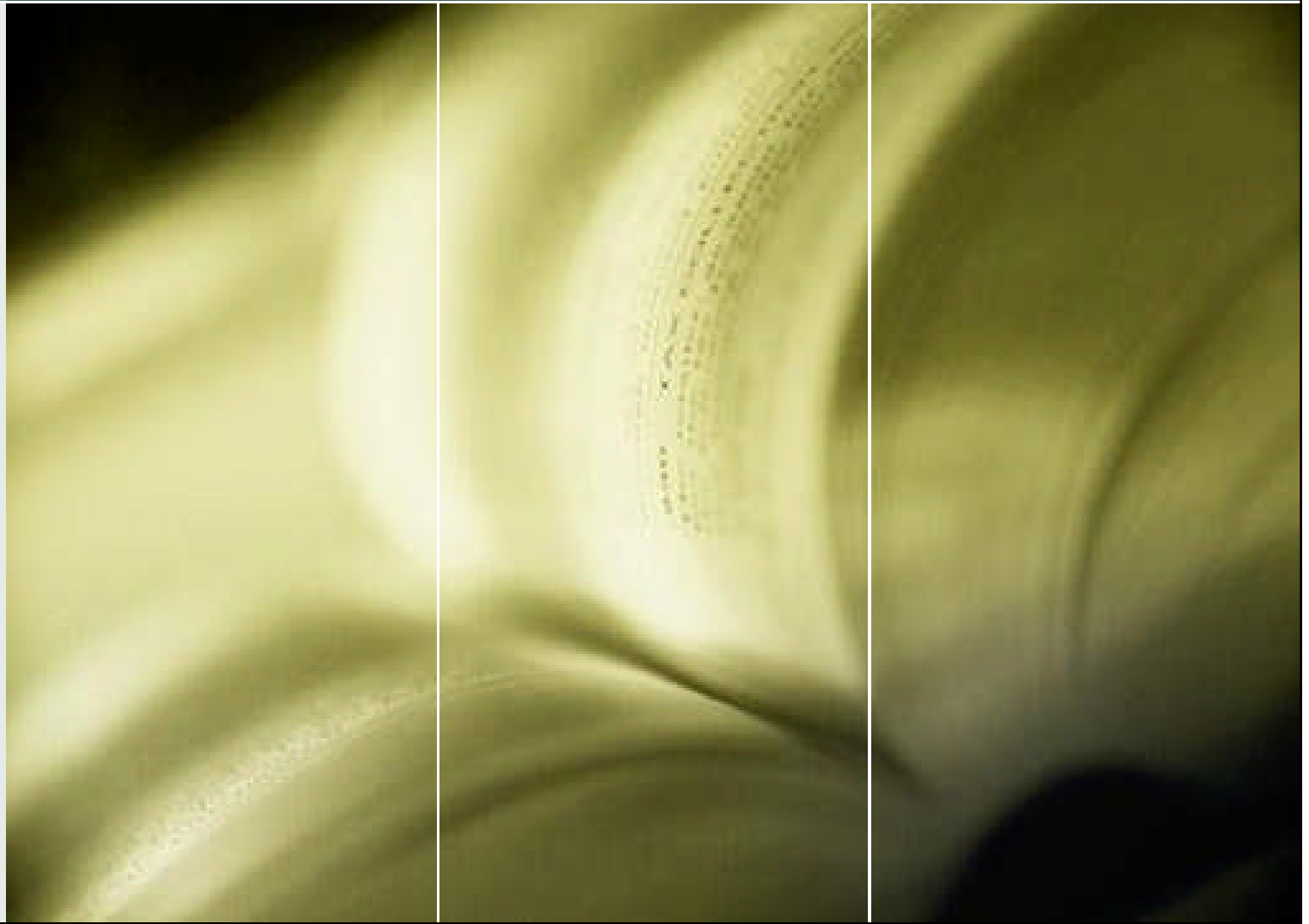




Delay in Start Up (DSU)





Engineered Risk View

■ Who

- Owner
- Contractor

■ What

- DSU/ALOP
- Soft Costs

■ When

- Construction Timeline
- Waiting Periods



Who - Concerns

- Owner
 - Projected Profits
 - Ongoing Costs
 - Debt
 - Penalties
- Contractor
 - Penalties



