

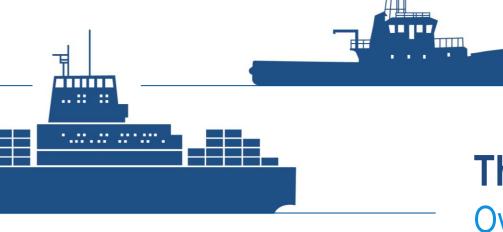
Latin American Forum

Thursday 26 November 2015









The Standard Club

Overview

John Reily, Director of Underwriting







Our ambition

02

03

04

To offer a broad range of P&I insurance and other marine & energy covers that represent excellent and sustainable value

To be recognised for providing **excellent service** through **solving members' problems**

To provide first class financial security

To achieve **selective growth**, consistent with the other objectives



Current position



Steady, selective growth; breakeven underwriting; strong balance sheet

Owned tonnage

117m gt

20 September 2015

+4%

Since 20 February 2015

Premium income

\$358m

Projected 2015/16

\$354m

Combined ratio

100%

2014/15

101% 2013/14

Total tonnage

137m gt

20 September 2015

+2%Since 20 February 2015

Free reserves

\$380m

20 Feb 2015

\$369m

S&P rating

A (strong)

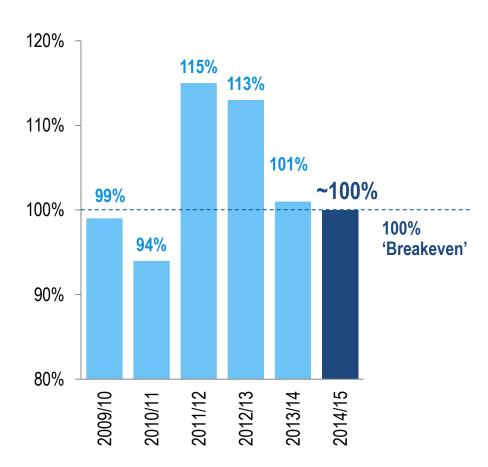
Affirmed June 2015





Sustainable 'breakeven' underwriting

Financial year combined ratio



Key principles

- Disciplined underwriting to align member premiums with claims and risk
 - Assessment of risk profile
 - Proprietary pricing tools
- Focus on operating quality of current and potential members
- Continuous improvement in efficiency to minimise rate rises required – e.g.,
 - Agreed rate reductions with lawyers and other 3rd-party suppliers
 - Centralisation of operational activity



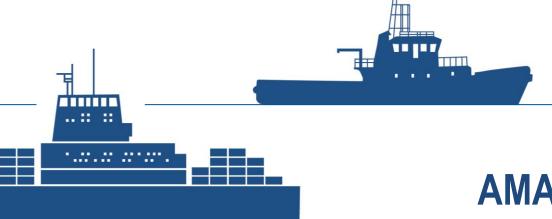


Future priorities

- Maintain a stable 'breakeven' underwriting performance
- Grow The Standard Club's core P&I business
 - Existing members new attachments, acquisitions
 - New members operating quality, relationship focus, disclosure
- Build on our culture of innovation and continuous improvement
- Help to deliver The Standard Syndicate's Year 1 business plan and build for Year 2







AMADEO I

Case Study

Constantino Salivaras, Manager Silvia Mahringer, Claims Executive







Contents

- The casualty
- Notification and club cover
- The club's role
- Bunker removal and pollution response
- Wreck removal
- Claims handling



02 The casualty





AMADEO I - before







AMADEO I - after







Amadeo I – key information

- Ro-ro/passenger ship
- Built in Norway, 1976
- 9,737 GT
- Operated on remote route between Puerto Montt and Puerto Natales in southern Chile
- Fjord environment restricted manoeuvrability
- 28 crew
- 17 passengers
- Cargo: cattle, frozen goods, vehicles, machinery and hazardous goods







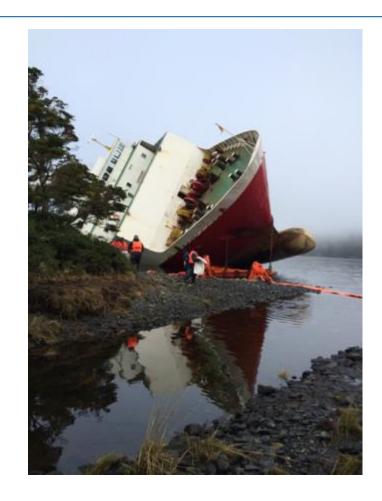






The casualty

- 18 August 2014
- Kirke Canal, Punta Arenas
- Struck a submerged rock
- Cause: helmsman error
- Deliberately grounded and partially sank





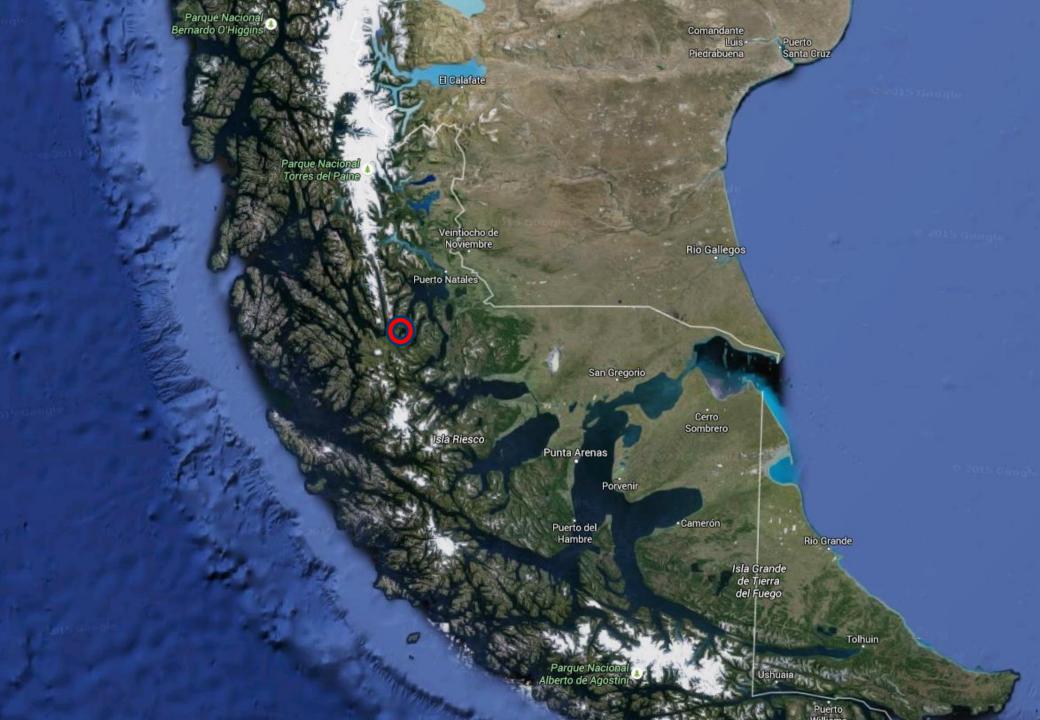


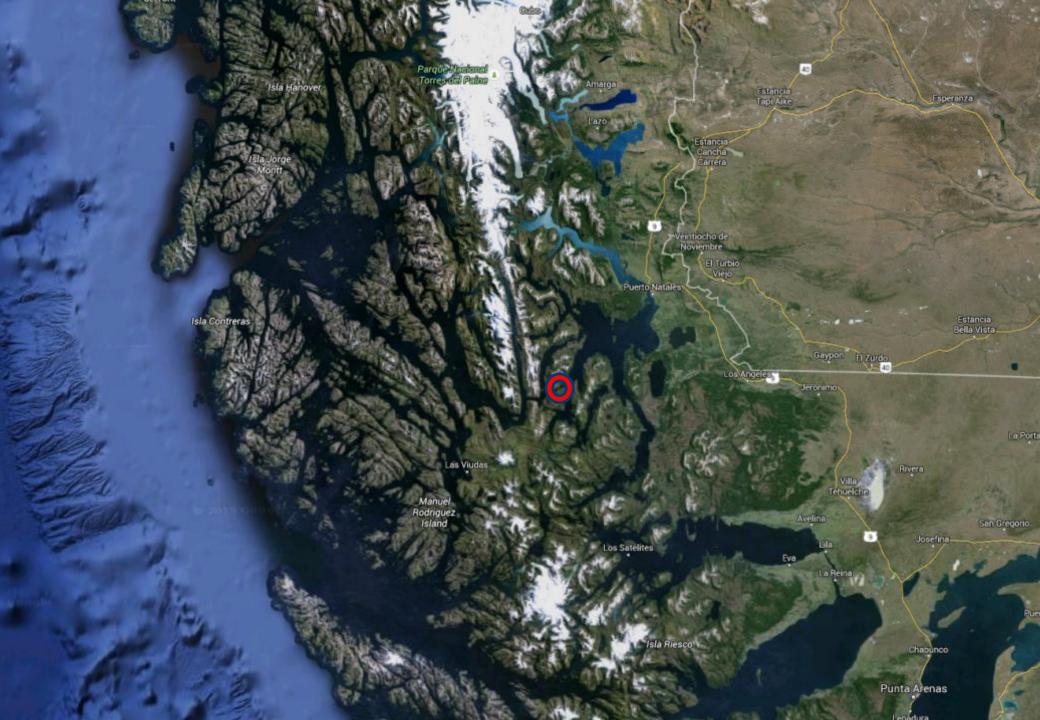
The casualty - cont'd

- List 68 degrees to starboard, trim 11 degrees to stern
- No casualties
- Cargo loss and damage
- Limited pollution bunkers and lubricating oil
- Environmentally sensitive tourist area
- National parks, fish farms, bird colonies and sea lions





