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Article

Property risk in the new energy order

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The fruits of energy democratisation[1] are emerging like new species – each bringing promise, but also new vulnerabilities.

This emerges from a world where energy independence has moved from sustainability ambition to a strategic priority. Geopolitical disruption, volatile fuel markets, grid constraints and climate extremes are pushing businesses to rethink power sources, security, and continuity.

Businesses are increasingly aware of their exposure, with cases surfacing persistently revealing the multitude of physical risks born from national grid reliance. 2026 saw toxic explosions[2] and extreme weather in the US[3], and hostile attacks in Ukraine[4]. 2025 included to industrial hazards[5] in the UK, operational damage from cyber attacks in Poland[6], and countrywide technical grid failures across Spain and Portugal[7] in 2025. In response, many have taken proactive steps – installing backup generators, solar panels, and battery storage systems – to reduce reliance on centralised grids and protect critical operations.

This shift is already palpable with data centres where demand is considerable but power limits constrain growth. A site in New Mexico[8], for example, plans to use fuel cells to power its AI data centre campus, while elsewhere, major tech firms are turning to long-term nuclear deals[9]. Such dedicated power structures make such sites no longer just power consumers; they become, in part, energy operators.

However, property risk, once tethered to predictable grids and centralised infrastructure, now finds itself in unfamiliar terrain as democratised energy sources, assets and infrastructures evolve.

Journeying through complexities of energy innovation

Battery storage facilities, though not new, are fast growing in popularity – a strategic escape hatch for companies from fragile, overburdened grids.

Yet they come with significant risks. Claims linked to battery storage facility fires[10] are already surfacing, including a major incident[11] in California in January 2025. These facilities present a volatile mix of risk: the chemical nature of these fires necessitates both property and environmental coverage.

Wind farms they're buffeted by erratic weather patterns, strained by brittle supply chains, and exposed to the unpredictable gusts of geopolitics. Such pressures manifest in everything from delayed turbine deliveries, environmental concerns[12], rising maintenance costs, and shifting regulatory landscapes that can alter project viability overnight. The result is a risk profile that's as dynamic as the winds themselves, demanding more agile, anticipatory approaches to property protection.

Meanwhile, fusion energy[13] – long considered the holy grail of clean power – is inching closer to commercial viability. Pilot plants are being planned with the promise of near-limitless, low-carbon energy. But fusion introduces its own set of unknowns: novel materials, extreme operating conditions, and untested regulatory frameworks. For insurers and risk managers, this means preparing for a new frontier of property exposures that don't yet have historical precedent.

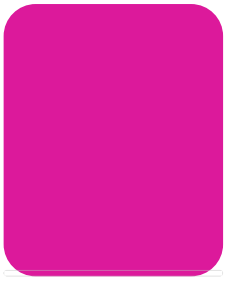
But while nuclear energy is edging back to the table, stigma still stands in the way. Decades of fear and fallout have left nuclear with a PR problem, despite the arrival of safer, small modular reactors[14]. But in a decentralised energy landscape where resilience is everything, nuclear offers rare advantages: stable, low-carbon power that doesn't depend on sun, wind, or fragile supply chains. For insurers and risk managers, the challenge lies in balancing legacy fears with emerging realities.

This is the reality of operating in a decentralised, high-stakes energy landscape – where innovation outpaces regulation, and risk is no longer confined to the physical footprint of a single site.

From risk transfer to risk partnership

Despite these risks, forward-thinking organisations are embracing bold strategies to fund and deploy new energy solutions. They're working with insurers to redefine coverage models, integrating new exposure around environmental liability, parametric, cyber and operational failures into core property offerings for resilient, sustainable operations. They embrace the opportunity in such collaboration, seeing it as crucial in helping them shape a new energy future.

While the vulnerabilities are real, so is the momentum. Organisations that engage early with their brokers and insurers will be better positioned to navigate complexity, protect assets, and accelerate innovation. The shift from risk transfer to risk partnership is how the energy transition will move from fragile to future-ready.



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