What

- DSU/ALOP
- Soft Costs
- Penalties



DSU/ALOP

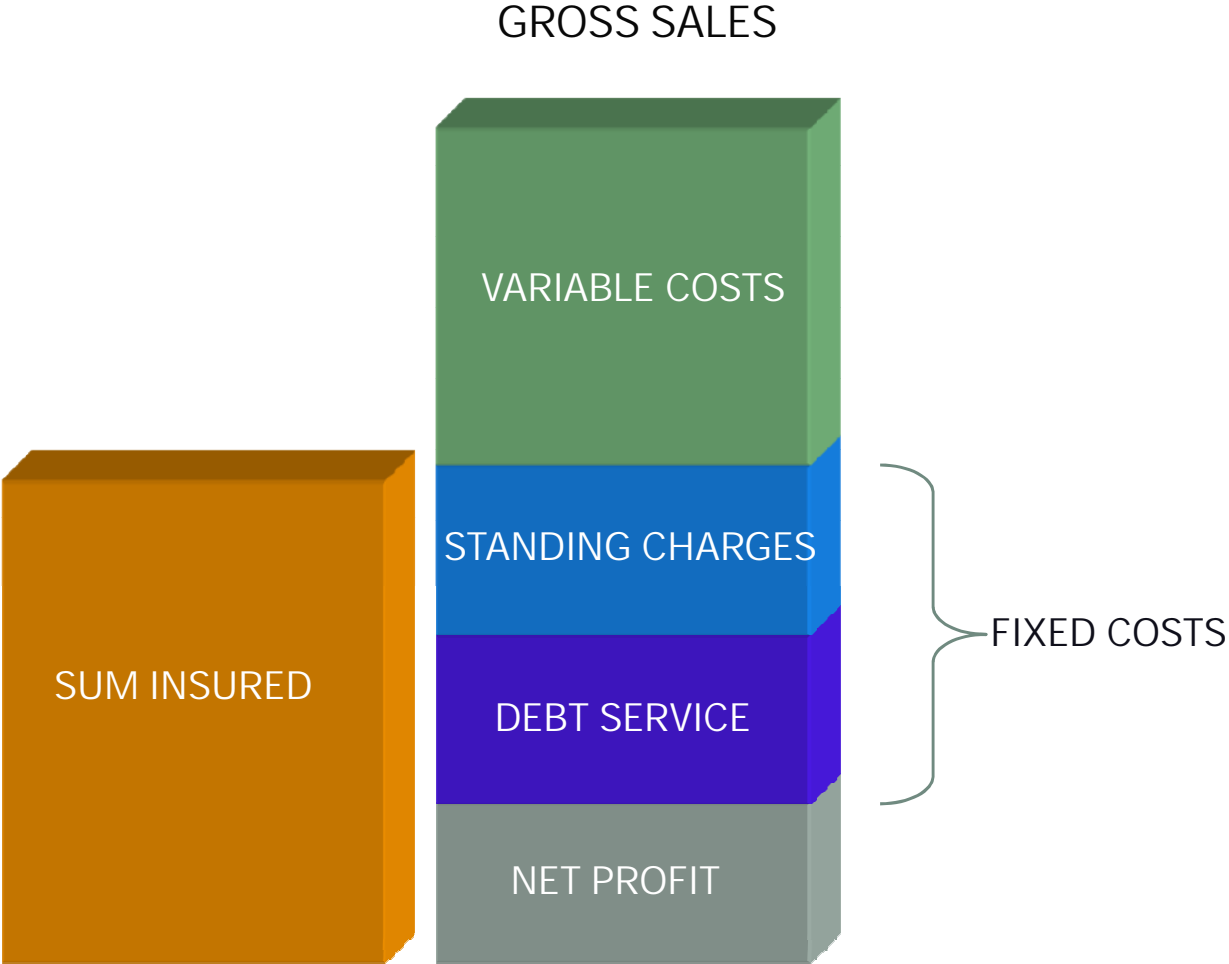
- Annual Gross Profit
 - = Net Profit plus Standing Charges
 - = Annual Turnover less Variable Costs
 - Variable Costs are not insurable
 - Loss of Market is not insured

- Extra Expense
 - Additional expenditure to avoid or diminish the amount the insurers would have been liable to pay

- Less any amount
 - Legally or contractually recoverable by the insured
 - Any other sum saved during the period of indemnity