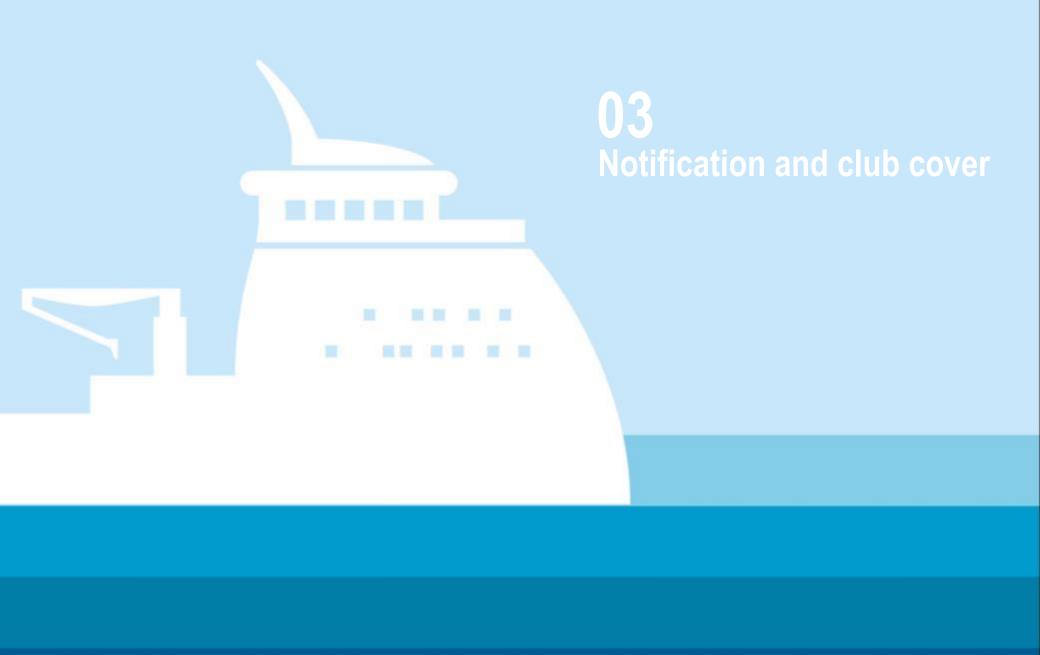














Notification

- Emergency telephone 24/7, 365 days a year
- Club notified by local correspondent at 20:00 UK time
- Information provided:
 - Ship grounded
 - Passengers on board and being disembarked
 - 300 MT oil on board

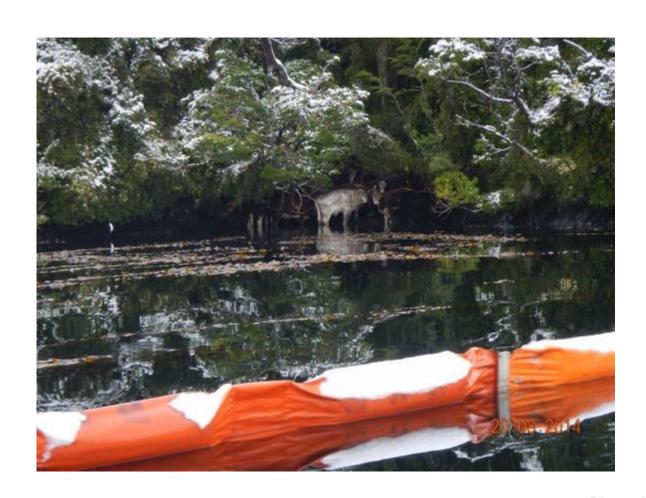






Club cover

- Crew
- Passengers
- Cargo
- Pollution
- Wreck removal
- Fines
- Fees





04 The club's role





Initial response

- Major casualty response plan
- Building a team:
 - Correspondent
 - Lawyers (UK and local)
 - Technical advisors
 - Tax advisors
 - ITOPF
 - Media







Advisors - challenges

- Availability
- Conflicts
- Maritime Authority, etc
- Strength in depth
- Tax





Club cover for wreck removal

- Wreck a hazard to navigation and a threat to the environment
- Maritime Authority Order:
 - Remove bunkers
 - Remove wreck
 - Maintain pollution response
- Constructive total loss (H&M)
- Notice of abandonment rejected





Planning – phased approach

- Bunker removal and pollution response
- Caretaking
- Wreck removal
- Site remediation



05Bunker removal and pollution response





Hydrocarbons on board

- 121 MT fuel oil
- 89 MT marine diesel
- 9 MT lubricating oil





Request for proposals

- Request for proposals four bidders
- Selection criteria:
 - Method
 - Resources
 - Oil disposal
 - Timescale
 - HSE
 - Commercial/contractual





The decision

- Contractors: Smit and Ultratug
- Methodology: hot tapping
- Contract type: BIMCO Wreckhire
- Completion: one month







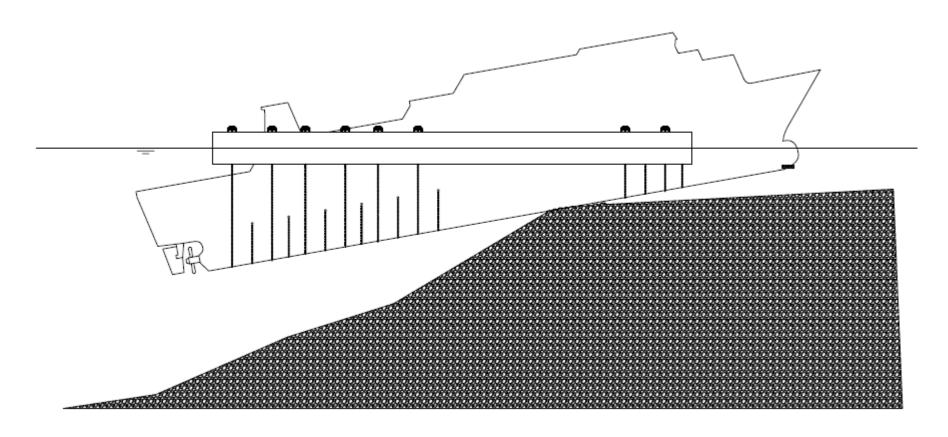
Further issues

- Stability
- Motion monitoring
- Environmentally sensitive tourist area





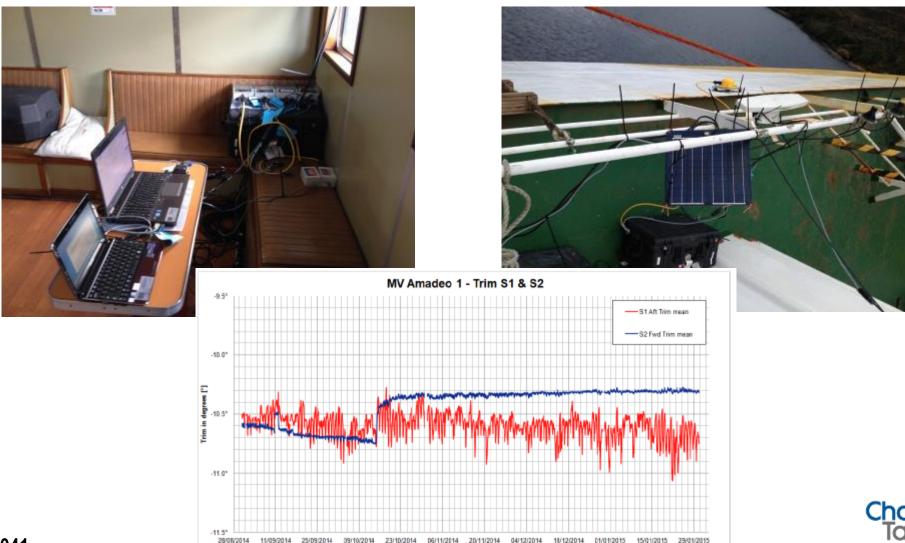
Stability







Motion monitoring





Pollution response

- Maritime Authority → shipowner
- Local OSR contractors Litoral
- Hydrocarbons, plus solid waste
- Containment and absorbent boom
- Skimmer
- Low pressure/high volume flushing of fouled coastline
- Environmental monitoring
- ITOPF advice, oversight and liaison









06 Wreck removal



Tender

- Tender process six bidders
- Selection criteria:
 - Method
 - Logistics/management
 - HSE
 - Wreck and cargo disposal
 - Site restoration
 - Timescale
 - Commercial/contractual





Broad considerations

- Certainty
- Environmentally sensitive
- Cost effective
- Methodology parbuckle and refloat vs demolition in situ
- Likely acceptability to Chilean authorities local 'content'?





