

# Latin American Forum

Thursday, 24 November 2016



# Contents

- 
- 1 The Standard Club update

---

  - 2 The Standard Syndicate 1884

---

  - 3 Scenario: Major Casualty

---

  - 4 Mutual Cover

---

  - 5 Limitation of liability in Brazil

---

  - 6 Scenario: Major Casualty – cont'd

---

  - 7 Offshore P&I for Production Units

---

  - 8 **Break**

---

  - 9 Pollution

---

  - 10 Scenario: Major Casualty – cont'd

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  - 11 Subsea Equipment and Insurance

---

  - 12 Major Casualty: Incident Management

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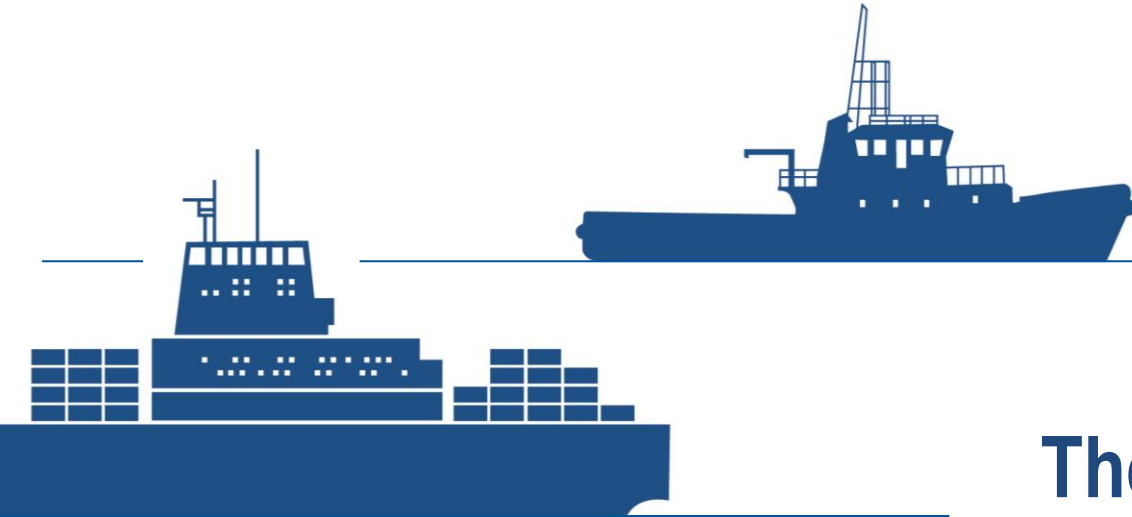
  - 13 Claims Handling

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  - 14 Loss Prevention

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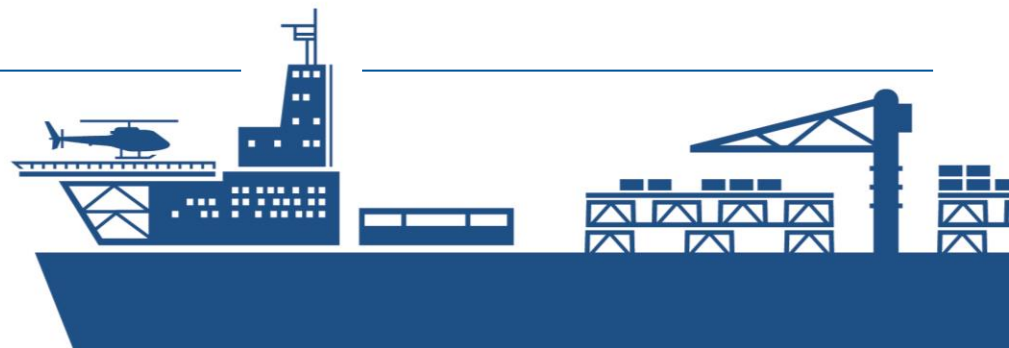
The Standard



# The Standard Club Update

Sam Kendall-Marsden

Head of Division, UK & Americas



# Introduction to The Standard Club

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- A leading International Group P&I club, established in 1884 and now insuring over 10% of global shipping across all major markets.
- Industry-leading service, a track record of financial security, and a selective, conservative approach to growth.
- 2015/16: overall underwriting profit for the financial year, steady growth, launch of The Standard Syndicate and the Singapore War Risks Mutual.
- A broad range of P&I and other marine and energy covers, offering sustained excellent value to high-quality operators.

# Overview of the club: key financials

Selective growth; breakeven underwriting; strong balance sheet

Total tonnage

**144m gt**

20 August 2016

+4.3%

20 Feb 2016 – 20 Aug 2016

Owned tonnage

**120m gt**

20 August 2016

+3.4%

20 Feb 2016 – 20 Aug 2016

Premium income

**\$319m**

Projected 2016/17

\$354m

2015/16

Combined ratio

**95%**

2015/16

100%

2014/15

Investment return

**>4.0%**

2016/17 financial year to date

-0.9%

2015/16 financial year

Surplus

2015/16 financial year

**\$10m**

\$12m

2014/15 financial year

Free reserves

**\$390m**

20 Feb 2016

\$380m

20 Feb 2015

S&P rating

**A (strong)**

AAA capital strength

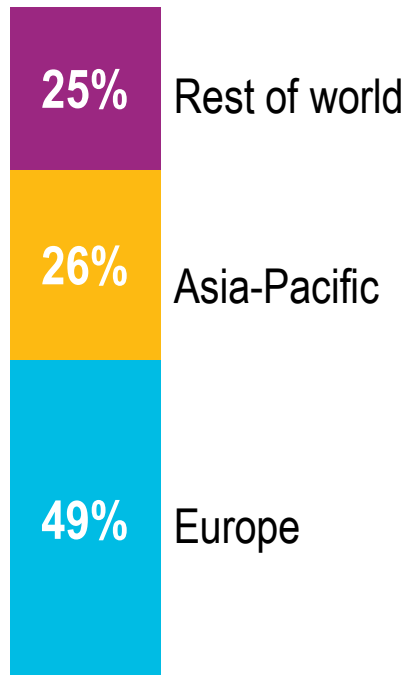
Affirmed June 2016

# Membership

Diverse spread of business by country of management and ship type

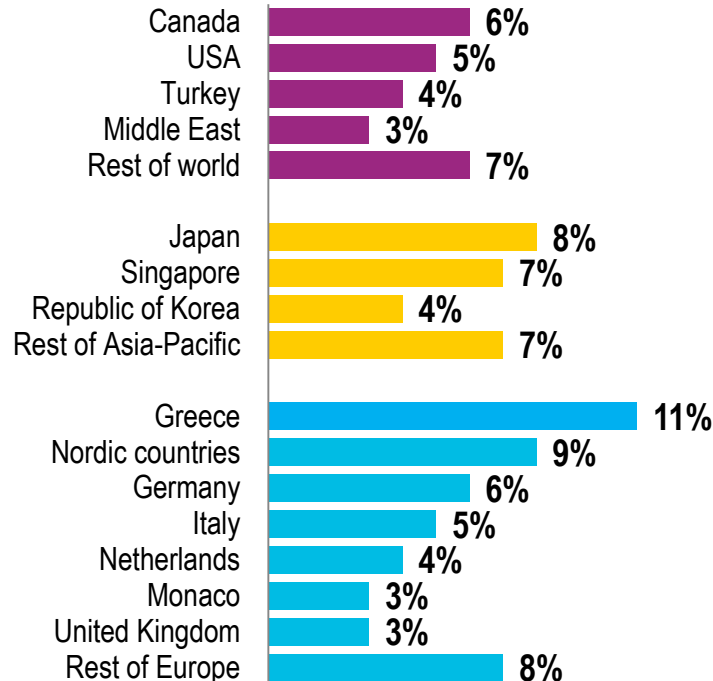
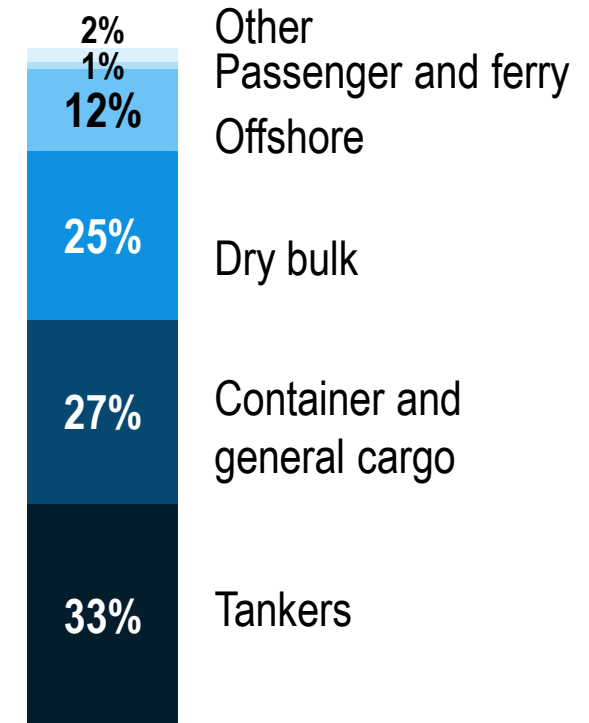
## Owned tonnage by region

120mgt



## Owned tonnage by ship type

120mgt



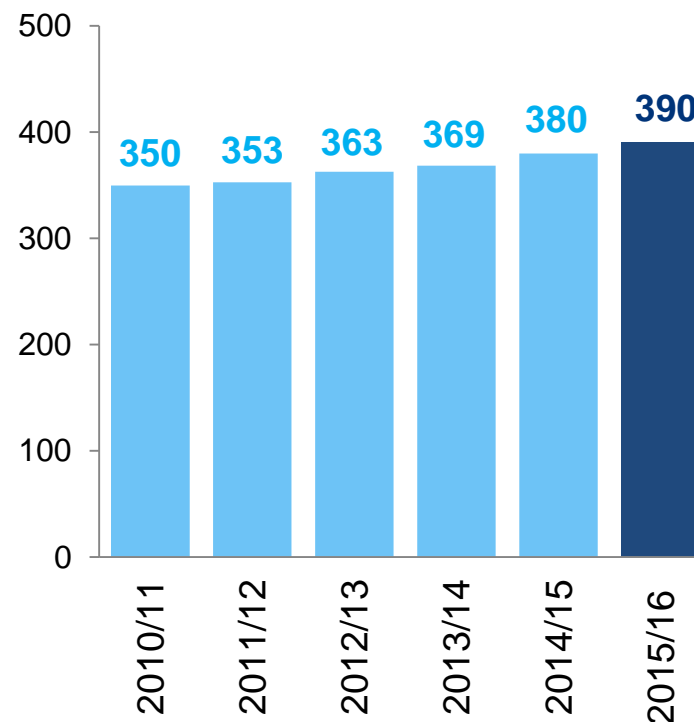
# Financial security

Leading capital strength; steady growth in reserves

## S&P ratings of IG clubs

| CLUB             | RATING   | S&P CAPITAL STRENGTH |
|------------------|----------|----------------------|
| GARD             | A+       | AA                   |
| <b>STANDARD</b>  | <b>A</b> | <b>AAA</b>           |
| UK CLUB          | A        | AAA                  |
| BRITANNIA        | A        | AAA                  |
| SKULD            | A        | AA                   |
| NORTH OF ENGLAND | A        | AA                   |
| STEAMSHIP MUTUAL | A-       | AA                   |
| SHIPOWNERS       | A-       | AAA                  |
| JAPAN            | BBB+     | A                    |
| WEST OF ENGLAND  | BBB+     | AA                   |
| SWEDISH          | BBB+     | AAA                  |
| LONDON           | BBB      | AAA                  |
| AMERICAN         | BBB-     | BBB-                 |

