policy administration.

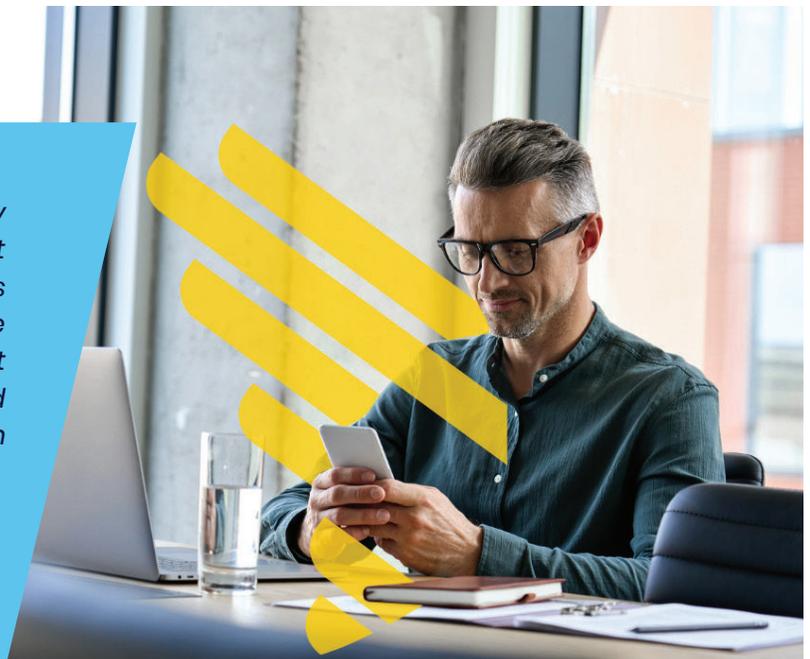
"Unlike other MGUs with one-year policies and renewals, when we book a policy with a developer or a bank, it's often a 10-year tenor. That makes it challenging to monitor and track insurance policies. On top of that, the nature of our risk product means we must deal with dynamic limit of liability schedules that change over time. To operate, Energetic had to find a flexible system of record that can change as a function of those schedules," McAulay says.

Energetic sought to minimize time spent on policy administration as they scaled their business. Energetic required a future-forward agency management platform that could serve as a system of record for all insurance policy-related information. This system included quotes, rating actions, issuances, renewals, compliant customer communications, bordereau reports for reinsurers, and more. Most importantly, the technology had to be able to grow with the company.

When McAulay and his team started investigating traditional insurance policy management systems, they quickly learned that an energy insurance industry-specific system of record didn't exist. Energetic had two choices: they could build something from scratch or find a flexible vendor partner with the ability to customize a solution for their needs.

"We looked at many different systems," McAulay recalls. "Most insurance agency management vendors only offered policy administration systems for existing insurance products. They didn't have a solution that fit our policy terms and limit schedules. In terms of functionality, they offered many things that we didn't need and not enough of what we required."

That's when Energetic discovered Novidea.



RAY OF LIGHT: VISIBILITY ACROSS THE POLICY DISTRIBUTION LIFECYCLE

When McAuley first met with Novidea in 2019, he and his team had three core requirements for a modern, cloud-based agency management system.

The first thing on the list was **flexibility**.

As McAuley explains, “We have stringent risk monitoring protocols in place. The protocols require us to track site performance and evaluate risks, ensure compliance with customer communications and claims reporting, and report to reinsurers on our bordereau. We must have a robust, trackable system of record. That system has to be flexible enough to add these puzzle pieces. In addition to that, we allow our workforce to be remote and would never contemplate a system that requires people to be on-site to use it. We’ve been happy that our Novidea deployment is cloud-based from day one, and we couldn’t imagine it any other way.”

Second on McAuley’s list was cost or total cost of ownership.

“Novidea is an affordable solution for MGUs of all sizes. The level of customization we required would have been too cost-prohibitive with any of the traditional policy admin vendors,” McAuley says.

Lastly, Novidea’ offered Energetic the **scalability** they were looking for in a management system.

“Energetic is a modern, growing business, and we’re constantly expanding and innovating around our products. For example, the first policies that we bound were single-site. That means one policy, one counterparty, and one location. Today, we’re involved with projects where a single policy might cover a dozen or hundreds of different sites and counterparties. Our policy management system has to be able to support us as we grow.”



Not only did Novidea meet these three criteria for Energetic, but McAuley says that the solution has provided much more. Today, Energetic has the advantage of complete, end-to-end visibility across the entire policy lifecycle and an analytics dashboard that delivers real-time insights into how these policies impact the MGU’s bottom line.

“We like that it’s built on top of a Salesforce platform. We have employees familiar with the Salesforce platform, so it’s something they can edit and customize if they feel comfortable doing so. At the same time, Novidea is there to help us with changes and advise on structure, object, languages, and reporting. When it comes to flexibility, cost-effectiveness, and scalability, going with Novidea was a no-brainer.”

A POWERHOUSE OF GROWTH

Since deploying Novidea in 2019 to handle its policy administration needs, Energetic has been able to focus on growing the business and expanding its risk product line. The MGU closed a \$7 Million Series A round of funding, led by Schneider Electric, in 2021. At that time, Energetic's trade risk credit policies covered projects with over \$70M of insured value with 160 sites across 13 U.S. states. Currently, Energetic is expanding to different sizes of projects and other asset classes. McAuley says the company is now preparing to insure its first international project in the next six months.

"That's going to be a new frontier, and we are eager to jump into that," he explains. "We already know

that Novidea offers support across continents, so that's something they will be able to help us with as we continue to grow. Additionally, we are expanding outside of solar to work on energy efficiency assets. We're expanding on our existing lines of business—still working within trade credit but expanding the applicability of our product across new geographies and new asset types and contract structures."

McAuley hopes to see more MGAs and MGUs in the renewable energy sector in the near future as demand continues to increase around the world.

His advice to other MGUs who are creating a new category of risk product?

"For other MGA startups out there, or if I were talking to myself four years ago, I would start by saying, policy administration systems don't have to be hard. They can be easy," he says. "It comes down to finding the right partner who listens to your needs. Since the beginning, we've enjoyed the conversations with Novidea because they aren't just software experts; they truly get insurance. My advice is to find a vendor partner who speaks software, speaks insurance, and speaks Salesforce. Being able to have conversations at multiple levels made things easier for us. We can focus on our growth trajectory instead of worrying about compliance and policy changes. The Novidea platform is the backbone of our business. It's an essential system for us."

Jeff McAuley,
Co-founder & COO
of Energetic Insurance.

