



Farm Insurance and Energy Infrastructure

The expansion of wind and solar farms and supporting transmission infrastructure across regional Australia presents a growing trend of landholders either hosting or neighbouring energy infrastructure.

The Insurance Council is aware of concerns raised by landholders about the impact these projects may potentially have on their public liability insurance. ICA members who provide farm insurance continue to offer coverage for liability risk based on an assessment of the individual circumstances of a specific landowner.

Current information indicates that insurers generally do not have specific concerns related to a property hosting transmission lines or neighbouring energy infrastructure. At the time of writing, the Insurance Council is not aware of any instances where Insurance Council members have been unable to provide insurance or have increased premiums as a result of a farm (or a neighbouring property) hosting energy infrastructure.

However, wherever you live in Australia – whether you're directly exposed to extreme weather impacts or not – insurance premiums are rising because of the escalating costs of natural disasters, the increasing value of homes and vehicles, making them more expensive to replace, inflation pushing up building and vehicle repair costs, and the increasing cost of doing business for insurers.

As with any insurance policy, a number of factors are considered by an insurer when offering coverage relating to the individual circumstances of the policyholder. Likewise, any subsequent claim under an insurance policy will be determined on the wording of the particular policy of the policyholder. Landholders with concerns as to how any energy infrastructure may impact their insurance coverage are encouraged to contact their insurance broker or insurer directly.

Early engagement

Landholders are encouraged to engage with their insurer or insurance broker to understand the implications for their insurance coverage before entering into any commercial agreement with a project operator.

It is important that agreements between landholders and project operators involving energy infrastructure clearly outline the insurance obligations of both parties.

Australian Energy Infrastructure Commissioner: Landholders hosting transmission lines

Whilst arrangements may differ across Australian states and territories, the Australian Energy Infrastructure Commissioner (the Commissioner) has issued a document setting out matters that landholders should consider before entering into commercial agreements, including to host transmission infrastructure.¹

¹ Australian Energy Infrastructure Commissioner. [Considerations for Landholders before entering into Commercial Agreements](#).

The guidance sets out the different agreements that may be entered into by a project operator with the landholder at different stages of an infrastructure project. These agreements should set out the rights of both parties including the required insurances to be taken out by the parties.

These agreements generally provide that the project operator is responsible for the maintenance and insurance of their infrastructure and accepts all liability associated with this. These agreements generally clearly set out the:

1. required insurances to be taken out by the project operator in respect of the landholder;
2. required insurances to be taken out by the landholder in respect of the project;
3. additional insurances that may be required to be taken out by (or for) neighbours to the project, such as increased public risk and liability insurance; and
4. responsibility for the costs and payment of the various insurances.

Agreements entered into with these terms demonstrate that the landholder is not responsible for insuring and maintaining the energy infrastructure, and that any damage to the infrastructure is appropriately covered by the project operator.

Australian Energy Infrastructure Commissioner: Landholders neighbouring to energy infrastructure

The Commissioner has also issued some observations and recommendations about matters that affect neighbours to large scale renewable energy and transmission projects. The Commissioner has highlighted that before a wind or solar farm is built, some project operators have negotiated a 'neighbour agreement' with neighbouring landholders. These agreements generally set out the rights of both parties and recognises the possible impacts of the project on the neighbour.

The Commissioner's guideline refers to the contents of a typical 'neighbour agreement' which may include reimbursement for any additional public liability insurance costs incurred by the neighbouring landholder due to the presence of the wind or solar farm.

It would also be appropriate that a 'neighbour agreement' clearly sets out who is responsible in the instance of accidental damage by the landholder to the energy infrastructure. For example, the agreement should clearly outline whether the project operator will indemnify neighbouring landholders for reasonable, uninsurable risks relating to typical public liability cover.

A 'neighbour agreement' will usually make it clear that any damage to the neighbouring energy infrastructure is either appropriately covered by the project operator or that the neighbouring landholder has sufficient public liability coverage which may in part be provided by the project operator.

Independent advice

A landholder should obtain appropriate independent legal, financial, valuation and insurance advice before entering into any commercial agreement with a project operator. The information provided in this fact sheet is intended to provide general information and guidance and you should not use this information to replace advice by a professional.

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