Sum Insured: Gross Profit

Swiss Re





Soft Costs

■ Time Related Additional Expenses

- Interest
- Insurance Premiums
- Permit Fees
- Advertising Fees
- Taxes
- Legal Fees



Penalties

■ Owner

- Preconstruction contracted sales
- Performance issues

■ Contractor

- Liquidated Damages

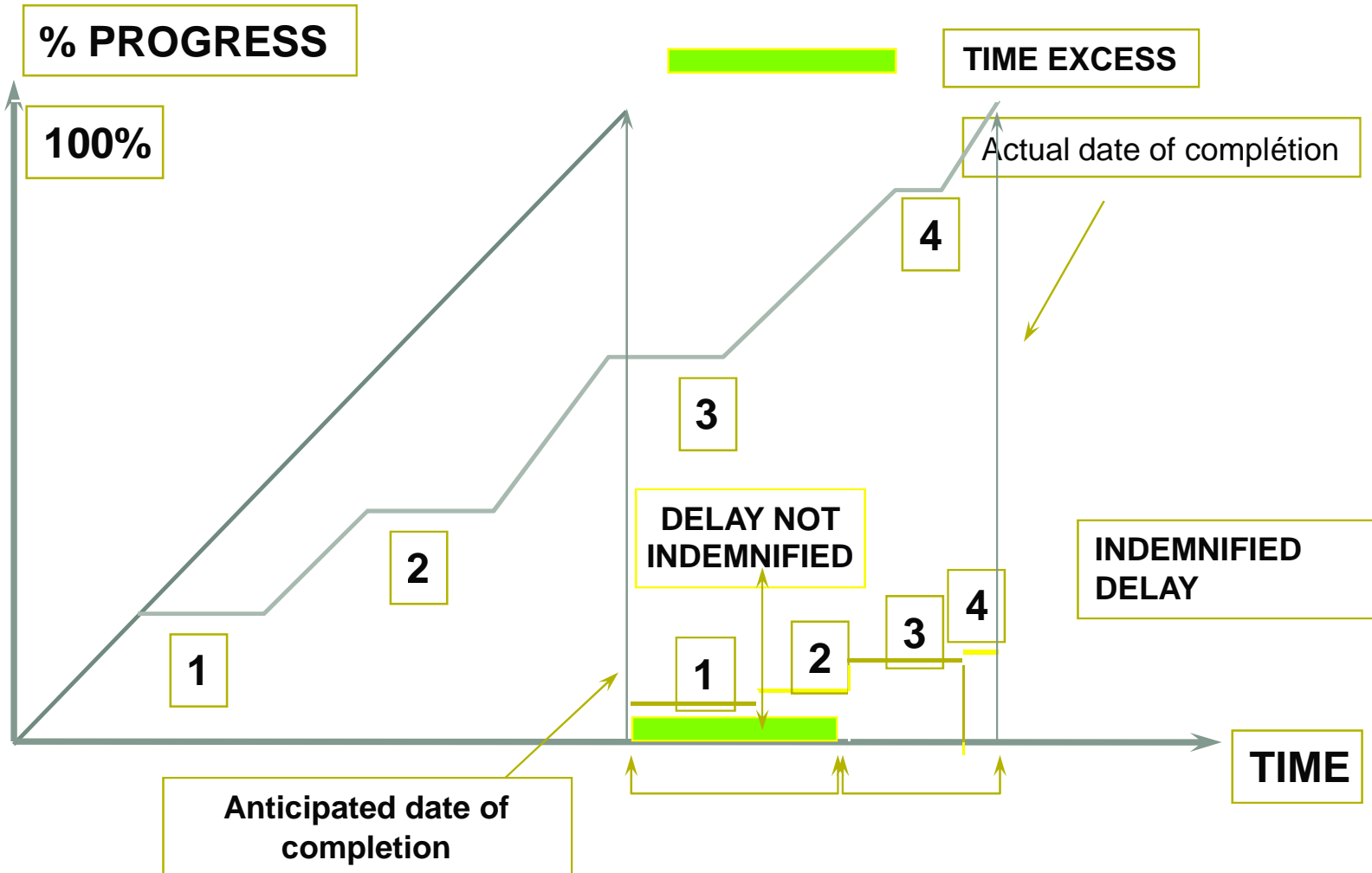


When

■ Important Dates & Time periods

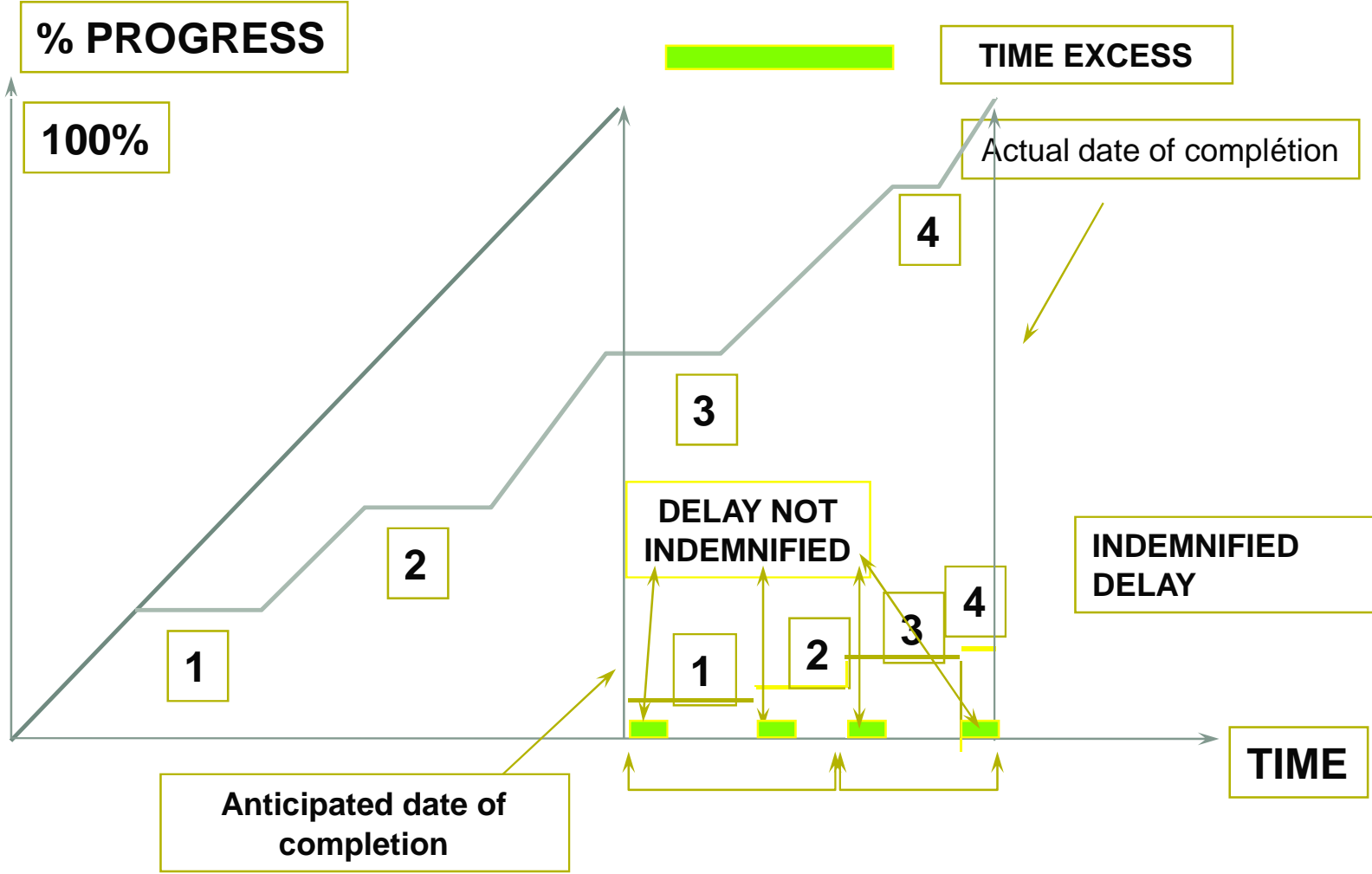
- Construction Schedule
- Start Date
- Anticipated Date of Completion
- Waiting Period (Deductible)
- Indemnity Period
- Critical Path