Technical considerations

- Feasibility and certainty
- Engineering detail
- Risk assessment
- 'Plan B'?
- Assets, personnel and management





Technical considerations – method statement

A METHOD STATEMENT						
	Max Score					
A1. Overall Concept & Development	20	12	16	18	16	9
A2. Suitability of Spread	20	16	19	19	19	9
A3. Availability of Spread	10	10	10	10	10	10
A4. Preparation for Uprighting/Scrapping	10	7	8	9	8	7
A5. Uprighting	15	12	12	13		
A6. Refloating	15	12	12	13		
A7. Scrapping Down	30				25	16
A9. Hold Back Reliability	5	3	4	4.5	4	2.5
A10. Hold Back Environmental impact	3	1.5	3	3	2	1.5
A11. Hold Back Remediation	2	1.5	1.5	1.5	1.5	1
Sub-Total	100	75	85.5	91	85	56
Weighted Sub-Total (25%)		18.75	21.375	22.75	21.25	14





Commercial/contractual considerations

- Price competitive but realistic?
- Lump sum?
- Qualifications timing of works?
- Additional costs delay for weather/sea conditions? Costs of cargo removal?
- Tax
- Risk transfer for reward
- BIMCO Wreckstage vs Wreckhire





The decision

- Contractor: Resolve
 - Robust and well thought-out technical proposal
 - Appropriate resources
 - Attractive commercial and contractual terms
 - Attitude to and assumption of risk for reward
 - 'Can do' attitude





Details

- Methodology: parbuckle, refloat and dispose by scuttling or demolition
- Contract: BIMCO Wreckstage
- Timescale: 5 months from mobilisation to completion













Sanitisation

Before Cleaning

After Cleaning



Typical condition on Shelter Deck



Shelter Deck cleared and cleaned





Sanitisation - cont'd

Before Cleaning



After Cleaning







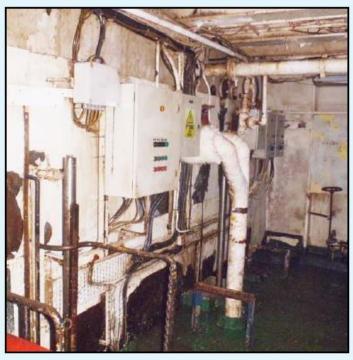
Sanitisation - cont'd

Before Cleaning

After Cleaning







Purifier Room





07 Claims handling





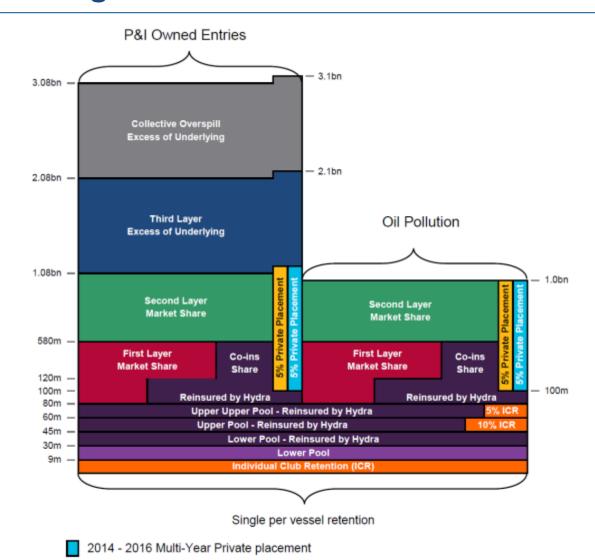
Claims handling

- Volume of emails
 - Cargo claims 51
 - Crew claims 28
 - Passenger claims 8
- Fines
- Payments





Claims handling – Pool



2015 - 2017 Multi-Year Private Placement





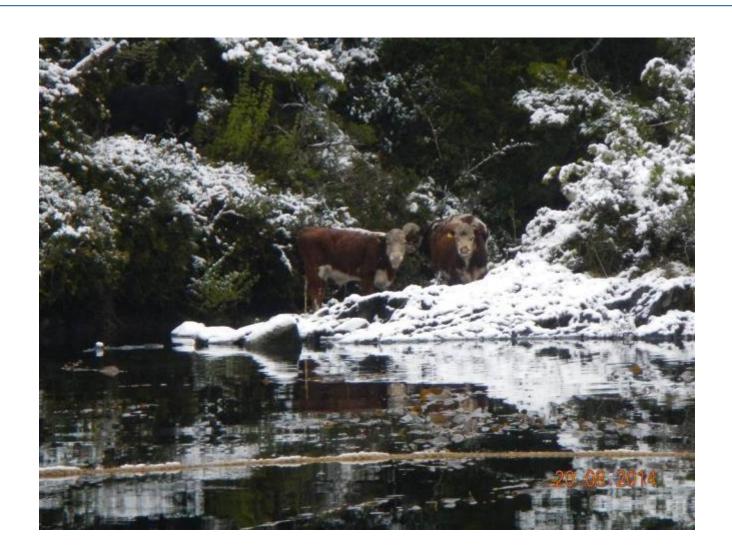
Closing thoughts

- Team work
- Management
 - Advisors
 - Member
 - Third parties (MA/salvors/etc)
- Communication
- Loss Prevention preventing similar occurrences



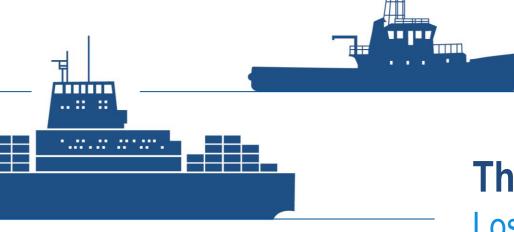


Thank you





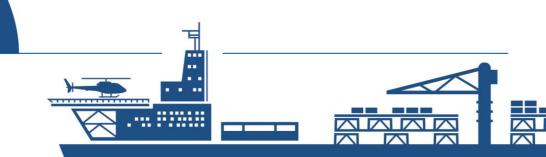




The Standard Club

Loss prevention initiatives

Julian Hines, Senior Surveyor





Introduction to loss prevention

underwriting

- assessment of risk
- quality, not quantity
- comprehensive cover
- consistency
- realistic approach

loss prevention

assist:

- members in loss prevention
- managers in risk selection
- managers in claims prevention

claims handling

- prompt, flexible response
- understands commercial realities
- access to global support
- seven major claims centres
- approximately 600 correspondents





Loss prevention initiatives

- Safety and Loss Advisory Committee (SLAC)
- Member Risk Review
- Ship Risk Review
- Loss Prevention publications, training, seminars
- Desk top risk assessment
- Loss Prevention initiatives







Cont'd.

- Safety and Loss Advisory Committee (SLAC)
 - bring together senior technical and operational experts from the membership
 - claims review and analysis
 - lessons learnt promulgated amongst membership
 - implications of new regulations
 - informs the club's stance and advice on safety and operational issues
- Communication of best practice via publications, training, seminars





Cont'd.

In-house loss prevention specialist team

- Member Risk Review
 - TMSA roots, focus on risk exposure
 - questions included on all aspects of ship management
- Ship Risk Review
 - own checklist focus on risk exposure
 (reviewed annually to include latest and upcoming regulations)
- Since 2009 surveyed over 3,000 ships







Desktop risk assessment

- Based on 10 criteria, including:
 - type and age of ship
 - regulatory compliance class and flag
 - technical and commercial operations
 - crewing management
 - cargo and trading operations
 - inspection records, PSC and casualty profile
- Early assessment of a ship or offshore unit and potential risk triggers

Parameter							Rating
	į.	0	1	2	3	4	
Туре		Reefer, general cargo, log carrier	Passenger ship, ferry, chemical tanker	dry bulk, container ship, small dry cargo ship	Oil tanker	Dumb barge, gas tanker	4
Age		18-24	25+	11-17	0-2	3 - 10	2
Classification status		Not classed, class withdrawn or suspended	Non-IACS recognised class and/or active conditions of class	IACS-recognised national class society or equivalent	IACS 'bottom half' (BV, India etc.) USCG, Transport Canada or equivalent	IACS 'top half' (DNV, ABS, ClassNK, LR etc.)	3
Flag Quality	Singapore	1.0 and above	0 to 1.0	0 to -1.0	-1.0 to -2.0	-2.0 to -3.0	3
3,000,000,000	& commercial nagement	All functions outsourced: poor quality managers	Poor quality in house management or management changes in last 6 months	Majority or all functions outsourced: high quality managers	Some functions outsourced: high quality ship manager	High quality in house tech & commercial management	4
Crewing	Diversity	Very high diversity levels	Moderate or high diversity	Moderate diversity	Moderate diversity	Single nationality / low diversity	3
	Management	Low quality third party manning	Third party manning, low experience	Agency employed crew	Operator employed crew / own manning	Operater employed or fully owned manning agent	4
Trading		Conflicts, sanctioned areas, piracy zones, indiscrimnate spot market.	Enhanced political risk, US trade, spot market, high- frequency port calls.	Worldwide trading including USA	Selective worldwide trade excl. US ports.	Intra-regional trade, specialised & / or regular services, owned or affiliated terminals	2
Cargo		Scrap, sulphur, nickel ore, DRI, IMDG waste	Livestock, logs, explosives, finished steel products	Breakbulk, Bagged cargo, chemicals	Other oil, reefer containers, bulk, vehicles, project cargo, passengers	Vegetable oil, gas, containers, general cargo	4
Port state control status		2 or more detentions in last 5 inspections	Detention in the last 2 inspections or No/inadequate PSC regime	5+ deficiencies	0-4 deficiencies	Clean	3
Casualty profile (no. of defined casualties in last 5 yrs)		4 or more	3	2	1	0	2
S&L Co-operation		Fails to work with the club to any material extent	Uncooperative & / or serious outstanding actions	Substantially compliant, some minor slippage.	Fully compliant, administrative nonconformities	Fully compliant with all club requirements & timescales	3

Overall Evaluation

3.0





Latin American survey programme

- Annual survey campaign since 2011
- Various MRR and SRR
- Bulk carriers
- Trans-shipment ships
- Brown water tonnage
- Offshore support vessel
- Accommodation units
- 10 FPSOs







Cargo desk

- Wet cargo
- Dry cargo
- Dangerous goods
- IMSBC class
- Project cargo

- Marine Warranty Surveyor
 - cargo
 - towage







Why PEME and why now?