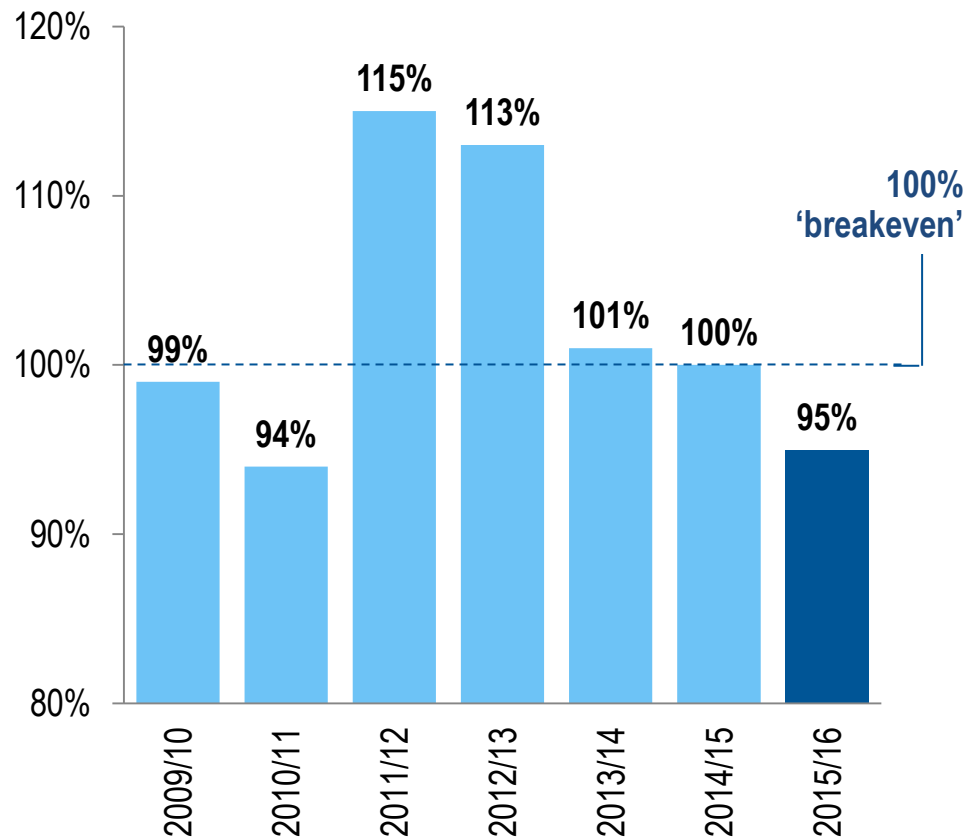
## Free reserves, \$m



No unbudgeted supplementary calls for over 20 years  
Release calls among the lowest in the IG

# 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.
- Selection and management of risk based on a sound understanding of operating quality.
- Continuous improvement in efficiency to minimise rate rises required, eg:
  - agreed rate reductions with lawyers and other third-party suppliers
  - centralised operational activity.
- Diversification into profitable non-P&I lines to support P&I business.



# Principles of our service model

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- ‘Single point of contact’ – all underwriting, claims and loss prevention services managed through integrated teams.
- A commitment to listening to members and ‘going the extra mile’ to find solutions to members’ needs, particularly in times of difficulty.
- Responsive, flexible claims handling provided via the club’s international network of offices, with a proactive approach to achieving the best solution.
- Leading expertise, with more than 40 qualified lawyers covering all aspects of marine liability, an in-house team of technical experts and access to the full resources of CT.
- Continuous improvement in service levels – with efforts informed by member feedback and enabled by our culture.

**96% of members expressed a likelihood  
to recommend the club to another shipowner (August 2015)**

# Club service teams in key hubs

Supported by Charles Taylor's global network



# Meeting members' insurance needs

| P&I   | War & defence   | Non-P&I liabilities*  | Assets*  | Specialist risks*  |
|---|---|---|--|--|
| <ul style="list-style-type: none"> <li>• Mutual owned pooled</li> <li>• Fixed premium owned</li> <li>• Fixed premium charterers</li> <li>• Tailored extensions</li> </ul> | <ul style="list-style-type: none"> <li>• War risks</li> <li>• Defence (FD&amp;D)</li> </ul> | <ul style="list-style-type: none"> <li>• Liability</li> <li>• D&amp;O</li> <li>• E&amp;O</li> </ul> | <ul style="list-style-type: none"> <li>• Hull &amp; machinery</li> <li>• Cargo</li> <li>• Fine Art &amp; Specie</li> <li>• Property</li> </ul> | <ul style="list-style-type: none"> <li>• Energy</li> <li>• Political Violence</li> <li>• Political Risk</li> </ul> |



# Approach to growth

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- High-quality growth viewed as positive for the membership as a whole as it increases the financial strength and efficiency of the club over time.
- In pursuing new business, the club will ensure the operating quality of members and ships and an appropriate spread of risk.
- Preference is to grow with existing members – in P&I and in non-P&I covers.
- The club welcomes new members that are quality operators seeking a long-term partnership with their marine and energy insurer.
- The club aims to build in all major trades and markets, but has particular specialisms in offshore energy, LPG/LNG and small craft (coastal and inland).

12 **Aiming to drive growth, as long as this is consistent with the club's focus on operating quality, financial stability and service**

## Current priorities

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- Continue to service existing business to the highest standards.
- Deliver 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.
- Help to deliver The Standard Syndicate's business plan.
- Build on our culture of flexibility and innovation.




**The Standard**



 **@StandardPandi**  
 **The Standard P&I Club**  
[www.standard-club.com](http://www.standard-club.com)

**Charles**  
**Taylor**

 **@ctaylorplc**  
 **Charles Taylor plc**  
[www.ctplc.com](http://www.ctplc.com)

# The Standard Syndicate

An introduction

Oliver Paine, Energy Class Underwriter,

# Introduction to The Standard Syndicate



- The Standard Syndicate has been operating since April 2015, with an all Marine and Energy PD focus
- The syndicate grew out of The Standard Club and the ethos, values and operating procedures of the club run deep through The Standard Syndicate
- The Standard Syndicate has been able to rapidly scale its geographical reach thanks to The Standard Club presence in key strategic territories
- For the 2015 year of account, The Standard Syndicate is expecting an ultimate premium of approximately £30.5m against a stamp of £36m



# The Standard Syndicate approach



## Deep understanding of Marine and Energy business

- The Standard Club's 130 years of experience is represented in our Syndicate number - 1884

## Wrap around cover for our assureds - "the whole package"

- We have the capability to cover the entirety of our clients' typical insurance needs:
  - **Liabilities:** General Liabilities, Energy Liabilities and Corporate Lines (D&O/E&O)
  - **Assets:** H&M, Cargo, Fine Art & Specie, Marine and Non-Marine Property
  - **Specialist Risks:** Political Violence & Political Risk

## Tailored and flexible covers underwritten by experts

- Our underwriting team brings a problem solving approach to clients' business needs - we provide solutions for insurance scenarios faced by marine & energy companies by adopting a flexible, pro-active approach to all risks

## Lloyd's insurance in local markets

- Through our distribution model, we can provide flexibility to our assureds and their brokers. Our service company producers work in local markets to provide on the ground expertise and alternative routes into Lloyd's where needed

## Mutual style relationship management

- We offer mutual style claims and relationship management to our brokers and assureds. We aim to build long term, high contact relationships through regular visits, direct access to our underwriting team and deep understanding of our assureds' business needs. Our claims model is based on the high contact, rapid response model developed by The Standard Club

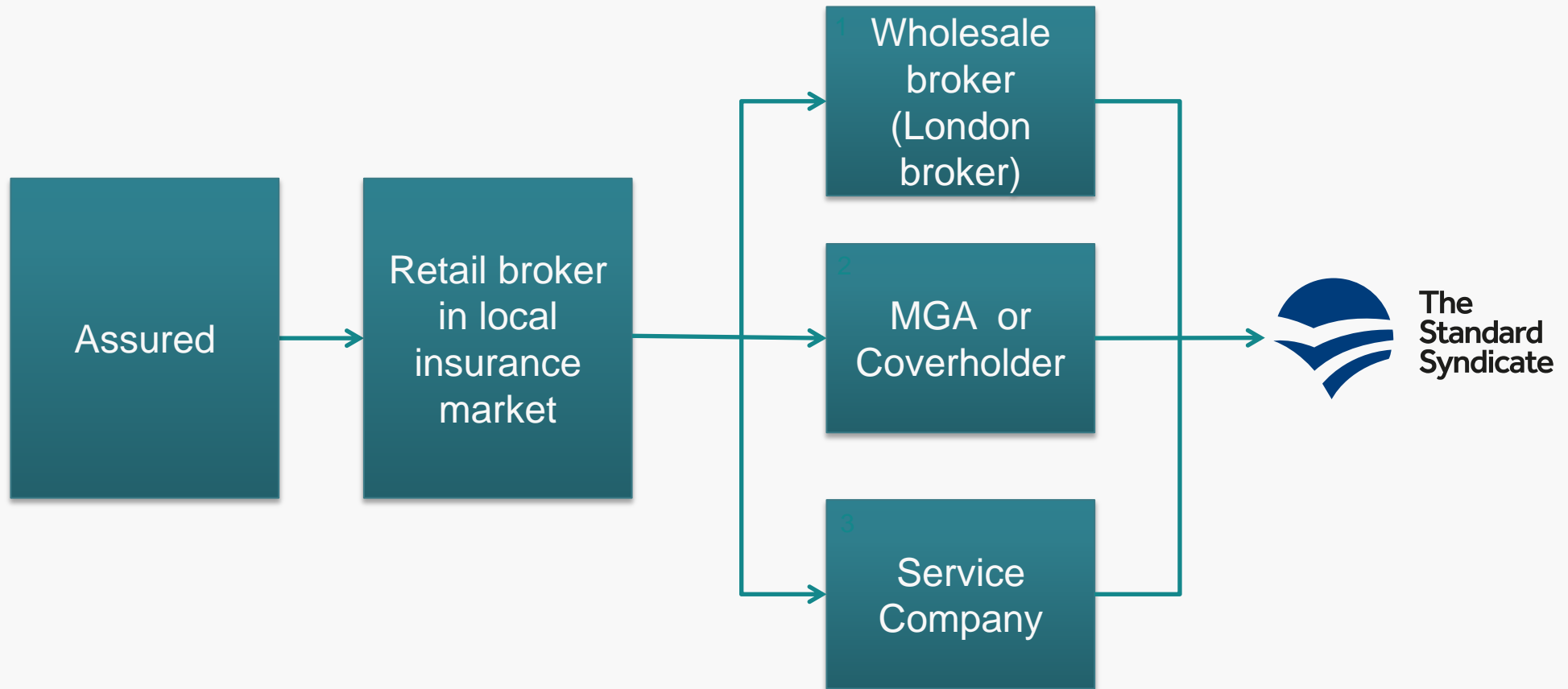
# What does The Standard Syndicate cover?



|                  |                                |   |  |
|------------------|--------------------------------|---|--|
| Liabilities      | Marine & Energy Liability      | <ul style="list-style-type: none"> <li>Marine energy related non-P&amp;I liabilities, fault-based liabilities for port &amp; terminal operators, and various other non-P&amp;I marine liabilities</li> </ul>                                      | <ul style="list-style-type: none"> <li>USD 20m</li> </ul>                                    |
|                  | Corporate Lines                | <ul style="list-style-type: none"> <li>Marine Errors &amp; Omissions and Directors' &amp; Officers' Liabilities</li> </ul>  | <ul style="list-style-type: none"> <li>USD 10m</li> </ul>                                    |
| Assets           | Hull & Machinery               | <ul style="list-style-type: none"> <li>Hull &amp; Machinery for bulk cargo, liquid cargo, container, passenger / ferry, small ships and yachts</li> <li>Increased Value, Mortgagees' Interest and War</li> </ul>                                  | <ul style="list-style-type: none"> <li>USD 15m</li> </ul>                                    |
|                  | Cargo                          | <ul style="list-style-type: none"> <li>General and specialist cargo, logistics, ROVs</li> </ul>   | <ul style="list-style-type: none"> <li>USD 15m</li> <li>USD 25m PR</li> </ul>                |
|                  | Fine Art & Specie              | <ul style="list-style-type: none"> <li>Fine art, jewellery, classic cars, mining and specie risks</li> </ul>  | <ul style="list-style-type: none"> <li>USD 15m</li> </ul>                                    |
|                  | Marine and Non-Marine Property | <ul style="list-style-type: none"> <li>Ports, terminals, warehouses &amp; other storage facilities, storage of goods not covered in cargo policies</li> <li>Non-marine property (e.g. head offices, Manufacturing plants, forestry)</li> </ul>    | <ul style="list-style-type: none"> <li>USD 15m</li> </ul>                                    |
| Specialist Risks | Energy                         | <ul style="list-style-type: none"> <li>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</li> </ul> | <ul style="list-style-type: none"> <li>USD 25m (USD 35m any one complex or asset)</li> </ul> |
|                  | Political Risk                 | <ul style="list-style-type: none"> <li>CNED, Contract Repudiation, Contract Frustration, Trade Credit</li> </ul>  | <ul style="list-style-type: none"> <li>USD 12.5m</li> </ul>                                  |
|                  | Political Violence             | <ul style="list-style-type: none"> <li>Sabotage and Terrorism, riots, strikes and civil commotion, political violence including war, terrorism liability and terrorism contingency.</li> </ul>  | <ul style="list-style-type: none"> <li>USD 12.5m</li> </ul>                                  |

