

Greg Van Houten in Renewable Energy World: 'What Sanctions Mean for Funds' Subscription Credit Facilities'

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PRACTICES Insurance Recovery, Litigation, Autonomous Transportation

[Greg Van Houten](#), an associate in the Insurance Recovery Practice group, authored an article in *Renewable Energy World* titled “Not All Wind Turbine Insurance Coverage Is the Same.” Read an excerpt below:

Wind turbines rarely fail due to physical damage, but if they do the financial losses are significant, hence why operators purchase property damage and business interruption insurance. But purchasing insurance is one thing—getting an insurer to cover a catastrophic claim (like the TransAlta failure) is another. This article highlights two ways to increase the likelihood that a wind turbine failure, and the repairs and lost income that come along with it, are covered by insurance.

First, promptly notify your insurer upon the discovery of damage—be it damage caused by a lightning strike, fatigue load, ice accumulation, exposure to airborne particulates, mechanical defects, or some other cause. Prompt notice of damage is critical because, as unfair as it may seem, insurance companies routinely deny claims as “late.” Insurance companies ground such denials in contract language that requires notice within a certain number of days of the discovery of the damage, by the end of the insurance policy period, or in a seemingly more flexible amount of time, like “as soon as reasonably practicable.” Insurers have leveraged such contract language to deny claims made just days “late” and, unfortunately, some courts have even upheld such denials. For example, in 2021, the Court of Appeals of Kentucky held that it was proper for an insurer to deny coverage when the policyholder provided notice just three days late. Such underscores the need for prompt notice.

It is also critically important to consider providing your insurer with notice of any damage—however big or small—rather than only significant or catastrophic damage. The reason is that what at first may seem like a minor or isolated issue can quickly grow into something significant or widespread. For example, the discovery of leading-edge erosion on a single blade could, upon further inspection, be a system-wide issue. And, in such a scenario, insurers often argue that the widespread damage relates back to the initially discovered isolated issue, and if that first issue was not timely noticed, then there is no coverage for the entire claim. Although harsh, insurers have denied major claims upon such fact patterns and, in some instances, courts have upheld such denials. Such occurred in 2018 when a federal court in Illinois held that an insurer properly denied coverage for a series of claims because the policyholder’s initial notice was late and all the claims—even though they arose at different times—were “interrelated.”

Excerpted from *Renewable Energy World*. To read the full article, click [here](#).