- Increased confidence in the crew you are employing
- Being able to make an informed decision about who to employ
- Combatting common, preventable ailments
- Tackling the upward trend in personal injury claims
- Preventing claims from occurring onboard ship







Publications

- Master's guides
- Standard cargo

Misdeclared cargo

Liquefaction

Seedcake

Standard safety

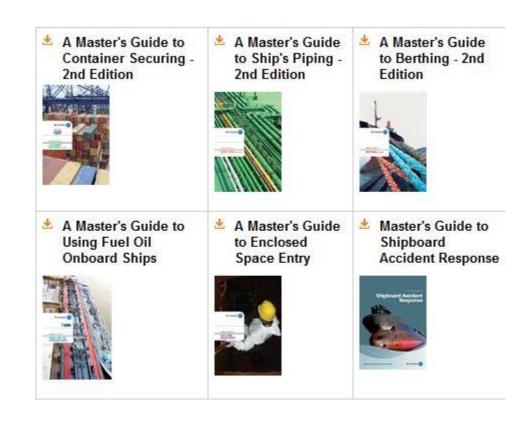
Seafarers health

Regulations update

ECDIS

MARPOL

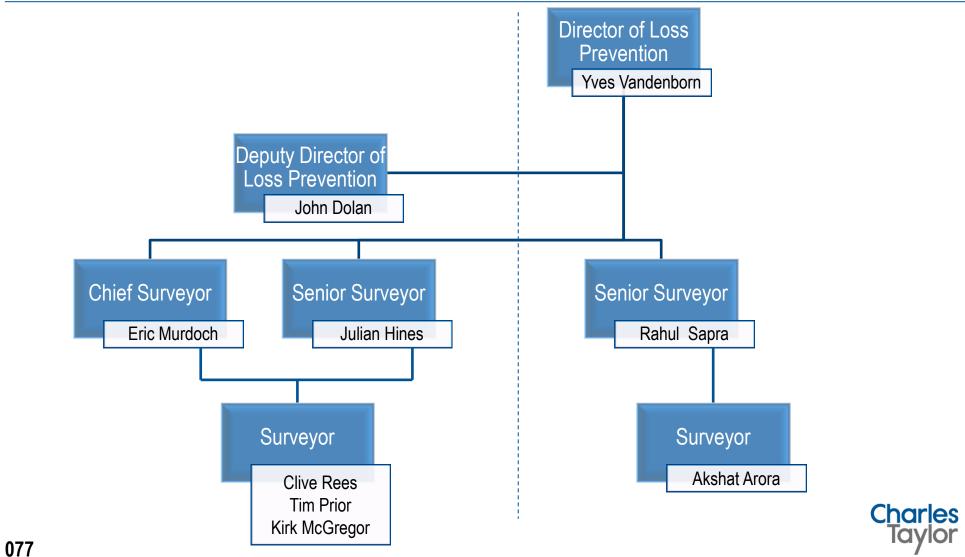
Safe bunkering







Our team





Prevention is better than cure

Loss Prevention is a service department

provide technical due diligence

provide an internationally based focus on accurate risk assessment

provide technical experts and advice to our members on loss prevention

Selecting and managing risks based on operating quality





The Standard



Charles Taylor

@ctaylorpic in Charles Taylor pic www.ctpic.com



STANDARD P&I CLUB FORUM CASUALTY RESPONSE IN LATAM THE TECHNICAL PERSPECTIVE

Presented by

David A.Pockett

&

Wagner Rodrigues

Rio de Janeiro 26th November 2015







Issues Addressed

- Main elements of casualties
- Response!
- Parties involved
- Brief comparison of authorities' casualty management system
- Typical problems
- Solutions
- Some examples in LatAm



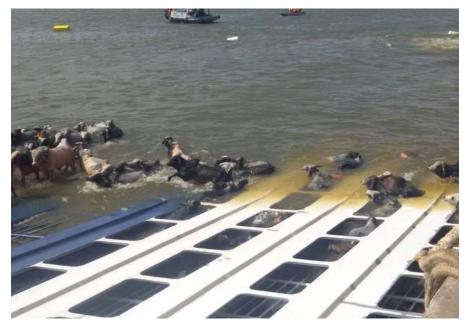




Main elements of casualties

Grounding, stranding, sinking, capsize







Main elements of casualties

Salvage, wreck removal







- Fire, explosion,
- Collision, structural failure, flooding, cargo damage
- Navigation hazard, environmental damage











Response!

- Instructions received
- Have bag will travel
- Correspondents. Agents local knowledge
- The authorities and injured parties
- Familiarisation
- The problems liabilities solutions







Parties Involved On Site

Local Media Consultant

Local Interest groups – Fishermen/Tourist Agencies etc

Cargo Owners Interests

Charterer Interests

Owner's Agent

Club Correspondent

Local Lawyers

Immigration

Customs

Health Authority

Oil Spill Contractor(s)

ITOPF (maybe)

A "worst case" situation

Salvage/Wreck removal contractor

Salvors Subcontractors

Maritime Authority

SCR/Owners/Club Rep/Consultant

Hull & Machinery Surveyors

Cargo Surveyors

Fire and/or Chemists and/or Cargo Specialists

Harbour Master

Port Authority (unless international waters)







Parties Involved Ashore

Cargo Underwriters

Cargo Underwriters Lawyers

> Specialist Advisors

> > Media Consultants



Owners

P&I Club

Owners/
Club Lawyers

Hull & Machinery Underwriters

Hull & Machinery Lawyers

Charterers/Lawyers



Casualty Management by Authorities- Brief Comparison

UK SOSREP – "Back me or Sack me"

Clear Chain of Command & Division of Responsibility



OR



Navy Authority & Others - Who is in charge?

Committee approach

Whichever – need for authorities to be on side & part of casualty management team

IG Initiative "Outreach" - Can Only be For Common Good



Benefits of SOSREP System

- Clear chain of command
- Fluent & concise channels of communication
- Decision making process easier & quicker
- Contractor better shielded from outside interference
- Response operations better accommodated
- Environmental impact minimised
- Media better coordinated & controlled





Typical Problems

- Authorities & their demands
- Plateau management lack of coordination
- Environmental issues
- **Customary overreaction**
- Contractors seen as cause of problem and solution!!
- Delays Customs, approval, visas, objectors
- Political salvage!













Consequences

- Delays
- Continued and/or increase in environmental risk & impact
- Local populace continue to be impacted and possibly at risk
- Deterioration in casualty and associated risks
- Government authorities more proactive and aggressive in their demands
- More time for "rogue traders" to make mischief
- Costs for insurers continue to escalate
- Litigation or potential thereof at full swing!







Some Solutions

- Full awareness & understanding of casualty
- Flexibility rather than rigidity afforded to responders
- ➤ Fluent channels of communication / reporting / meetings / transparency
- ➤ Mutual recognition, respect & cooperation between parties
- ➤ Above all teamwork





Casualty Examples in LatAm























Final Comments

- Casualty response can be very challenging in some LatAm countries due to governing laws and authorities
- Very few salvage contractors in LatAm which is a pity
- Can be difficulties for foreign contractors operating in LatAm global problem
- Delays are common place with casualty response which can compromise environment and populace
- Customs (Receita Federal) regulations can be extremely cumbersome with associated delays and excessive cost impacts
- Often a failure to understand, or want to understand, the proposed solution to a casualty by environmental authorities (a global problem)

However....