# Our distribution model

How business may be routed to The Standard Syndicate



# Service point locations



## The Standard Syndicate

Box 435 and 436 at Lloyd's  
One Lime Street  
London  
EC3M 7HA

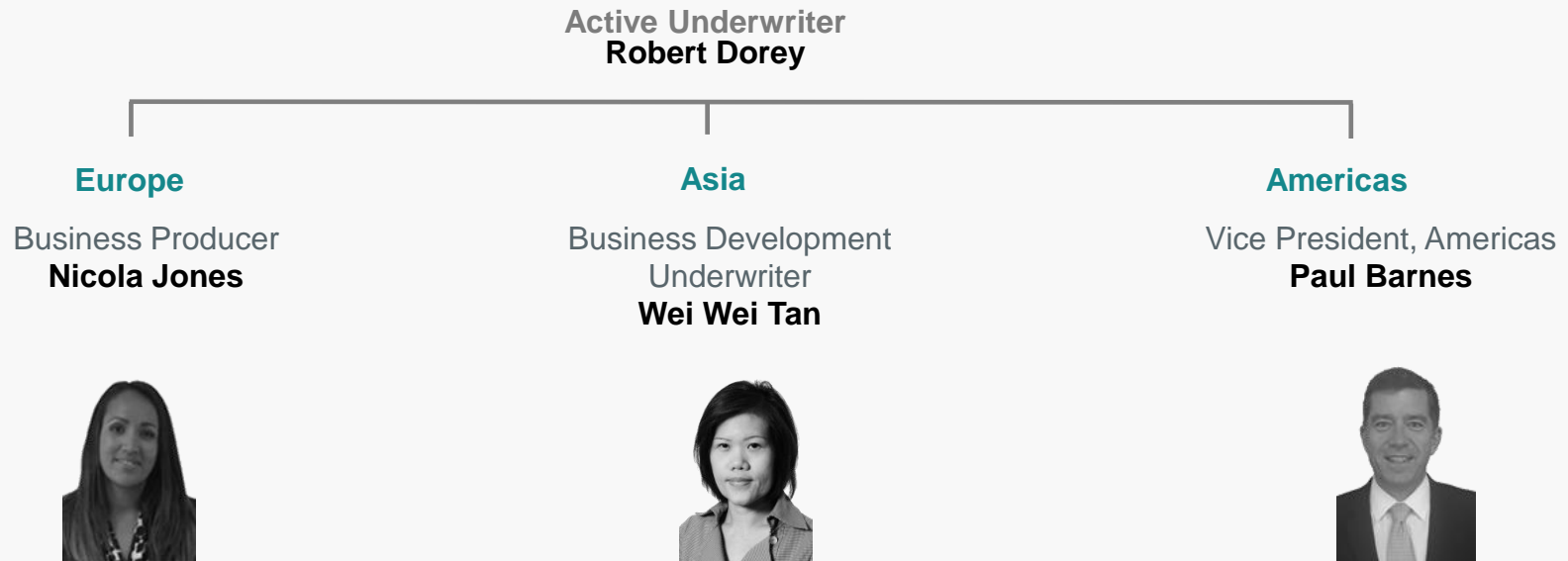
## 1884 Europe

6th floor  
1 Portsoken Street  
London  
E1 8BT

## The Standard Syndicate Asia

138 Market Street  
#04-03 CapitaGreen  
Singapore  
048946

# Non-London distribution team



# The Standard Syndicate Claims approach



## Service commitment

- In-depth knowledge of marine and energy markets
- First class professional and pro-active claims management
- Club style service within Lloyd's framework
- Relationship driven
- Flexible and personalised approach

## Casualty response

- High calibre casualty and crisis support is provided on a 24/7 basis
- Close co-ordination with the assured and brokers
- On-site attendance where necessary
- Appointment of technical and legal experts
- Prompt provision of security to minimise delays

# Claims team



Head of Claims  
Gillian Musgrave

Senior Claims  
Adjuster  
C. Cecilia  
Stevens



Charles Taylor Insurance Services  
Head of Technical Adjusting  
Richard Cook

Senior Adjuster  
Neil Carter

Senior Adjuster  
Stephen Black

# Summary

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- **Our history and background mean we understand your business needs**
- **We want to work with you to develop products and services that meet these needs**
- **We will give you access to our world class underwriting team**
- **We will come and visit you in your local markets**
- **We will provide mutual style claims handling and service**



[www.syndicate1884.com](http://www.syndicate1884.com)

# Scenario: Major Casualty





# STANDARD P&I CLUB FORUM

## **FPSO FPP 123 & SHUTTLE TANKER DPSHUTTLE 222 COLLISION**

THE CONSEQUENCES & RESPONSE



Rio de Janeiro

24<sup>th</sup> November 2016

Presented by:

Wagner Rodrigues & David Pockett





# FPSO FPP 123 & SHUTTLE TANKER DPSHUTTLE 222 COLLISION

## THE CONSEQUENCES & RESPONSE

- An Offloading Operation
- Shuttle Tankers & FPSOs
- Mooring Lines, Risers & Subsea Installations
- The Incident
- The Damages & Consequences
- Emergency Response & Incident Management



# LOC An Offloading Operation

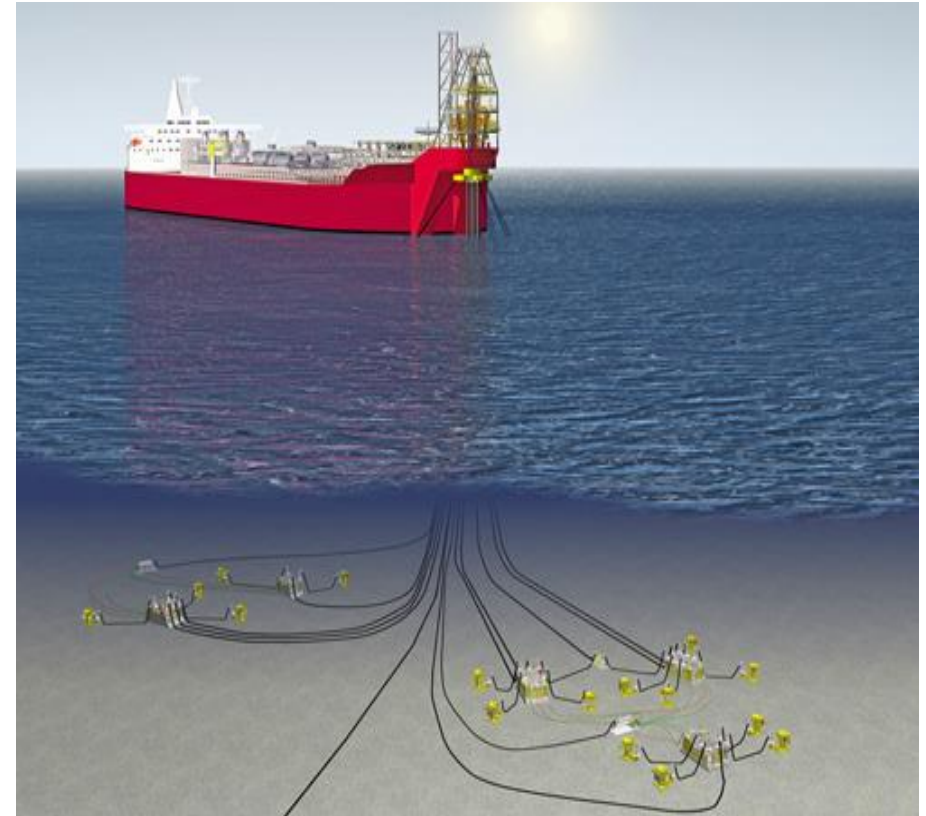


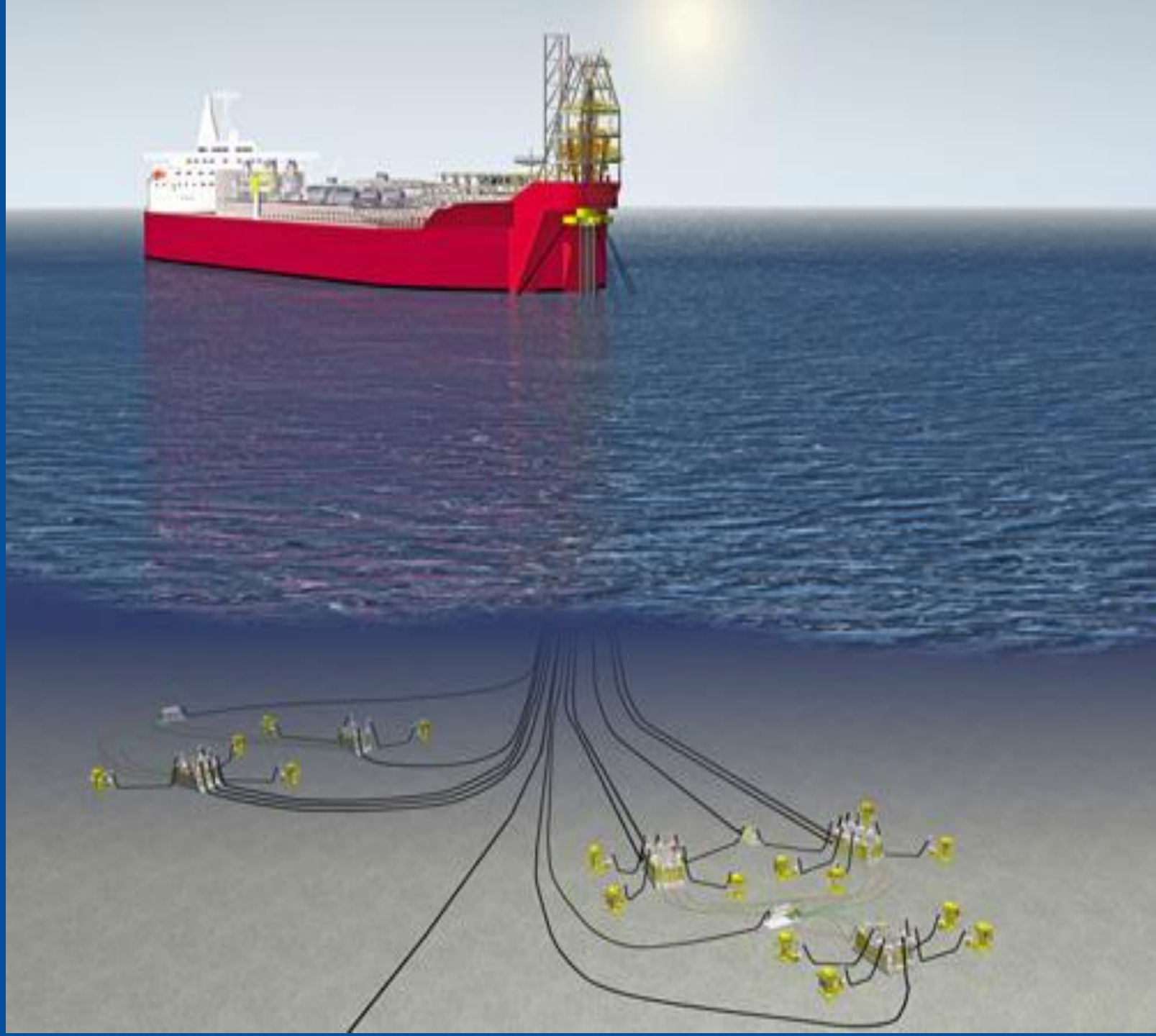
Video obtained from:  
<https://www.youtube.com/watch?v=rRN8gn2rXAI>