Aggregate Time Excess





Per Occurrence Time Excess



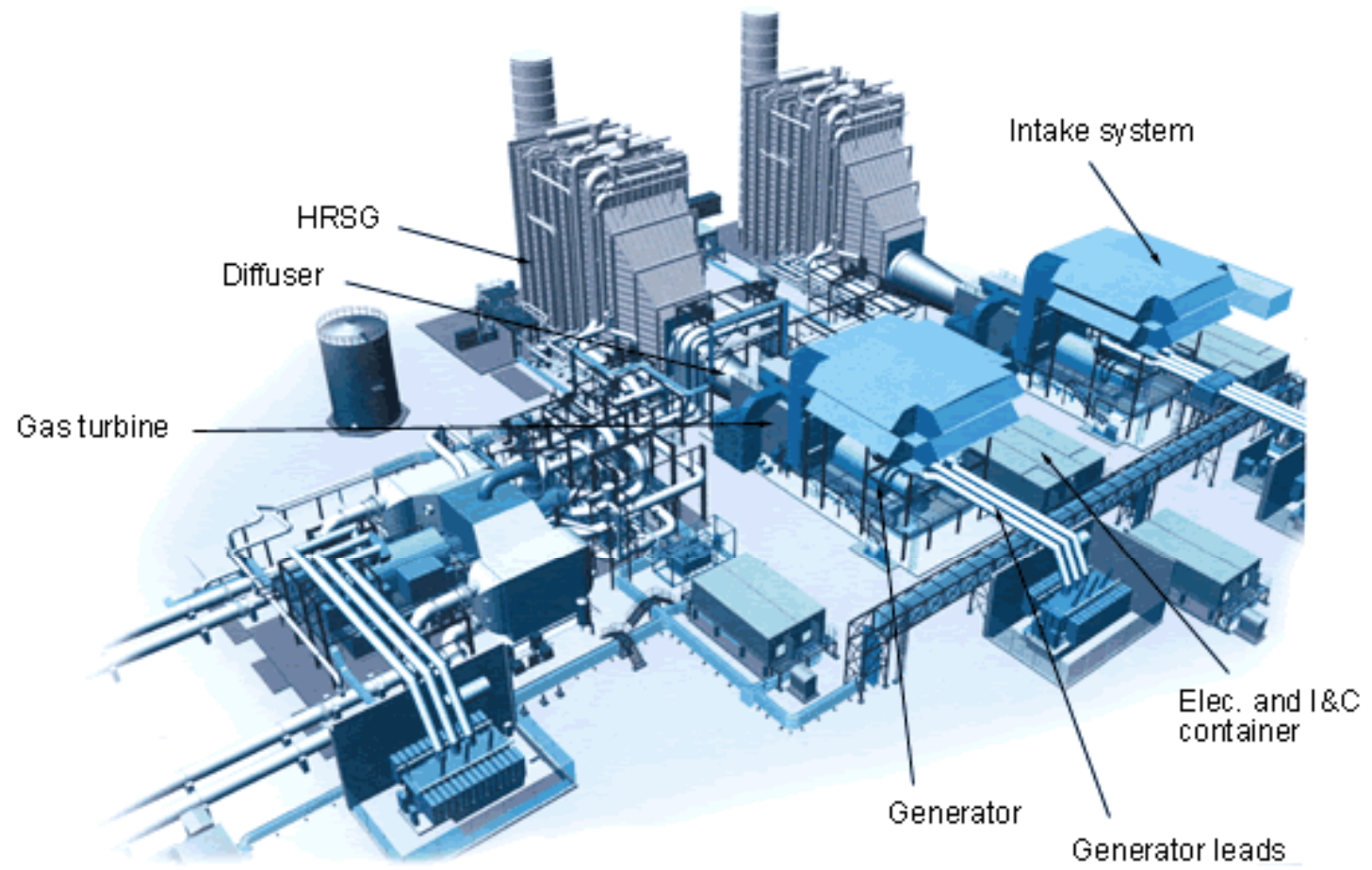


Critical Path

- Key Phases
- Key Equipment
 - Prototypes
 - Lag times
 - Multiple Manufacturers
 - Demand
- Partial Operation Possibilities?
 - Single line build
 - Make up capacity



Multiline Power Plant





Watchful Eye

■ Monitoring

- Inspections
 - Insurance company
 - Outside engineer
 - Lender's inspection
- News
- Industry Contacts



Other Considerations

- Co Insurance
- Seasonality
- Extensions



Human Risk “Imaginative Solutions”



“Risk comes from not knowing what you're doing.”
Warren Buffet