- Many complex casualty response operations have been conducted successfully in partnership with authorities despite difficulties
- > P&I support is particularly good in LatAm for technical consultants
- Where authorities have good practical & engineering resources, it is easier in promoting a better understanding of casualty response and accommodating response operations
- If the IG initiative "Outreach" might be welcomed in LatAm countries, this would be a tremendous benefit to all parties involved in casualty management





End of Presentation

Q&A

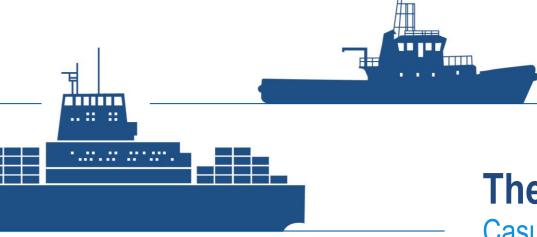


Break







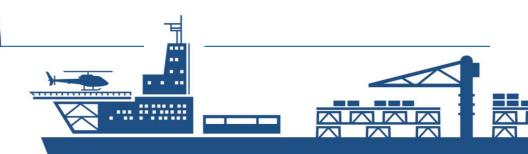


The Standard Club

Casualty response in the offshore sector

underwriting and claims overview

John Croucher, Underwriting Director Ursula O'Donnell, Claims Director







Offshore workshop

John Croucher (Underwriting Director) & Ursula O'Donnell (Claims Director) of Offshore Division







Contents

01	Introduction to offshore division & offshore P&I cover
02	FPSO casualty scenarios
03	(1). collision between off-take tanker and FPSO
04	(2). heavy weather damage to FPSO
05	Casualty response
06	Conclusion



01 The Offshore Division





Standard Offshore - History

- 1975 first offshore entry
- 2006 dedicated Offshore division formed
- 40 year offshore underwriting record
- new frontiers / new risks

1975 2015





Charles Taylor

from exploration to decommissioning



Philosophy

- Offshore is an excellent risk
 - high operational standards
 - best practice safety and loss

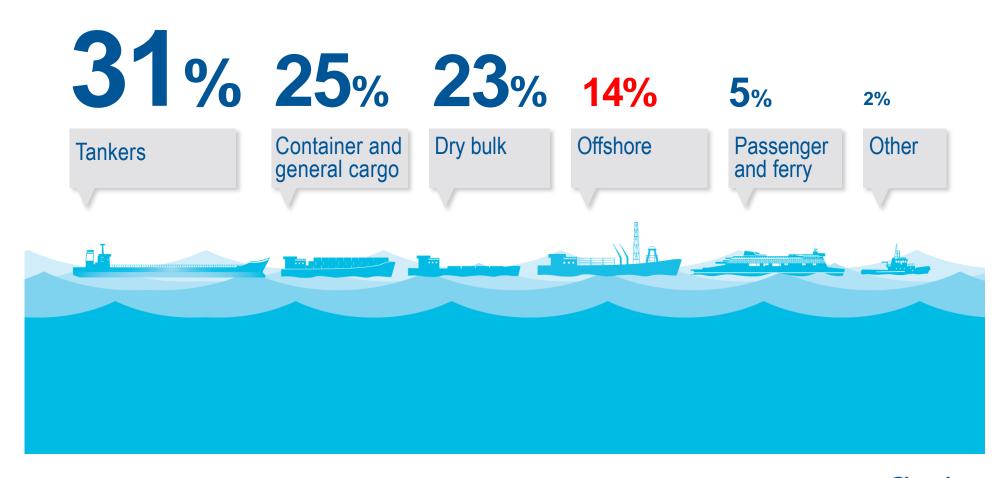
BUT

very high value, low frequency claims





Offshore tonnage as % of club







What do we mean by offshore P&I?







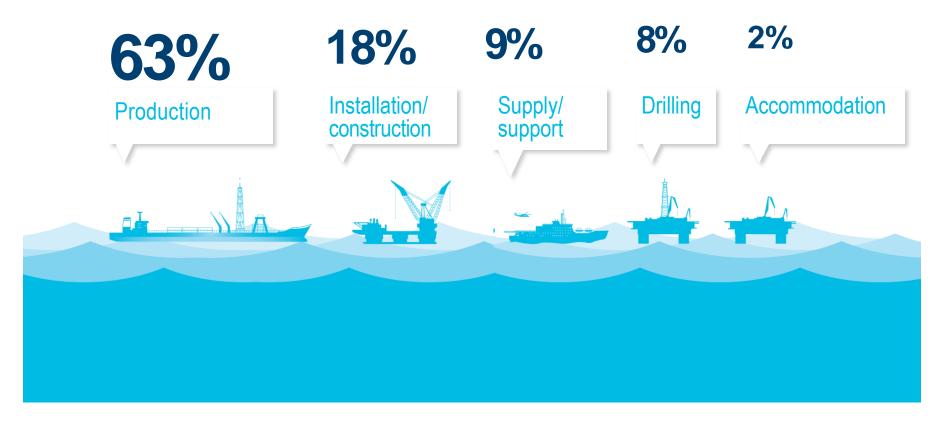








Offshore ship types by tonnage



Standard offshore members

Production

Bumi Armada

BHP

BP

Chevron

E-on E&P Norge AS

Endeavour

EnQuest

Exxon Mobil

GDF Suez

GDF Suez E&P Norge

Kris Energy

Lundin Petroleum

Maersk FPSO

Maersk Oil & Gas

Noble Energy

OSX Leasing

Petrofac

Premier Oil

Quadrant Energy

Repsol

Rubicon

Saipem

SBM

Teekay

Total

Tullow Oil

VNG Norge

Drilling

Japan Drilling

Maersk Drilling

Saipem

Norshore

Energy Drilling Pte Ltd

Enquest

Accommodation

Floatel International AB

AOS Cyprus

Intership

Swire Pacific Offshore

Salvage / Supply / Specialist

Bourbon Offshore

De Beers

Energia

Esvagt

Fairmount

Fratelli D'Amato

Karadeniz

Mammoet Salvage

Mermaid Marine Australia

Nortrans

Opstad

Pacific Radiance Ltd

PB Towage

Royal Boskalis

Seacor

Sealaunch

Seatrucks

Siem Offshore & SOC

Solstad

Swire Pacific Offshore

Svitzer

UP Offshore

Wagenborg

Van Oord



Installation / Heavy Lift

Allseas

A2Sea

Biglift

BigRoll

Boskalis

DBB Jack up A/S

Dockwise

Heerema

NTT World Engineering

Rolldock

Saipem

Seajacks

Swire Blue Ocean

Subsea7

TE Subcomm

KEY

☐ Board members under their principal name





Offshore Division



02 Claim Scenarios











Scenario details

An off-take tanker entered in the club is chartered to support a producing FPSO owned by a national oil company, operating offshore Brazil. There is a failure of the off-take tanker's dynamic positioning system which causes it to collide with the FPSO, resulting in injury to personnel on board the off-take tanker. It also causes damage to the export hose of the FPSO which leads to the shut-down of production.



Standard P&I Poolable cover

The Standard

Mutual cover for mutual risks

Rules cover:

- crew
- pollution from the ship
- wreck removal of ship
- collision / dock damage
- cargo / property on board

• Limits:

- \$7.5 billion (approx)
- \$3bn crew
- \$1bn pollution
- Poolable cover governed by the POOLING AGREEMENT



Standard P&I Poolable cover



Mutual cover for mutual risks

P&I cover - poolable

- Pooling Agreement sets out types claims can pooled dependent upon:
 - type of contract or
 - type of activity or
 - type of ship
- Cover for the off-take tanker dependent on contract being acceptable





Standard P&I Poolable cover - contracting

INDEMNITIES – basic premise

not to contract for liabilities that would not have arisen but for terms of the contract

- at law
- knock-for-knock
- no waiver of the right to limit liability





Contract between owner off-take tanker & FPSO

- liability based on direct damage according to Brazilian Civil Code = fault based
- no right to limit liability in Brazil
- minor collision potentially onerous exposure for pollution / loss production
- preferable member's liability for pollution & property damage capped certain limit under contract





Heads of loss / how club cover will respond

damage to FPSO - poolable (collision rule 3.6)

- cost repairing / replacing export hose
- loss of hire whilst FPSO undergoing repairs
- operating costs e.g. hiring other off-take tankers now cannot used (production shut-down)

loss of production - poolable (collision rule 3.6)

- potentially very onerous
- no right to limit
- issue whether any real loss production i.e. only deferred





personal injury - poolable (crew injury rule 3.1)

pollution from Offtake Tanker - poolable (pollution rule 3.8)

- cost clean-up operations
- 'polluter pays' principle applies i.e. strict liability

pollution from FPSO- poolable (pollution rule 3.8.8)

fault based liability following from the collision exposure





third party property damage - poolable (pollution rule 3.8)

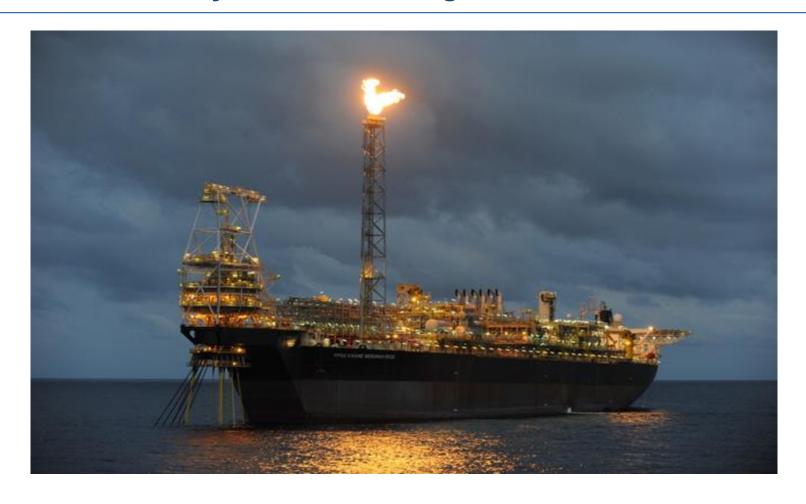
• pollution damage claims involving local fishing, tourism etc.

fines - poolable (fines rule 3.16)

- imposed by state or environmental authorities
- fines for accidental pollution covered but other fines may be discretionary











Scenario details

A severe tropical storm causes the failure of a mooring line of a producing FPSO located offshore Brazil. The FPSO is entered in the club by its owner and chartered to a national oil company.