# LOC FPSO's, Mooring and Subsea Installations

- FPSO:  
Floating unit to Produce, Store and Offload the oil extracted from the seabed.
- Key Features:
  - Mooring system to maintain its position, such as:
    - Turret & Swivel;
    - Mooring Lines
  - Risers and Control Lines
  - Subsea installation:
    - Well Heads;
    - Pipelines;
    - Pipeline terminals (PLETs)
    - Pipeline Manifolds (PLEMs)
    - Risers & midwater buoys

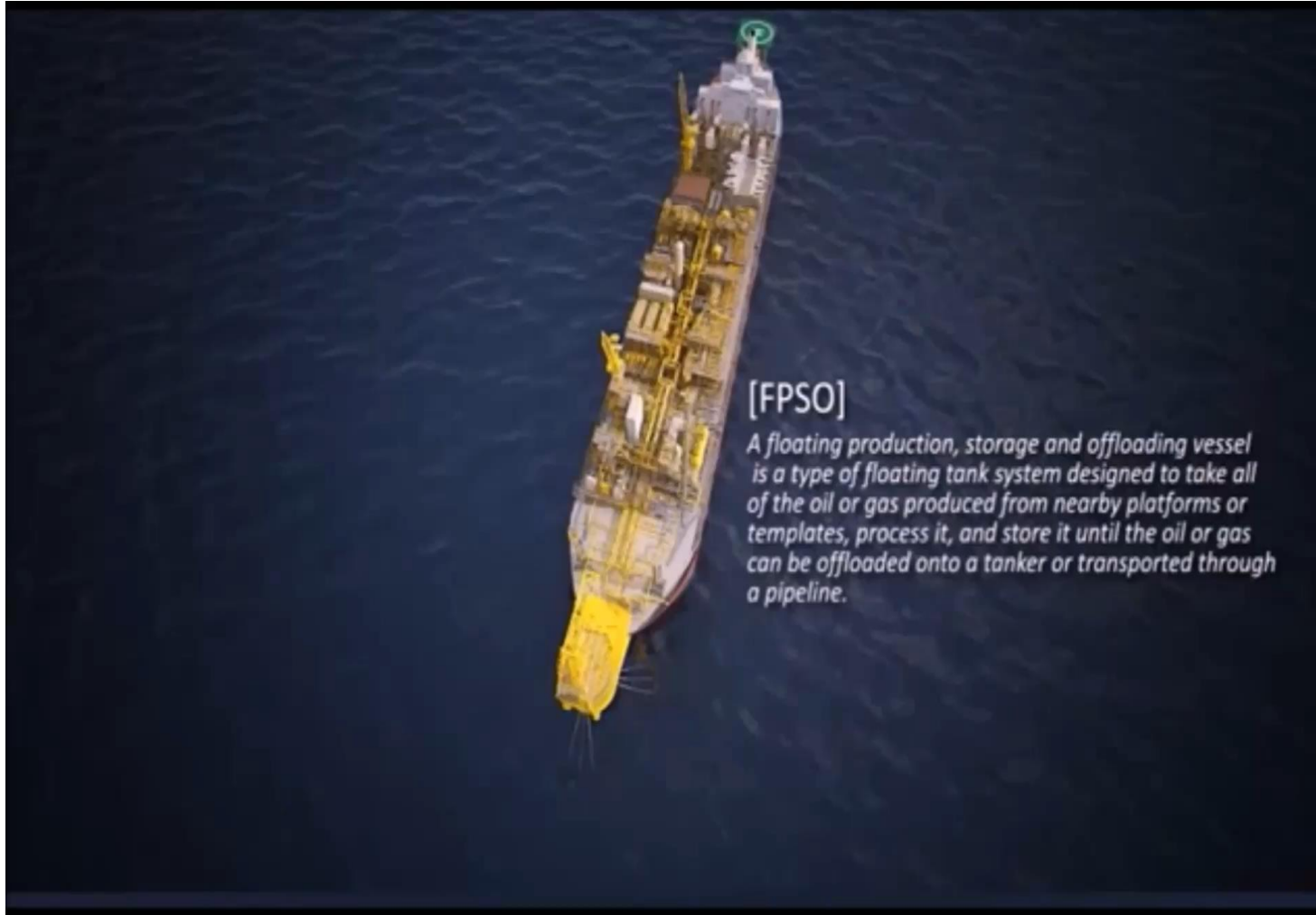






LOC

# FPSO's, Mooring and Subsea Installations



Video obtained from:  
<https://www.youtube.com/watch?v=70XwYmmZFWs>





# LOC Shuttle Tankers

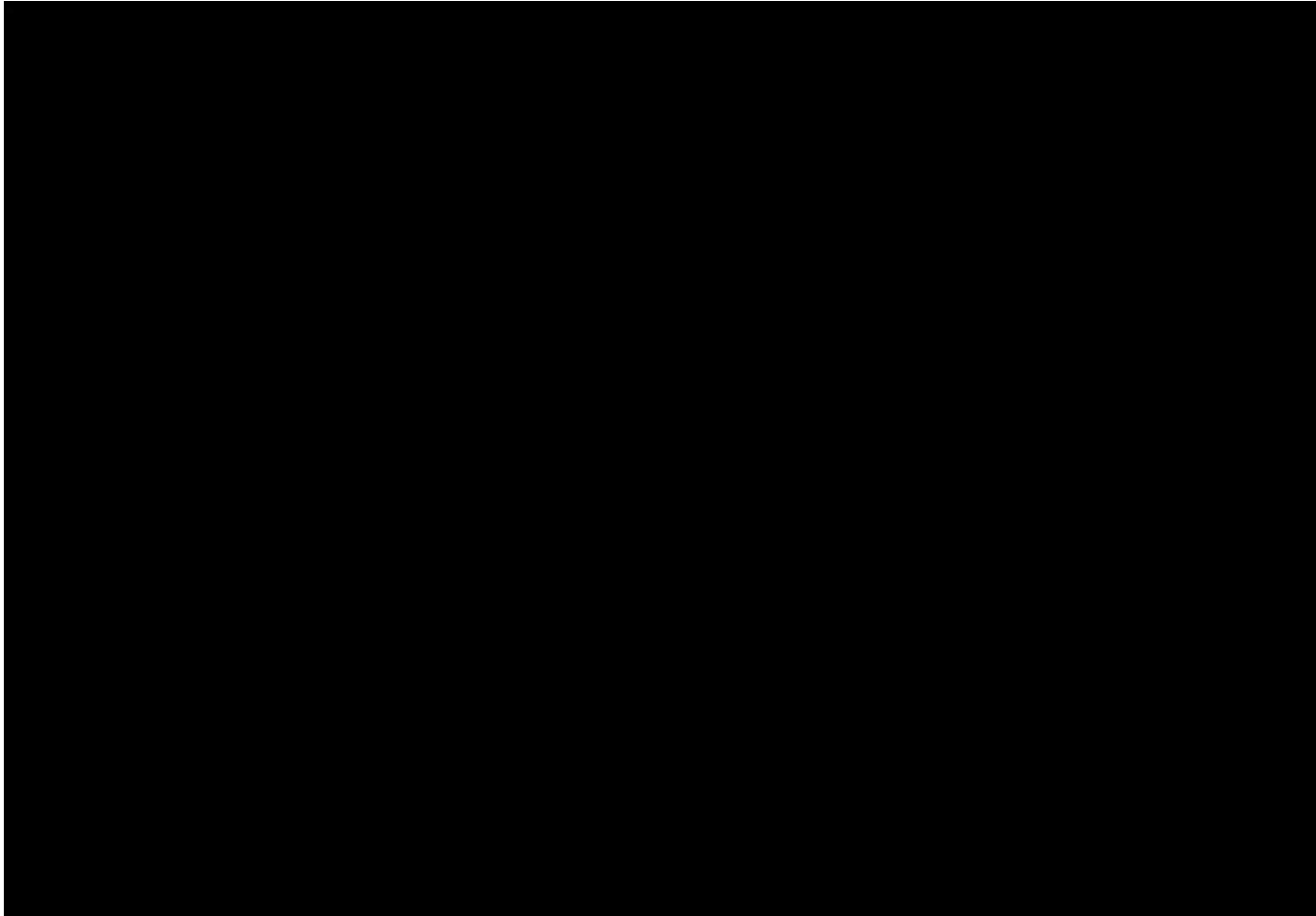
- Oil Tanker dedicated for transporting oil from an offshore oil field as an alternative to pipeline.
- Equipped to suit the oil field's requirements.
- Typically:
  - DP to maintain position;
  - Bow Loading (Off-loading) system;
- Initially started operating in the North Sea, now worldwide







