



Contingent Legal Risk Insurance —  
Case Study



## Building permit

A building permit had been awarded to a renewable energy group authorizing the construction of a wind farm in France. During the construction phase, the building permit was challenged by a group of local citizens organized as an association in the French administrative court seeking an order for the building works to be terminated and the demolition of the completed turbines.

As a result, the banks financing the project were unwilling to release the funds required to complete the construction works until the administrative court had issued a binding decision which, given the court process timetable, would result in significant delay to the completion of the project from the operator's perspective.

The operator took out a Contingent Legal Risk Insurance policy which resolved this impasse and gave the financing banks sufficient comfort to release further funds to enable construction to re-commence. The policy covered the operator for the loss that it would have suffered had the administrative court issued a binding decision revoking the building permit, which would have triggered repayment of the bank financing at a time when the operator would not have been generating any revenue to enable it to fund this debt. Whilst taken out by the operator, the policy was structured to contain a loss payee clause for the benefit of the lenders.

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