The failure of the mooring line is not noticed and as such, no remedial action is taken. Secondary severe weather occurs, causing further mooring lines to fail. This causes the FPSO to drift off-station dragging anchor lines which causes damage to subsea wells, risers and flowlines.





P&I cover - poolable

- Pooling Agreement sets out types claims can pooled dependent upon:
 - type contract or
 - type activity or
 - type ship





Production exclusion

Drilling and production operations

- 5.12.1 Liabilities incurred in respect of the ship, being a ship or any other description of vessel or unit constructed or adapted for the purpose of carrying out drilling operations in connection with oil or gas exploration or production.
- 5.12.2 Liabilities incurred in respect of the ship, being any ship employed to carry out drilling or production operations in connection with oil or gas exploration or production, including any accommodation ship moored or positioned on site as an integral part of any such operations, to the extent that such liabilities arise out of or during drilling or production operations.
- 5.12.3 A ship shall be deemed to be carrying out production operations if, inter alia, it is a storage tanker or other ship engaged in the storage of oil, and either the oil is transferred directly from a producing well to the storage ship; or the storage ship has oil and gas separation equipment on board and gas is being separated from oil while on board the storage ship other than by natural venting.



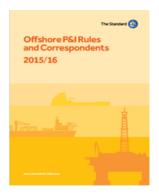


Production exclusion

What does this mean?

navigation = potentially poolable

operating = non-poolable



Club therefore provides non-poolable P&I cover for operating production units under our **STANDARD OFFSHORE RULES (SOR)** up to \$1bn limit





P&I for production (SOR Rules)

Responds to member's liabilities for arising out of their capacity as Operator/Manager of the entered ship for:

Injury/death/illness

- personal injury to crew
- third parties on board.
- crew contracts must be approved my managers (Club)

Collision

- to the extent these are not covered under the H&M policies
- includes FFO (damage Fixed and Floating Objects)

Pollution

- from FPSO
- from another covered P&I risk
- subject to exclusions (e.g. for sub/sea pollution)





P&I for production (SOR Rules)

Wreck Removal

- Order from a competent authority
- Club and Member agree that it constitutes a hazard to navigation and should therefore be removed
- Order from Client under approved contract

Damage to third parties (not arising from collision/pollution)

e.g. 3rd party property in area

Contractual indemnities for rule 3 risks (approval from managers needed)

 P&I liabilities are only the responsibility of the member because the member has assumed the risk under contract





Standard Offshore Rules

BUT Excludes 'Field Risks'

- pollution from hole/subsea (and damage caused by pollution)
- control of well costs (e.g. blow-out)
- property well side of PLEM
- wreck removal of down hole property



Offshore Liability Extension



OLE provides an extension to the SOR cover

Responds to members liabilities up to \$25m

- contractual subsea pollution (from hole or well) clean up and damage done by *NB pollution elements of cover are sublimited to \$5m*
- personnel off unit
- charterers cover for supply boats (k4k only)
- debris removal post casualty
- damage to field property





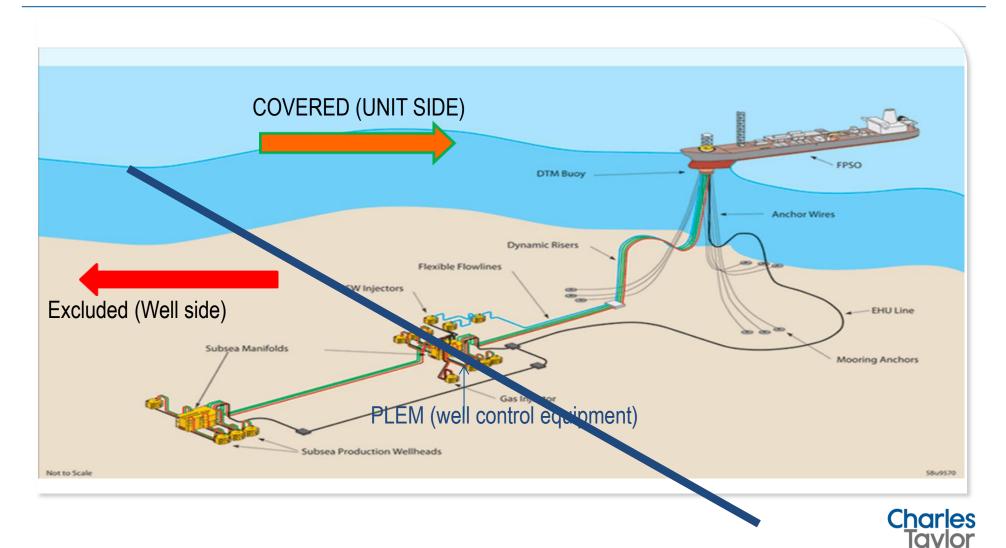
Definition of unit(1)

A mobile offshore production which has been entered in the club for insurance, including the risers, flowlines and umbilicals (provided such risers, flowlines and umbilicals are not separated from the unit by any wellhead or well control equipment), floating hoses, buoyancy floats or tanks and mooring systems, or any other description of mobile offshore production unit noted in the certificate of entry, but always excluding any wellhead, well control equipment, downhole equipment, or any part thereof whether or not on board or connected to the mobile offshore production unit.





SOR: Definition of unit (FPSO)





Contract between owner FPSO and national oil company

- liability is determined according to whichever party is negligent BUT
- member's liability in respect of pollution from well or damage to oil company property is capped at \$10m





Heads of loss / how club cover will respond

Remedial work undertaken in situ by ROVs & divers to put anchor lines back in place









Heads of loss / how club cover will respond

Remedial work undertaken in situ by ROVs & divers to put anchor lines back in place

Damage to FPSO - not P&I liability = H&M risk

ROVs and/or divers

- Liabilities arising out of ROV and diving activities covered under the OLE with specific agreement – sublimit to apply
- Loss of or Damage to ROV and EL of Divers excluded specific market for these liabilities





Damage to risers & flowlines

- not covered as 1st party property (i.e. H&M risk)
- wreck removal covered if connected to FPSO & required remove under contract or by competent authority (SOR 3.8)

Damage 3rd party subsea equipment

can be covered as damage to fixed/floating objects (SOR 3.7)

Damage to well & well control equipment

<u>excluded</u> under the SOR (and OLE)





The riser fails, which results in multiple fires / explosions causing loss of hydrocarbons from the FPSO into the sea.

Death of crew & subcontractors personnel on FPSO

death & personal injury covered (SOR 3.1 & 3.2)

Pollution from FPSO

- cost clean-up pollution emanating from FPSO & riser connected to it (i.e. from unit side up to PLEM) and
- damage to third party property caused by this pollution (SOR 3.8)





As consequence of the incident, production is affected & fines are imposed for pollution damage.









As consequence of the incident, production is affected & fines are imposed for pollution damage.

well pollution

<u>excluded</u> under SOR but OLE can respond (up to limit \$10m)

loss production

- direct losses flow from failure mooring lines covered (SOR 3.7)
- consequential losses as a result of blowout excluded

fines

discretionary (and subject to max limit of cover \$50m) (SOR 3.6 & 3.9)





Following the incident there is a loss of stability of the FPSO which sinks and becomes a wreck and it is ordered to be removed by the oil company.









Following the incident there is a loss of stability of the FPSO which sinks and becomes a wreck and it is ordered to be removed by the oil company

Wreck Removal of the unit - <u>Covered under the SOR</u> where the contract has been approved by the managers and removal of property is within the definition of Unit under the rules

Wreck Removal of other Debris - Excluded under SOR but OLE can respond (up to limit \$10m)



03 Casualty response





Casualty response







Casualty response

- FPSO will activate its own emergency response plan
- notify oil company client / maritime authorities / ANP / IBAMA
- contact club / local P&I correspondent for advice & assistance
- appoint surveyor / specialists to assess damage & pollution response
- instruct lawyers to advise / guide investigation / evidence gathering etc.
- consider media response



04 Conclusion





Conclusion

- challenges operating offshore Brazil
- potential onerous exposures no right limit liability
- lack of precedent creates legal uncertainty
- encourage early discussion with u/w contract terms / nature operations
- contract review process assess exposures / rating risk
- provide bespoke cover





The Standard



Charles Taylor

@ctaylorpic in Charles Taylor pic www.ctpic.com



The Standard Syndicate Tom Graham, Property Class Underwriter

Presentation at The Standard Club LATAM seminar 26 November

Contents



- Key facts
- What does The Standard Syndicate cover?
- Claims management
- The team

Key Facts



- The Standard Club established a new Marine and Energy syndicate at Lloyd's in April 2015
- The Standard Syndicate (Syndicate 1884) is managed by a new Lloyd's Managing Agent which is jointly owned by The Standard Club and Charles Taylor
- For business outside Lloyds, Syndicate 1884 uses a service company distribution model allowing the syndicate to write business straight to the box in London.
- The Service Companies are called The Standard Syndicate Services Limited (1884 Europe) and The Standard Syndicate Services Asia Pte Ltd (The Standard Syndicate Asia)
- Stamp capacity in 2015: £36m, Currently written £22m
- 60% Accretive business into Lloyds over 3 years, currently at 73%