# LOC Shuttle Tankers – DP System



Video obtained from:  
<https://www.youtube.com/watch?v=GxfOd3I1WFY>



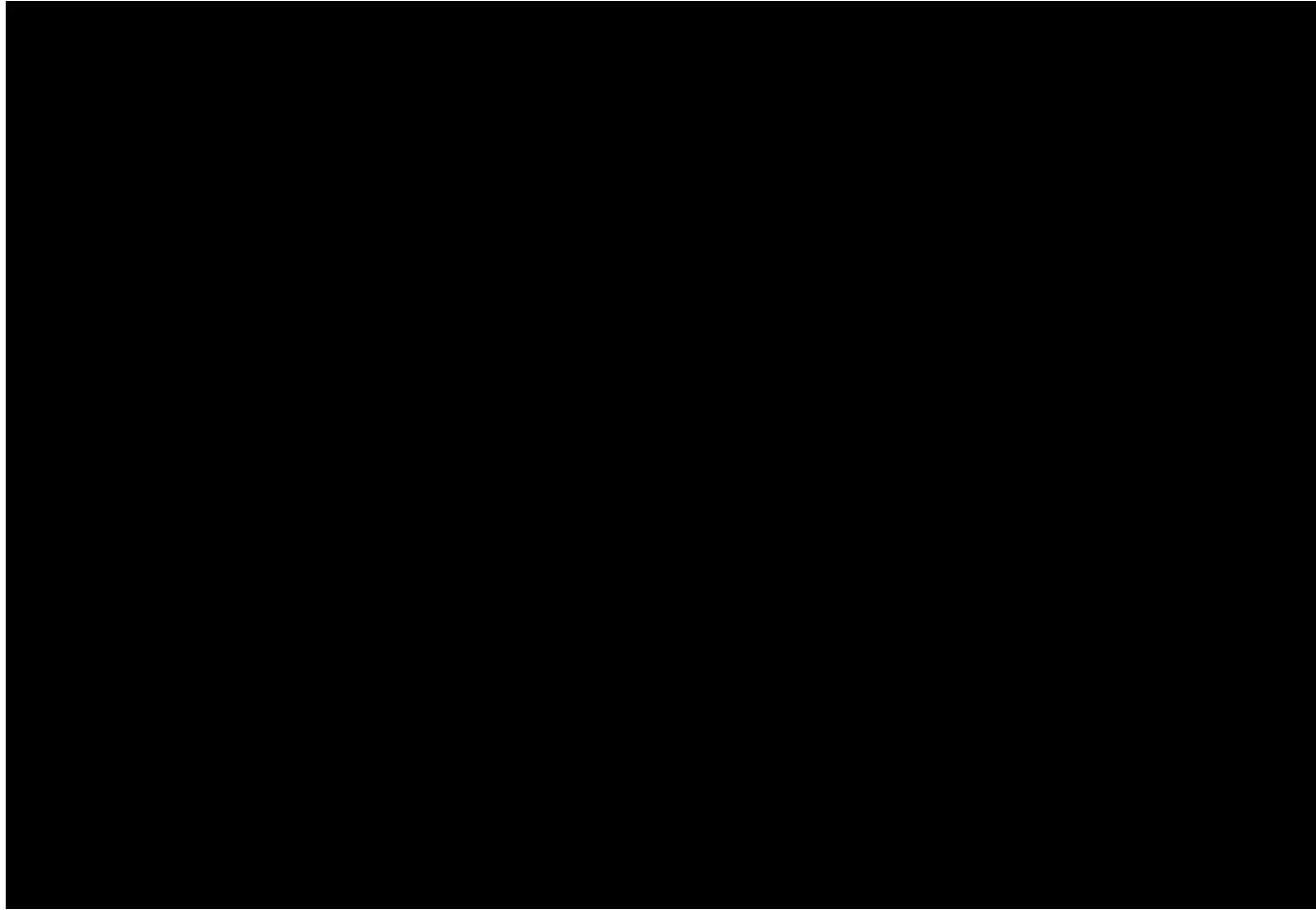
# LOC The Incident

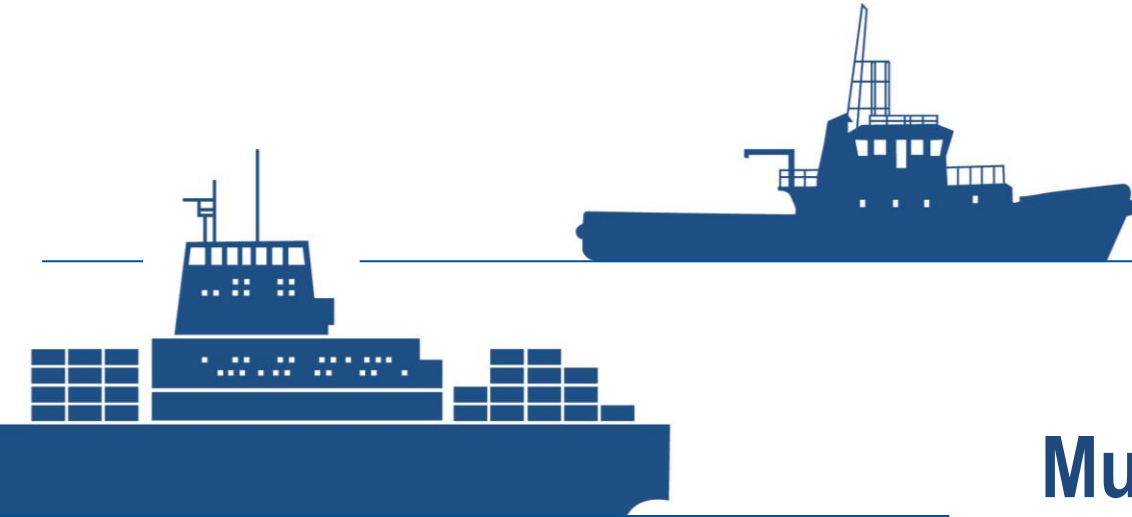
- Shuttle tanker DPSHUTTLE 222 approaching FPSO FPP123
- DP system controlling propulsion & steering
- DP system failure, shuttle tanker out of control
- Efforts to avoid collision unsuccessful





LOC The Incident

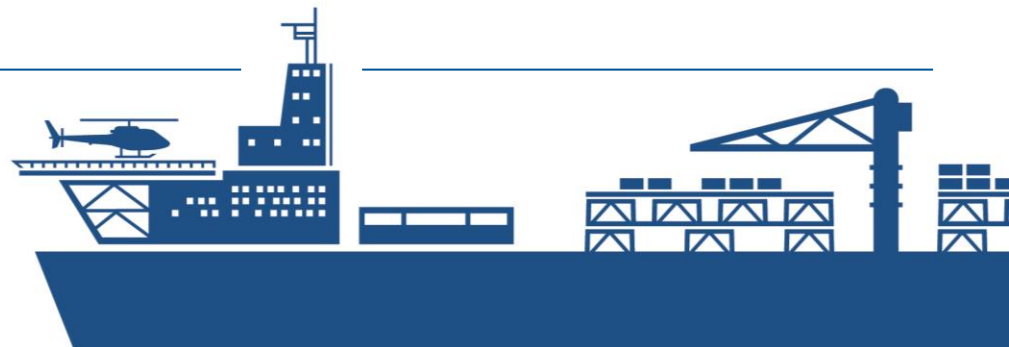
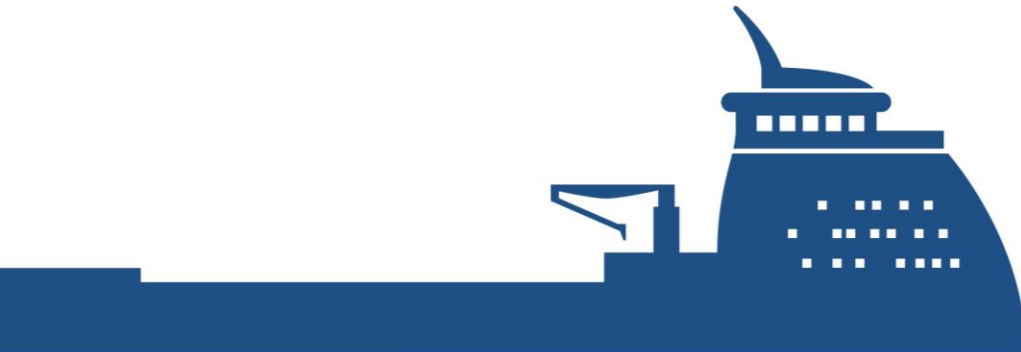




## Mutual Cover

Eddy Morland

Underwriting Director, UK & Americas



# Mutual/Poolable Cover

International Group P&I Clubs cover shipowners' legal liabilities to third parties such as:

- Loss of life/personal injury to passengers and crew up to USD 3 billion
- Damage to fixed/floating objects
- Wreck removal and SCOPIC
- Pollution up to USD 1 billion
- Cargo loss/damage
- Collisions



# Mutual/Poolable Cover

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- Shipowners' legal liabilities unless excluded by:





# The Scenario: Mutual/Poolable Cover

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## Eligible for Pooling

- Ship type – Tanker
- Contract
  - At law
  - Best practice - Knock for Knock

## Covers

- P&I (Mutual)
- Hull and Machinery

# The Scenario: Mutual/Poolable Cover

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## P&I

- 1/4th or 4/4th FPSO, property and cargo
- Liabilities
  - Wreck removal (ships and cargo)
  - Property (ex ship)
  - Cargo
  - Personal injury
  - Pollution
  - Excess collision liabilities

## Hull and Machinery (not covered)

- 3/4th Collision
- Collision damage repairs to the ship
- Voyage and expenses at repair
- Ship's proportion of salvage and General Average

# The Scenario: Mutual/Poolable Cover

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## Heads of Loss/How Club cover will respond

### Damage to FPSO - **Poolable**

- Cost repairing/replacing bow loading system/mooring and anchoring etc.
- Loss of hire whilst FPSO undergoing repairs
- Operating costs e.g. hiring other off-take tankers not used (production offline)

### Loss of Production - **Poolable**

- Potentially very onerous
- No right to limit

# The Scenario: Mutual/Poolable Cover

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## Heads of Loss/How club cover will respond

Personal Injury – **Poolable**

Pollution from FPSO / Tanker - **Poolable**

- Cost clean-up operations
- ‘Polluter pays’ principle applies, i.e. strict liability

# The Scenario: Mutual/Poolable Cover

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## Heads of Loss/How Club cover will respond

### Third Party Property Damage – Poolable

- Property/subsea equipment/pollution damage claims

### Fines - Poolable

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

# The Scenario: Mutual/Poolable Cover

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- **Brazilian Law:** Brazilian Commercial Code/Brussels Collision Convention 1910
- **Balance of claims**

Tanker collision with FPSO

Liability 75:25 in favour of FPSO

|        |  |               |
|--------|--|---------------|
| Claims | <i>Tanker</i>  | \$4m          |
|        | <i>FPSO</i>  | \$8m          |
|        | <i>Tanker pays FPSO 75% of \$8m</i>                    | \$6.0m        |
|        | <i>FPSO pays Tanker 25% of \$4m</i>                    | <u>\$1.0m</u> |
|        | <i>Balance of claims (inter ship) Tanker pays FPSO</i> | \$5.0m        |
|        | <u>Claim subject to limitation</u>                     | <u>\$5m</u>   |





**The Standard**



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 **The Standard P&I Club**  
**[www.standard-club.com](http://www.standard-club.com)**

**Charles**  
**Taylor**

 **@ctaylorplc**  
 **Charles Taylor plc**  
**[www.ctplc.com](http://www.ctplc.com)**



**Latin American Forum – The Standard Club**  
**24 November 2016**



# Limitation of liability in Brazil

- ✓ Domestic rules
- ✓ CLC-69
- ✓ Bill 487/2013

Federal Constitution 1988:

Art. 225

*§ 3º The conducts and activities considered to be harmful to the **environment** subject the offenders, individuals or legal entities, to **criminal and administrative** sanctions, regardless of the obligation to **repair the damages**.*

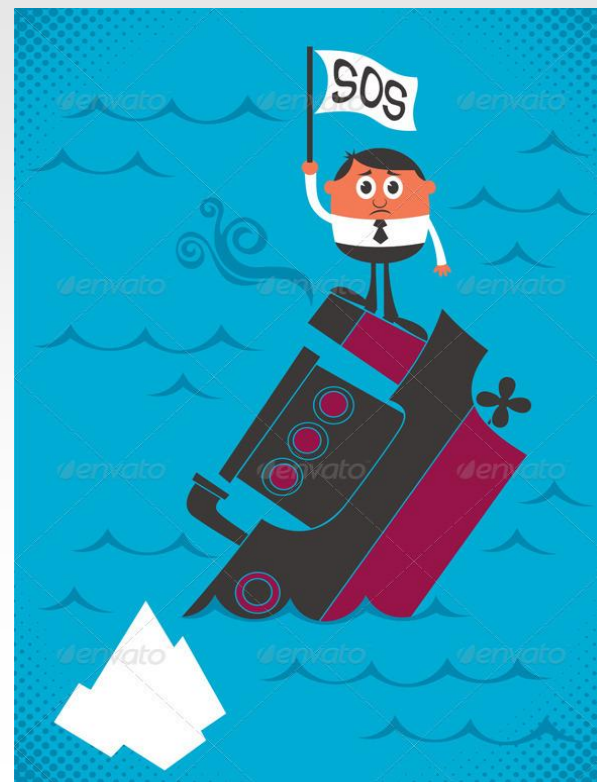
•Law 6938/1981:

Art. 14

*§ 1º - Without prejudice to the penalties provided for in this article, **the polluter is obliged, independently of fault, to indemnify or repair the damages** caused to the environment and to third parties affected by the activity. The Federal and State Public Prosecutors shall have legitimacy to propose civil and criminal liability claims for damages caused to the environment.*

## 1969 International Convention On Civil Liability For Oil Pollution Damage (CLC-69)

- Enacted in Brazil by Decree 79,437 of March 28, 1977;
- 
- Brazil has **NOT** ratified any of the subsequent amendments/protocol to CLC(1992), neither the Compensation Fund 1971;
- Strict liability of the owner, with few exceptions (act of war) and compulsory insurance;
- Limitations of liability based on tonnage and right to compensation for the costs incurred to mitigate the damages to the environment.



**But...**

**1) Is it applicable in Brazil?**

**2) Is it applicable to  
Rigs/FPSOs?**

## CLC-69 – Is it applicable In Brazil?

- Although in force, there is no Court precedents applying the limitation provided by the CLC 69 convention in Brazil.
- Brazilian Superior Court of Justice has ruled that jurisdiction to oil pollution is of Federal Courts instead of State Courts because of the existence of CLC-69 (CC 16953/SP).
- Decisions usually do not apply or ignore the existence of the Convention, considering owners fully liable – without limitation - for environmental damages.
- Due to the 1988 Brazilian Constitution, Federal Law 6938/1981 and the Oil Law there are some scholars which understand the Convention is no longer in force, as being revoked by the Constitution 88/subsequent domestic Environmental Law.

## CLC-69 – Is it applicable In Brazil?

- TRF3 Appeal no. 1999.03.99.010116-7/SP:  
10 liters of oil at Santos Port - US\$ 125.892,54  
**Limits of CLC-69 do not apply** – conflict with Federal Constitution “**CLC 69 limits shall not prevail as in conflict with Brazilian Constitution (article 225)**”  
Decision published on 15/07/2009  
Pending Special Appeal 1346286.
- TRF3 Appeal no. 000678242.2011.4.03.6103/SP:  
26m<sup>3</sup> of oil at Terminal of São Sebastião - environmental damage plus moral damages to the society  
**Applied 14, § 1º, of Law 6.938/81** – strict and full liability  
No mention to CLC-69  
Decision published on 19/11/2015  
STJ upheld decision without analyzing the merits.

