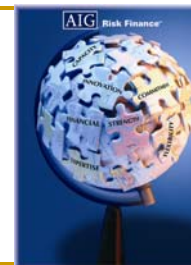


Conceptual for Alternative Energy System Performance Insurance*



<i>Industry</i>	<i>Alternative Energy</i>
Motivation	A company is building a corn-based ethanol plant to respond to alternative fuels demand. The company is seeking systems performance insurance (ethanol efficacy) to enhance project financing.
Coverage	If the project fails to achieve specified post-construction acceptance tests (i.e., quality and quantity of the output) due to a design deficiency in the technology, then the insurer would indemnify the insured for its loss. The insured can then service the outstanding debt shortfall that resulted from such failure or make system modifications intended to improve performance up to specified levels.
Term	The policy may be bound and issued prior to project construction, but the coverage term would run from completion of construction through an agreed upon performance testing period.
Limit	\$15 million aggregate
Retention	\$2 million aggregate
Potential Benefits	<ul style="list-style-type: none"> ✓ Reduces financing costs by providing greater delivery certainty ✓ Attracts and comforts new investors who may not be as knowledgeable about the technology ✓ Increases financing levels by providing greater delivery certainty. ✓ Encourages the utilization of technologies that may not as well-known in the US, but that have a track record abroad ✓ Coverage may also apply to bio-fuel technologies

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* This program is in the developmental stage and is not yet approved for offer or sale. Pending final development and approval, the program may involve various types of financial products, including for example insurance, loans and derivatives.

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