What does The Standard Syndicate cover? Standard Syndicate



		•
		Line sizes
Hull / War	 Hull & Machinery for bulk cargo, liquid cargo, container, passenger / ferry, small ships and yachts Increased Value, Mortgagees' Interest and War 	• USD 10m (USD 15m at 01/01)
Energy	 Physical damage relating to the marine energy business, including construction risks and control of well, and covering mobile installations, fixed platforms, and associated onshore facilities 	USD 25m (USD 35m any one complex or asset)
Liabilities	Marine energy related non-P&I liabilities, fault-based liabilities for port & terminal operators, and various other non-P&I marine liabilities	• USD 10m (USD 20m at 01/01)
Wet & Dry Property	 Ports, terminals, warehouses & other storage facilities, storage of goods not covered in cargo policies Non-marine property (e.g. head offices, Manufacturing plants, forestry products) 	• USD 10m (USD 15m at 01/01)
Cargo & Specie	General and specialist cargo, logistics, ROVs, specie	• USD 10m
Corporate Lines	Marine Errors & Omissions and Directors' & Officers' Liabilities	• USD 5m
Political Risks & Terrorism	• 2016	

The Standard Syndicate - Claims



Our service

- First class professional claims management fully supported by in-depth knowledge of marine and energy markets worldwide.
- Club style service within the Lloyd's framework.
- Relationship driven with a flexible approach personalised to the needs of our assured.
- Policy terms and settlements promptly honoured within the scope of cover provided.
- The trust and satisfaction of our assured is key.

The Standard Syndicate - Claims



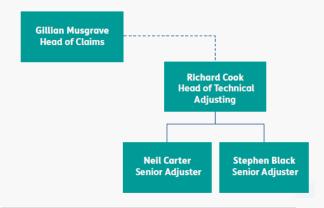
Gillian Musgrave Head of Claims

DD: +44 20 7767 2750 M: +44 7824 300 028

gillian.musgrave@ctplc.com



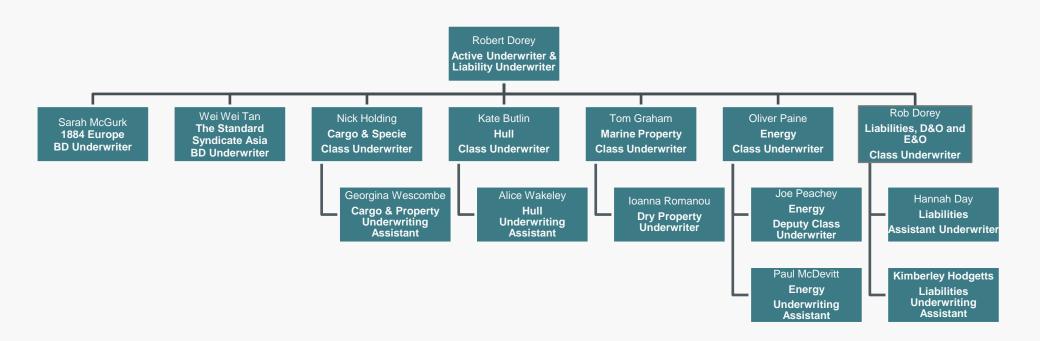
The claims team



- English solicitor qualified in 1990 specialising in maritime law.
- Significant maritime claims experience, much of it working with members of The Standard P&I Club worldwide.
- Joined Standard Syndicate in March 2015
- Previous background:
 - June 2010 February 2015: Regional Claims Director of Standard Asia,
 Singapore, managing members from Japan, S. Korea, Taiwan, Philippines, Hong Kong, Thailand, Singapore, Indonesia and Australia
 - May 2006 June 2010: Regional Claims Director of Standard Club's office in Piraeus, Greece, managing Greek members.
 - June 2004 May 2006: Claims executive at Standard Club in New York, USA, managing members from North America, Canada and South America.
 - June 2001 May 2004: Solicitor at Ince & Co, maritime law firm, London.
 - May 2000 May 2001: Claims executive at the Standard Club's office in London, managing Italian and UK members.
 - June 1998 May 2000: Studio Legale Vincenzini, Livorno, Italy, Consultant on English maritime law and P&I Club correspondent.
 - January 1990 May 1998: Solicitor at Constant & Constant, London.

The team





www.syndicate1884.com

Energy



Line size \$20m (\$25m at 1/1/16) – all exposures combined

Covers:

- Property (Onshore/Offshore)
- Control of well/OEE
- Business Interruption
- Construction

Types

- Onshore and Offshore operations
- Upstream and Mid-stream operators and/or contractors

Examples – Offshore platforms, Drilling rigs, FPSO's Written several internationally recognised Energy operators and contractors in Latin America to date.

Cargo



Line size \$10m (\$15m at 1/1/16) – Cargo, Specie risks, Freight liability

Offering a full range of cargo types including:

- bulk wet & dry commodities
- manufactured goods
- hi-tec
- pharmaceutical
- Domestic and International shipments
- Stock risks part of cargo policy (stockthroughput) or standalone
- Solution-led underwriting approach
- Full range of cargo loss prevention & Security services
- Client focussed claims settlement
- USD 10m income projection for 2016

Liability



Line size \$10m (\$15m at 1/1/16)

Covers:

- Ship owners/operator's Liability (CGL's, Excess P&I, Fixed P&I and excess liability
- Shipbuilders/Repairer's liability
- Port Authorities liability / Terminal Operator's Liability
- Stevedore's Liability / Wharfinger's Liability

Cross-class packages in the Energy, Property and Cargo sectors In relation to Energy packages those written so far have included:

- Exploration & Production companies
- Oil & Gas contractors
- Well Service contractors
- FPSO, drilling and fixed platform operators
- Onshore tank farm & Storage operators

Hull



Line size \$10m (\$15m at 1/1/16)

Covers:

- Hull
- IV
- war
- loss of hire (not standalone)
- builders risks
- mortgages interest
- Yachts

Vessel types:

 Blue water, Brown water, offshore vessels, yachts, (Not keen on fishing vessels or livestock carriers.)

All geographical regions considered.

Focus on quality ship owning operations and club style claims service. 2016 Estimated premium income £17.5m

Property



Line size \$10m (\$15m 1/1/16) – for both Marine and Non-Marine Property

- Marine Property: Container Terminals, Dry/Wet bulk Terminals, Shipbuilders, RO-RO terminals, Port Authorities
- Non-Marine Property: Manufacturing operations, Warehouses, Mining facilities, forestry products and Head offices.

Types of Assets to be covered:

- Infrastructure: (Quays, Berths, Docks, Jetties, Breakwaters, Slipways, Container yards, Hardstand)
- Buildings: (Warehouses, Offices, Custom Houses, Control towers, Perimeter fences, gates)
- **Equipment:** (General machinery, Gantry Cranes, Shiploaders, straddle Carriers, Reach Stackers, Forklifts, Vehicles within the port)
- Business Interruption: (Following machinery breakdown, port or berth blockage, vessel impact,)

"All Risks" cover for physical loss or damage, including Natural catastrophe

2016 Estimated premium income £14.75m

Regulatory status



The Standard Syndicate 1884 is managed by Charles Taylor Managing Agency Ltd. Charles Taylor Managing Agency Ltd is a Lloyd's managing agent and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Standard Syndicate Services Limited, trading as 1884 Europe is a service company and a Lloyd's coverholder that is part of the Charles Taylor PLC group of companies. The Standard Syndicate Services Limited is an appointed representative of Charles Taylor Managing Agency Ltd which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Syndicate Services Limited has authority to enter into contracts of insurance on behalf of the Lloyd's underwriting members of The Standard Syndicate 1884 which is managed by Charles Taylor Managing Agency Ltd.

The Standard Syndicate Services Asia Pte. Ltd., trading as The Standard Syndicate Asia, is a service company and a Lloyd's coverholder that is part of the Charles Taylor PLC group of companies. The Standard Syndicate Services Asia Pte. Ltd. is regulated by the Monetary Authority of Singapore in its capacity as a Lloyd's coverholder under the Insurance (Lloyd's Asia Scheme) Regulations. The Standard Syndicate Services Asia Pte. Ltd. has authority to enter into contracts of insurance on behalf of the Lloyd's underwriting members of The Standard Syndicate 1884 which is managed by Charles Taylor Managing Agency Ltd. Charles Taylor Managing Agency Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority



www.syndicate1884.com



The Club



Profile

- Specialist marine mutual since 1957
- Similar structure to a P&I Club:
 - owned by members
 - not for profit
 - service-oriented
- Reinsurance programmes to limit net exposure and protect reserves
- Premium income US\$36m*
- US\$27m free reserves*
- S&P rating BBB+



The Board







FURNESS WITHY (CHARTERING) LTD.



NS United Kaiun Kaisha, Ltd.











TOKO LINE







Charles Taylor and The Strike Club



- Charles Taylor's newest mutual insurer client
- Full management since 1 March 2015
- Annual management fee, agreed by club board
- Charles Taylor appointed to take The Strike Club forward, working with existing management team and resources. Two key elements:
 - Restructuring
 - Growth
- New UK-based insurer planned for mid 2016, PRA application in progress.