## CLC-69 – Is it applicable to FPSOs?

- Right to limit liability under the CLC-69 is of the “owner of a ship” (Art. V, 5)
- Definition of "Ships" according to the Convention: “any sea-going vessel and any seaborne craft of any type whatsoever, **actually carrying oil in bulk as cargo.**”
- IMO position: “(...) It is applicable to ships which actually carry oil in bulk as cargo, i.e. generally laden tankers. Spills from tankers in ballast or bunker **spills from ships other than tankers are not covered**, nor is it possible to recover costs when preventive measures are so successful that no actual spill occurs.”





## CLC-69 – Is it applicable to FPSOs?

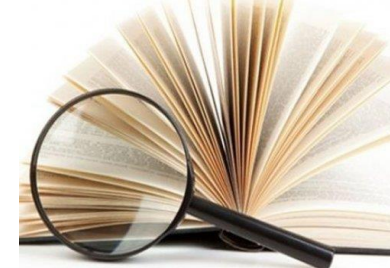
- **CLC-92** changed the definition of “Ships”, meaning “any sea-going vessel and seaborne craft of any type whatsoever constructed or adapted for the carriage of oil in bulk as cargo, provided that a ship capable of carrying oil and other cargoes shall be regarded as a ship only when it is actually carrying oil in bulk as cargo and during any voyage following such carriage unless it is proved that it has no residues of such carriage of oil in bulk aboard.”
- Brazil is not a signatory of the 92 Protocol.

## Is a platform/FPSO considered a vessel in Brazil?

- On a tax case related to the remittance of charter hires, TRF2 has decided on case no. 2004.51.01.010387-1, that **a platform shall not be considered a vessel**:

*“TAX – INCOME TAX - RETENTION – CHARTER OF A PLATFORM - LAWS 9.481/97, 9.537/97 AND DECREE 3000/99 – ZERO RATE – IMPOSSIBILITY – **PLATAFORM IS NOT A VESSEL.***

- *Although platforms move on water, the activity to which they were conceived is research, exploitation and prospection of oil. The transport of people and cargo only occurs to achieve its purpose. Its destination is not to transport, that is why it cannot be equated to vessels.*
- *Although Laws 9.481/97, 9.532/97 and art. 691, I of RIR/99, have not, expressly, restricted the type of activity explored by the chartered vessel, destined to the carriage of people, cargo or to the exploitation of oil or other maritime activities, it must be bared in mind that it is not possible to broaden the law’s meaning, giving a broader interpretation to the meaning of the term vessel.*
- *Article 111 of CTN states: “rules regarding tax law that grant exemptions must be interpreted literally”. AMS 200451010103871 RJ 2004.51.01.010387-1”.*



- **Brazilian Commercial Code – Bill 487/2013**
- Provides the limitation of liability as a **principle** (art. 37, III), acknowledging the “need to encourage commercial navigation, by reducing the duty to full compensation in the context of civil liability, in cases expressly foreseen”.
- Chapter V – Provides the possibility of Owners to limit liability in specific cases, such as claims for damages arising from the extracontractual responsibility directly linked to the operation of the vessel.
- Chapter V was clearly inspired by the Convention on Limitation of Liability for Maritime Claims (LLMC 76), with several articles mirroring the convention.
- Art. 890 of the Bill explicitly excludes environmental damages:  
*The provisions related to the limitation of liability shall not apply:*  
(...)  
**II – claims for environmental damages;”**



**Thank you!**

**Godofredo Mendes Vianna**

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70322-150 – Brasília – DF

## **VITÓRIA**

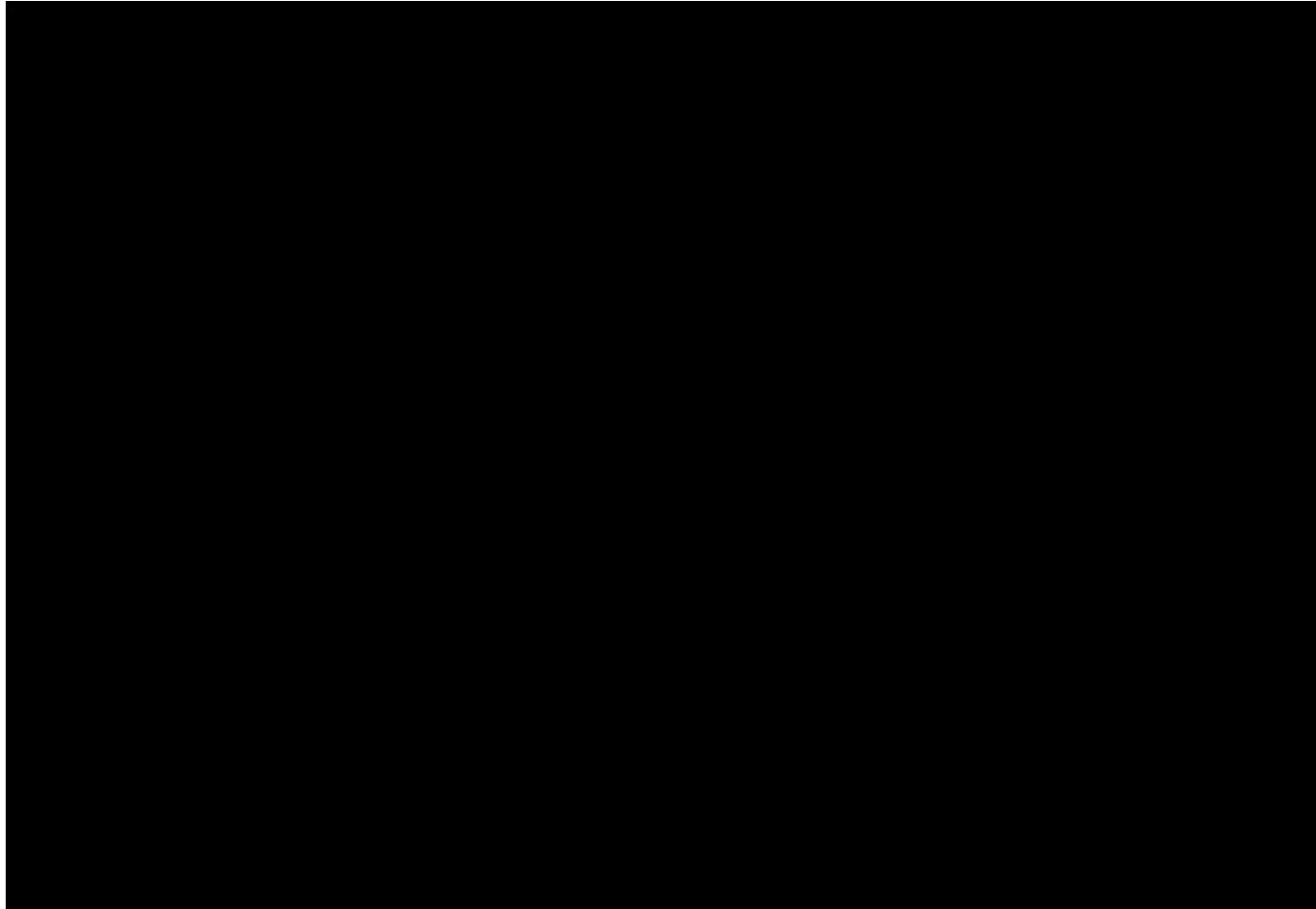
FONE: (55 21) 3201 4775  
Av. Professor Almeida Cousin, 125  
Ed. Enseada Trade Center  
Salas 1202 a 104 – Enseada do Suá  
29050-565 – Vitória - ES

# Scenario: Major Casualty – continued





LOC The Incident





# The Damages & Consequences to Shuttle Tanker DPSHUTTLE 222

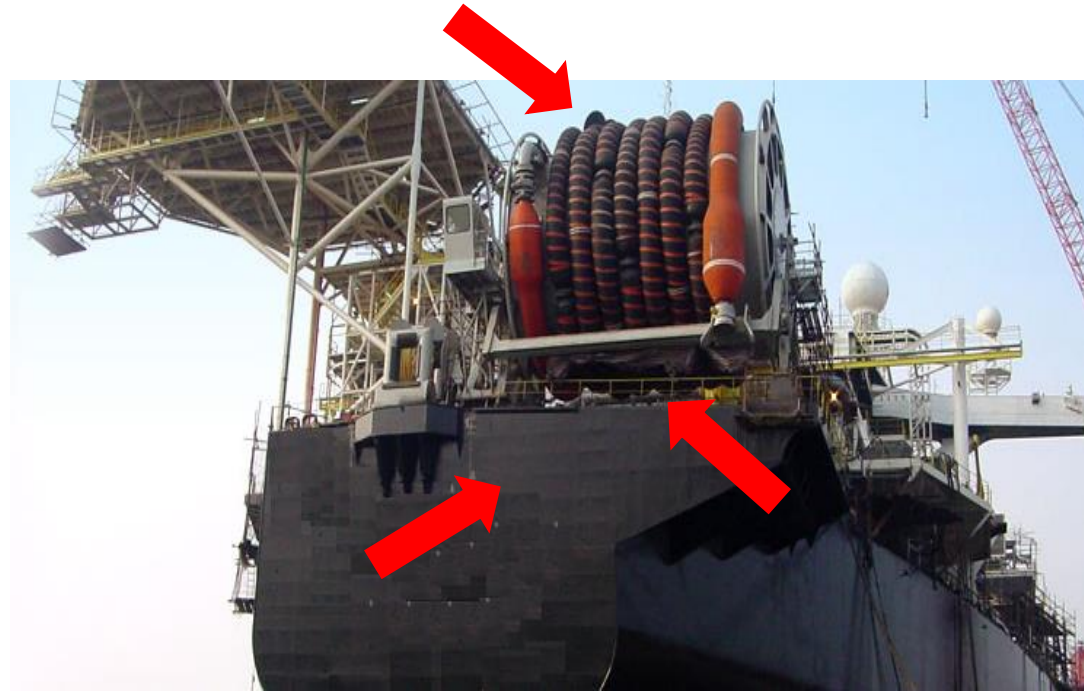
- Bow loading system broken & fell to seabed
- Bow structure & plating damaged
- Mooring & anchoring equipment damaged
- Crew member seriously injured by fall, dislocating shoulder
- Tanker towed to port for repairs
- Out of commission for a month





# The Damages & Consequences to FPSO FPP 123

- Offloading hose entangled with bow of shuttle tanker
- Offloading reel/duct on poop deck damaged and inoperative
- Poop deck, bulwark, shell plating & internals damaged
- Portside fuel storage tank breached & oil spilled – approx. 40 cu.m
- Production shut down for about 3 months







## Offshore P&I for Production Units

John Croucher, Head of Division, Offshore  
Sian Dinnadge, Underwriter, Offshore



# Contents

---

- 1 Offshore P&I Cover – SOR and OLE
  - 2 'The Scenario' and Cover for the FPSO
- 



1

# Offshore P&I Cover – SOR and OLE



# What do we mean by Offshore P&I

---

- Offshore operations are not pure contracts of carriage of cargo/people from A to B
- Directly or indirectly involved with oil and gas exploration and production or construction
- Disproportionate risks – not mutual
- No or limited access to poolable cover because of the nature of the contract, activity or type of ship
- Focus today cover for production units only

# Production Exclusion

---

## Exclusion 5.12.2 of the P&I rules:

Liabilities incurred in respect of the ship, being **any ship carrying out... 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... production operations.**

## Exclusion 5.12.3 of the P&I rules:

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.

# What does the exclusion mean for production units?

---

- Navigating/laid up – potentially poolable
- Production operations – non poolable from entry to the field
- Storage of oil only is poolable; but
- Storage unit directly connected to the well or storage unit separating oil from gas is non poolable

# Standard Offshore Rules Cover (SOR)

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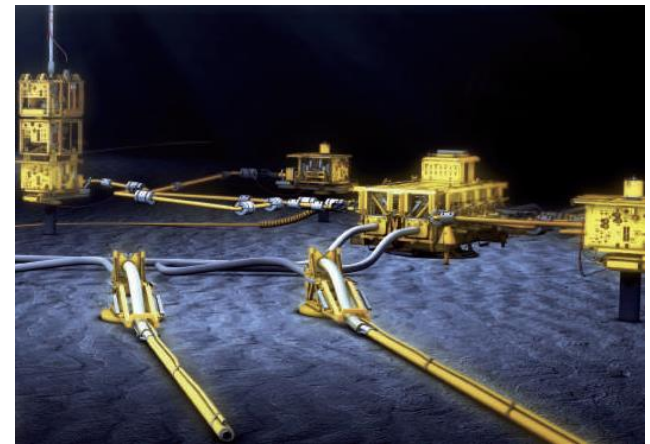
- personal injury
- pollution from unit
- removal of wreck of unit
- ffo
- 4/4ths collision
- fines (discretionary)
- contractual (with prior approval of the managers)

**SOR cover available up to US\$ 1 billion (US\$ 500m for drilling)**



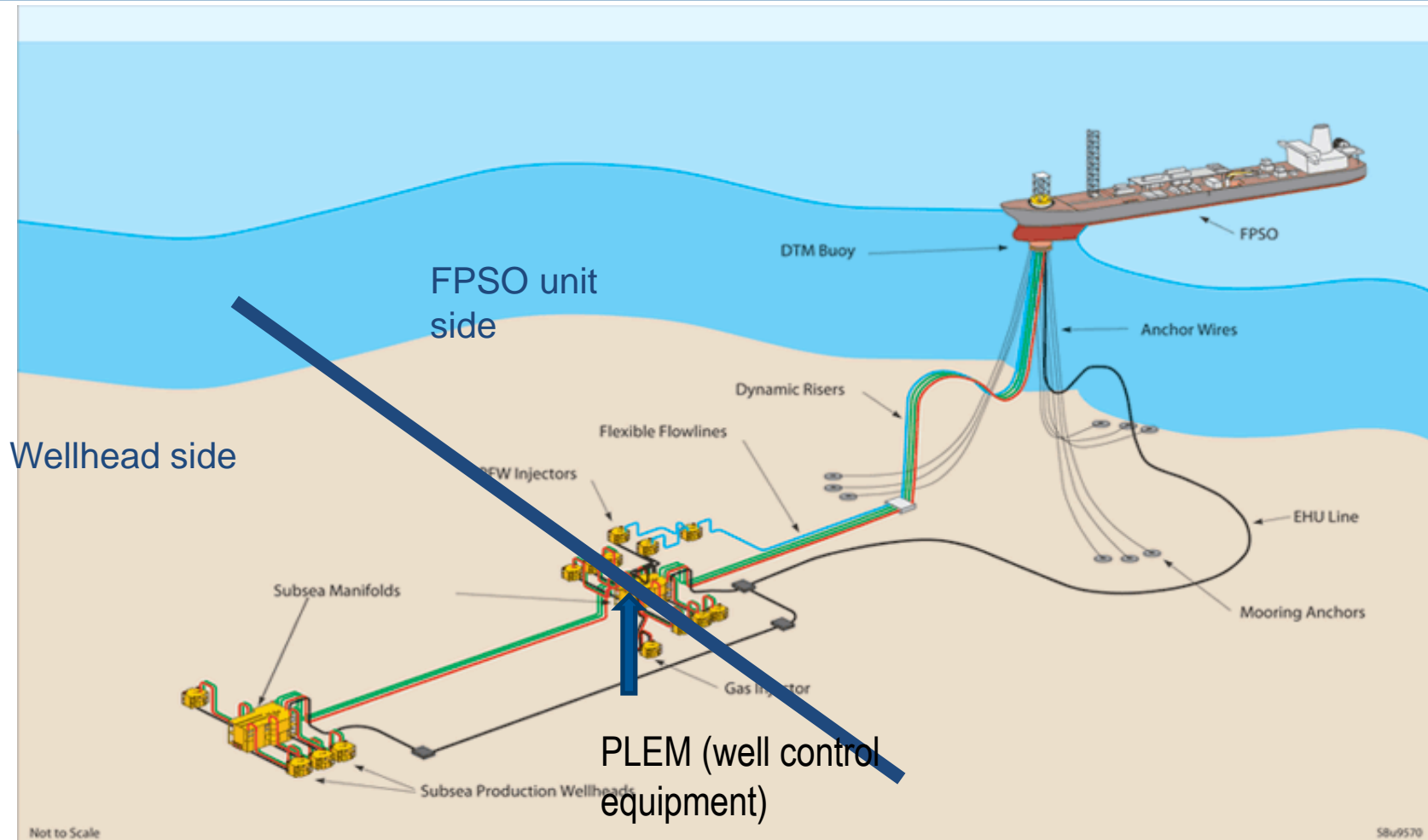
# Standard Offshore Rules Cover (SOR)

- 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/well control equipment
  - Wreck removal of down hole property





# Definition of unit - Production



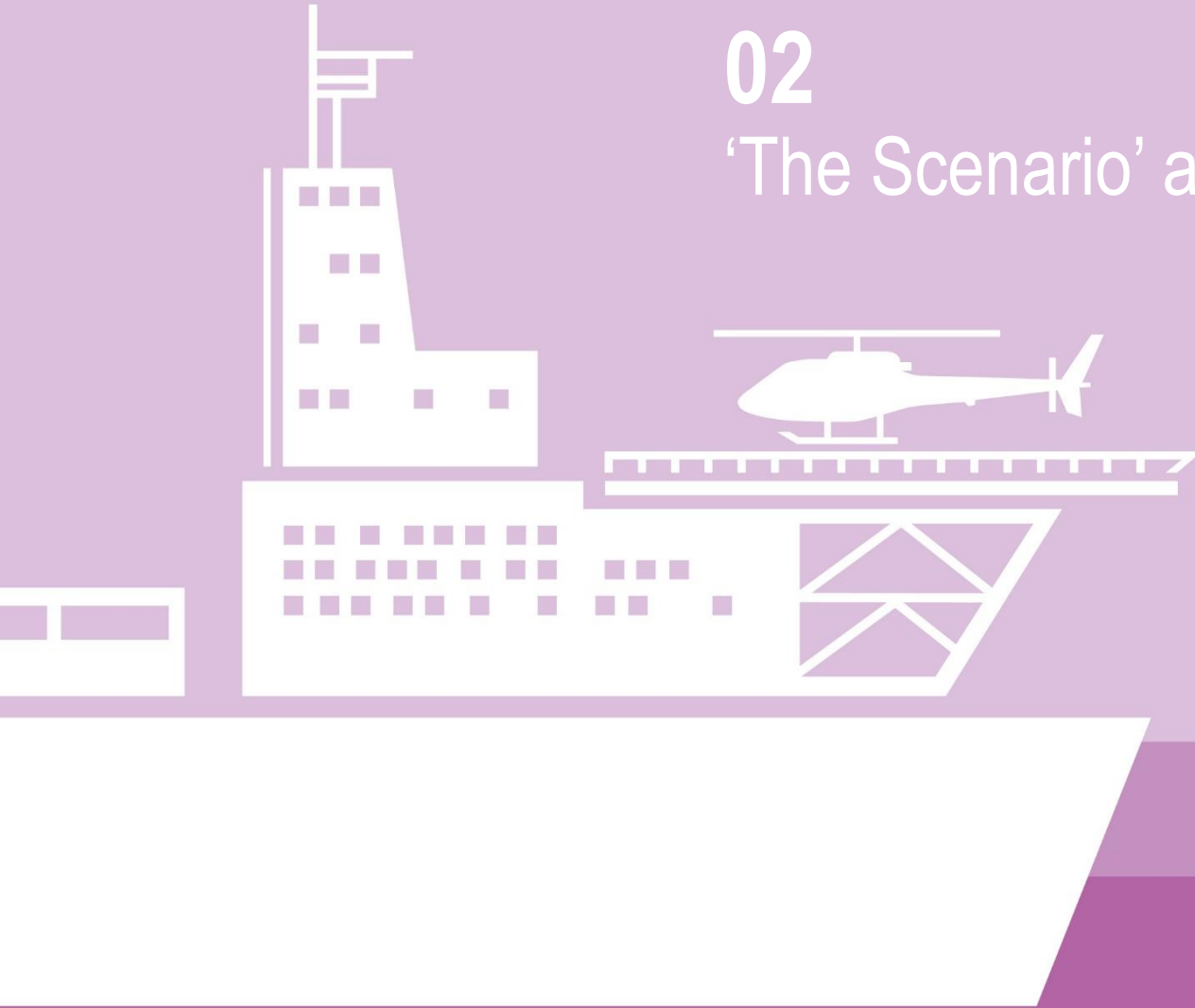
# Standard Offshore Liability Extension (OLE)

## Responds to members liabilities up to US\$ 25m

- contractual subsea pollution (from hole or well) to 3rd parties (including damage done by)
- subsea pollution clean up expenses where liability arises at law
- NB pollution elements of cover are sub-limited to US\$ 10m (US\$ 5m for drilling)
- debris removal post casualty
- personnel off unit
- charterers cover for supply boats (kfk only)

02

## 'The Scenario' and Cover for the FPSO



# FPSO - Cover and Contract

---

## FPSO - terms of entry

- SOR US\$ 500m
- OLE US\$ 25m
- OLE sublimit for pollution US\$ 10m
- Deductible US\$ 25,000

## Contract – FPSO's liabilities

- Loss/damage to each other – US\$ 20m, Brazilian Civil Code
- Third parties – Brazilian Civil Code
- Pollution from FPSO – up to US\$ 100m
- Loss/damage to reservoir, pollution from well – US\$ 5m, indemnity in excess

# The Scenario

## FPSO - Damages and Consequences

---

- The export hose sustained damages
- Fuel oil storage tank was compromised
- Oil spill into the water from damaged fuel oil storage tank
- FPSO drifted off station and two mooring lines parted resulting in damage to subsea property
- Production shut down for nearly 3 months

# FPSO - Damages and Consequences

---

## Damage to the export hose and fuel oil storage tank

- Not covered as first party property risk (i.e. H&M/energy PD risk)
- Exclusion in respect of loss of or damage to the unit or any part thereof



# FPSO - Damages and Consequences

---

## Oil spill into the water from damaged fuel oil storage tank

### Potential exposures:

- Cost of clean up
- Damage by pollution
- Measures taken to prevent imminent danger of pollution
- Pollution from wreck
- Fines in respect of pollution  
(reasonable, discretionary, US\$ 50m)

### Issues to consider:

- Definition of unit
- Liabilities at law
- Liabilities under contract

# FPSO - Damages and Consequences

---

## **FPSO drifted off station and two mooring lines parted resulting in damage to subsea property**

- Damage to FPSO's mooring lines and subsea equipment excluded
- Damage to third party or oil company property would be covered
- Excluded – damage to well, well head and well control equipment
- Wreck removal of such property not covered under SOR but may be covered under OLE



# FPSO - Damages and consequences

---

## Loss of production for nearly three months

Cover can respond provided that:

- Loss flows from a P&I liability
- Our member is found to be liable at law or under an approved contract
- Loss is not otherwise excluded under the rules
- We would normally expect a mutual exclusion for consequential losses under contract

# Conclusion

---

- Production units have limited access to poolable P&I cover
- The Standard Club can provide a fixed P&I cover solution up to US\$ 1 billion under SOR
- SOR is not an 'all risks' policy and excludes field risks
- OLE may respond to field risks to limit of US\$ 25m (US\$ 10m for pollution)
- Definition of production unit is key
- Early dialogue with P&I club