The Cover



Mutual delay

Costs of vessel delay caused by

- By shore related incidents (Class I) and after the end of shore related incidents (Class II)
- By ship related incidents (Class III)

Fixed premium loss of hire

 Loss of Hire resulting from an incident covered under the ship's Hull and Machinery policy

Fixed premium war

War cover including

- Hull & Machinery
- Loss of Hire
- Liability
- Piracy

Special covers

- Tailored fixed premium cover for delay risks in excess of or outside the mutual rules
- Net profit protection for time charterers (total loss)



Mutual Delay





The Mutual Delay insurance covers a member's cost for a vessel during a delay caused by a named peril



Mutual Delay



The concept of the Mutual Delay Cover provided by The Strike Club is:



and more precisely, the **time lost** in situations that the other traditional policies cover in a different way and leaving the operator to bear the cost of running the ships



Mutual Delay



- Who is exposed?
 - All operators
- Delays come in two categories:
 - Delays caused by incidents on shore (owners & charterers)
 - Delays caused by incidents on board (owners)
- Impact on the operator will be determined by:
 - The type of activity
 - The contractual basis on which the vessel is operated



Classes of Cover



Classes I & II Delays caused by shore related events:

- Strike
- Lockout
- Partial or general restraint of labour
- Rebellion
- Insurrection
- Riot
- Civil commotion
- Political protest
- Action by environmental objectors or religious zealots
- Fire, explosion, mechanical breakdown on land
- Indirect effects of certain weather conditions



Classes of Cover Cont'd.



Classes I & II Delays caused by shore related events:

- Earthquake, volcanic eruption, avalanche, landslide
- Aircraft impact, accident or misdirection of air cargo
- Loss or damage to vehicles, vessels or aircraft transhipping cargo or spare parts
- Lawful closure of port / waterway
- Physical obstruction, unforeseeable high/low levels of water of port/waterway
- Border closures, import/export controls
- Physical or electronic sabotage, terrorism
- Expropriation, confiscation, seizure of cargo
- War, civil war or any hostile act by or against a belligerent power and any act of piracy.



Classes of Cover Cont'd.



Class III

Ship related events:

- Crew and officers strikes
- Collision, stranding, grounding, or striking of fixed or floating objects:
 - Single incident limit: 14 days or more
 - Delay commenced within 60 days after the original incident
 - Minimum excess: 4 days
- Illness, injury, death on board or directly caused by the entered vessel
- Actual or Alleged presence of drugs on board
- Quarantine
- Actual or Alleged pollution by the entered vessel



Classes of Cover Cont'd.



Class III

Ship related events:

- Certain detentions of an entered vessel in the same beneficial ownership or management
- Stowaways, saving life at sea, rescuing of refugees
- Desertion of members of the crew
- Fire, explosion or breakdown in machinery certain types of vessels only, less than 15 years of age mainly covering propulsion, electrical and steam plant problems.
 - Single incident limit: 14 days or more
 - Delay commenced within 60 days after the original incident
 - Minimum excess: 4 days
- Piracy, Kidnap and Ransom...
- War, civil war or any hostile act by or against a belligerent power and any act of piracy



The Cover

LOH



The concept of the current cover provided by The Strike Club is:

TIME

and more precisely in situations that the other traditional policies cover in a different way, for example:

H&M Cost of repairs following physical damages to ship

NOT TIME DURING THE REPAIRS

P&I 3rd Party liabilities following certain incidents

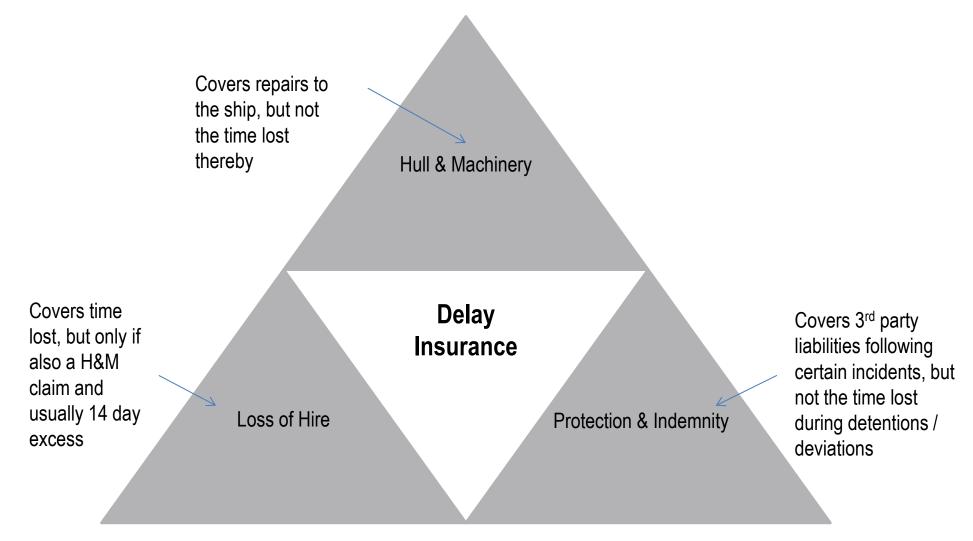
NOT TIME DURING DEVIATIONS / DETENTIONS...

Time Lost but only if also a H&M claim AND usual minimum 14 days excess



Where does the cover fit?







Fixed Premium LOE





Cover for total or partial loss of income or financial loss incurred as the result of the loss of use of a vessel following an incident that is covered under the H&M policy



LOE Cover



- Introduced by the club in 2007
- Flexibility of terms
 - Nordic Plan, ABS, others as required
- Full underwriting control
 - can lead or follow
- Incident Limit of USD3.375m
 - (cover beyond this limit may be offered)
- Main vessel types considered are:
 - Bulkers
 - Gas Carriers
 - Container Carriers
 - Tankers
- Age limit for all vessels
 - up to 15 years



Fixed Premium War





Cover for damages suffered due to acts of War / Piracy





- Introduced by the club in 2002
- Steadily grown
- Currently cover:
 - More than 650 vessels
 - For over USD 8 billion of insured values
 - Originating from clients in 26 countries throughout the world
- Target business:
 - Principally existing Strike Members or potential Members





- Hull & machinery
 - Including in addition independently war protection and indemnity and/or excess protection and indemnity risks
- Disbursements &/or increased value of Hull & Machinery
- Freight &/or chartered and/or anticipated freight
- Crew war liabilities
- Loss of hire including piracy or extended to include piracy with or without damage to the vessel
- Bunkers
- Special Risks
- Plus other interests as requested





- The Limits
 - Up to USD 200M Hull & Machinery / increased value etc.
- Plus
 - USD 200M protection & indemnities
 - Each vessel and/or interest deemed as a separate insurance
 - Comprehensive reinsurance through Lloyd's & other minimum A rated reinsurers





- Coverage Wordings
- Wording can be adapted subject to agreement
- Current adaptations include:
 - ITC conditions
 - German
 - American
 - Finnish
 - French
 - Nordic Plan
- Standard exclusions as per Joint War Committee War, Strikes, Terrorism & Related Perils listed areas
- Special arrangements for block deals for regular trading possible



Contacts



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 - Managers: S.C. Management (Luxembourg) SA BP 2217 L-1022 Luxembourg
 - UK Appointed Representative: Charles Taylor & Co. Limited Lloyds Chambers
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 London, E1 8BT
 Telephone +44 20 3320 2222
- The Shipowners' Mutual Strike Insurance Association (Bermuda) Ltd strikemutualbermuda@ctplc.com
 - Managers: Charles Taylor & Co. (Bermuda) Swan Building 26 Victoria Street Bermuda Telephone +1 441 292 3103
 - Managers' Administrative Office: 24 boulevard Princesse Charlotte Monte-Carlo MC 98000 Monaco Telephone: +377 99 99 53 03 scman@marinetdi.com



Regulatory disclosure



The Shipowners' Mutual Strike Association (Bermuda) Limited and The Shipowners' Mutual Strike Insurance Association (Bermuda) Limited are regulated by the Bermuda Monetary Authority. The Shipowners' Mutual Strike Insurance Association Europe is regulated by the Commissariat aux Assurances in Luxembourg.

The information here is not intended to amount to legal or technical advice. Every effort is made to make it accurate and up to date. However, no responsibility is assumed for its accuracy nor for the views or opinions expressed, nor for any consequence of or reliance on them. You are advised to seek specific legal or technical advice from your advisers about any specific matter.







Regulatory status

The Standard Club Ltd is regulated by the Bermuda Monetary Authority. The Standard Club Ltd is the holding company of the Standard Club Europe Ltd and the Standard Club Asia Ltd. The Standard Club Europe Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Club Asia Ltd is regulated by the Monetary Authority of Singapore.

Charles Taylor Services Limited (CTS) is authorised and regulated by the Financial Conduct Authority to carry out general insurance mediation activities for commercial clients. For more details please see www.fsa.gov.uk/register/home.do or call the FCA on 0845 606 1234. CTS is a wholly owned subsidiary of Charles Taylor Holdings Limited. The ultimate parent and controlling company is Charles Taylor plc.





Latin American Forum

Thursday 26 November 2015