**The Standard**



 **@StandardPandi**  
 **The Standard P&I Club**  
[www.standard-club.com](http://www.standard-club.com)

**Charles**  
Taylor

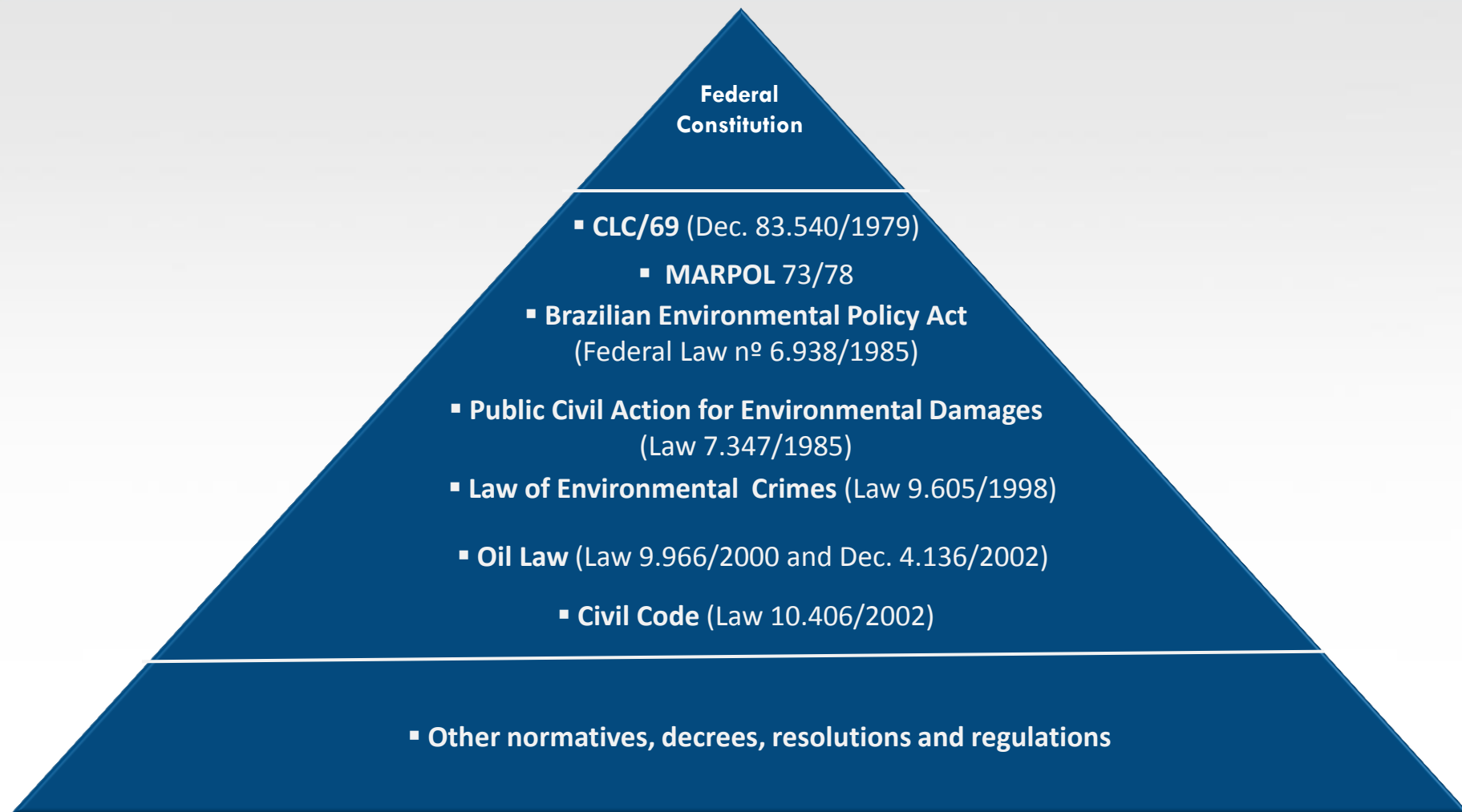
 **@ctaylorplc**  
 **Charles Taylor plc**  
[www.ctplc.com](http://www.ctplc.com)

# Break



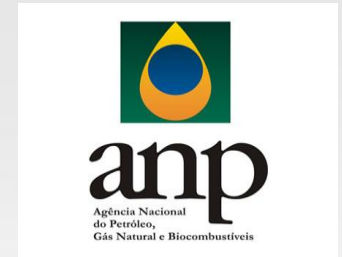
# Pollution at Sea in Brazil

- ✓ Legal framework
- ✓ Competent authorities
- ✓ Emergency measures
- ✓ Potential liabilities

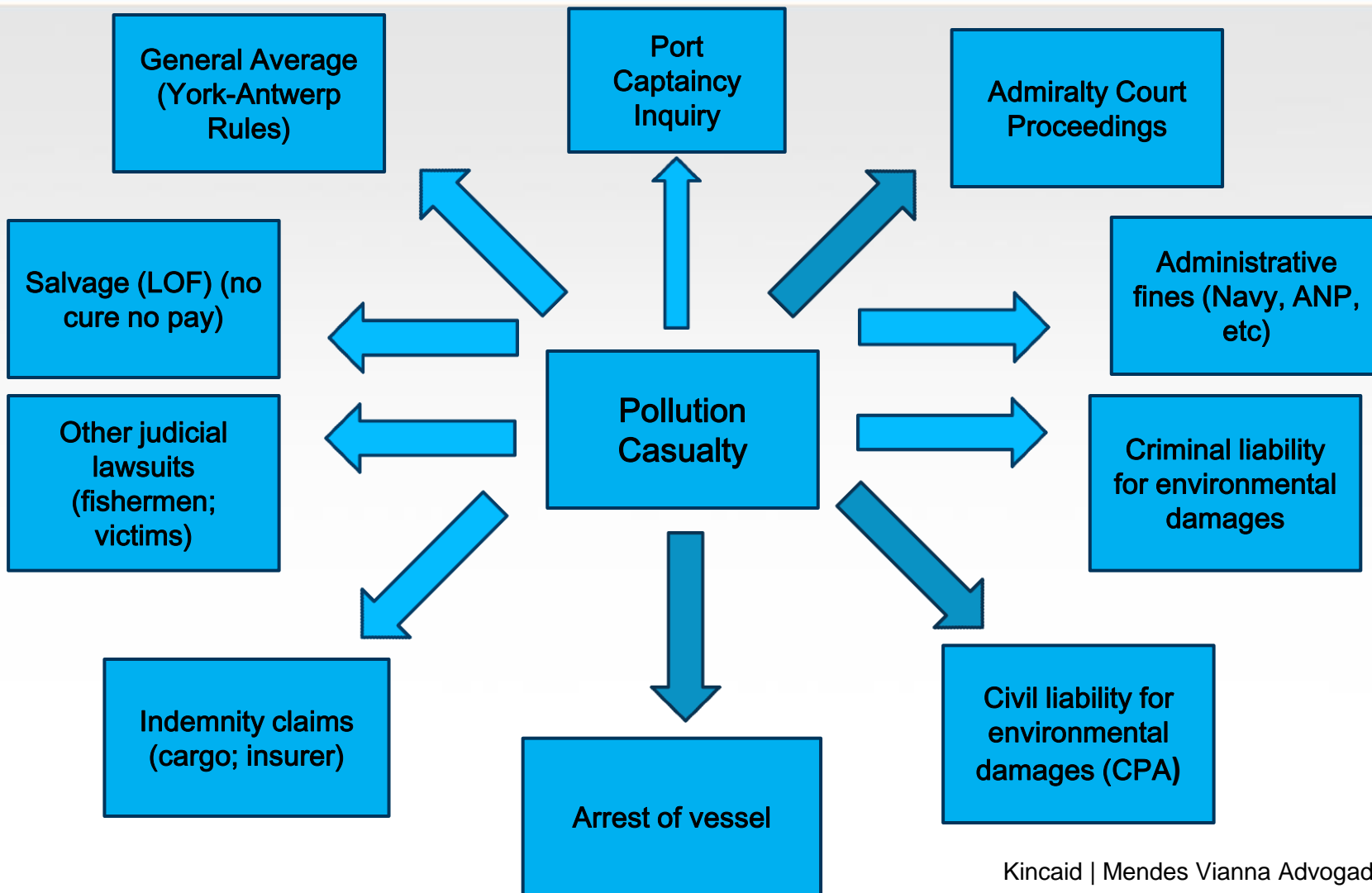


## Competent Authorities

- Maritime Authority
- IBAMA
- National Oil Agency (ANP)
- CETESB (State of São Paulo) / INEA (State of Rio de Janeiro)
- Environment Municipal Secretaries









- **Brazilian Oil Law, section 22:**

**In case of any oil spill any party involved must immediately inform the authorities**, under risk of imposition of fine between BRL 7.000 – BRL 1.000.000,00 that can be aggravated in BRL 7.000,00 per hour of delay in the communication.

- **The communication must be made to :**

- i. Maritime authority (local Port Captaincy/Delegacy/Agency);
- ii. Environmental authority (IBAMA, INEA and state agencies); and
- iii. National Petroleum Agency (ANP).

- **In writing, usually standard forms, and, if possible, also by phone/e-mail.**

- **Attention: vessels chartered to Petrobras (standard contracts)**

Contractual obligation to report any incident related to pollution within to 2 hours of its occurrence – risk of fine.



- **Administrative Liability - Federal Law 9.605/98**

- Remains uncertainty in respect to the authority with jurisdiction to investigate and apply fines – Maritime Authority (Port Captaincy) x Environmental Authority (IBAMA; state and/or municipal environmental agencies) / National Petroleum Agency (ANP).
- Possible penalties – warning; fine; seizure or destruction of irregular products; forfeiture of assets, limitation or suspension of tax benefits.
- Fines: Range BRL 1.000.00 – 50.000.000.00



### Law 9.605/98 – Law of Environmental Crimes:

*Art. 70. It is considered environmental administrative infraction all action or omission that violates the rules of use, enjoyment, promotion, protection and recovery of the environment.*

*Art. 72, § 3º. The fine shall be applied whenever the agent, by **negligence or intention: [1]** warned of the irregularities that have been practiced, do not correct them in the deadline determined by SISNAMA or by the Port Captainty, the Navy Ministry; **[2.] oppose embarrassment to the inspection of SISNAMA or Port Captainty, of the Navy Ministry”.***



- **Administrative Liability - Federal Law 9.605/98**

- Strict liability?

### **Oil Law (Law 9.966/2000 and Dec. 4.136/2002)**

*Art. 25, § 1º: The following are subjected to the infractions foreseen in this article, **to the extent of their action or omission**:*

*I – the owner of the vessel or its legal representative;*

*II – the operator of the vessel, in case it is not the owner;*

*III – company authorized to exercise activities related to the oil industry;*

*IV – the master and crew;*

*V – the person who legally represents the port facility, the platform or its support facilities, the shipyard, the nautical club or any similar facility;*

*VI – cargo owner.*



- Brazilian Superior Court of Justice, Special Appeal n° 442.586/SP, Justice Luiz Fux, judgment date: November 26<sup>th</sup>, 2002:

*“(...) article 4<sup>th</sup>, VII, Law 6.938/81 provided expressly the duty of the polluter to recover and/or indemnify the damages caused, and to enable the recognition of the strict liability of the polluter to indemnify or repair the damages caused to the environment or to third parties affected by its activity, despite of the existence of fault, as per article 14, § 1º, of the law.*

*(...)  
Lastly, note that the **administrative fine**, in case of environmental damage, contrarily to what sustains the appellee, has provision in Law 6.938/81, and has an **strict liability**, which makes it due independently of the occurrence of fault of willful misconduct.”*



- More recently, in a different path, Superior Court of Justice, Special Appeal n° 62.584/RJ, Justice Regina Helena Costa, judgment date June 9<sup>th</sup>, 2015:

“ (...) therefore, the **administrative sanctions only affect the one who actually practice the act that causes the environmental damage, forbidden the punishment of third parties, which would only be possible by determining the causal effect between its conduct and the accident.**”



- **Criminal Liability - Federal Law 9.605/98 and the Brazilian Criminal Code**
  - All of those who have contributed to crimes against the environment are liable to the extent of their fault – individuals and/or corporate entities.
  - Possible penalties – fines; interdiction of rights; imprisonment; suspension of activities; impossibility of contracting with public entities; rendering of community services, through the funding of environmental projects and programs, as well as the execution of recovery works in degraded areas and contributions to environmental and cultural public entities.
  - All environmental crimes are of public prosecution – inquiry before the federal or civil (states) police bureau followed by a complaint presented by the public prosecutor.
  - Need to prove culpability.





- **Civil Liability - Federal Law 6.938/1981; Federal Law 7.347/1985; Civil Code**
- Strict liability / Joint liability of all parties potentially involved in the incident / **Theory of Total Risk** – compensation *in integrum* - liability exemptions usually not applied (e.g: Act of God) - the one who makes a profit with the activity, assumes its onuses.
- A civil public lawsuit may be brought by the Federal Government, State and Municipality or by quasi-public companies, state-owned corporations those responsible for environmental damage.
- Also encompasses claims from any private party eventually harmed by the incident, especially, in cases of oil pollution, class actions by fishermen associations.

# Case Studies

## SMYRNI - Oil spillage incident in Santos, SP



- In 1998, vessel Elizabeth Rickmers collided with vessels Smyrni e Southern Juice, which were berthed, when entering Santos Port, causing the spillage of around 40 thousand liters of oil.
- A lawsuit filed by Federal, State and Municipality Prosecutors was filed against the owners of all vessels involved in the collision with a request of indemnification for the environmental damages.
- Owner of Elizabeth Rickmers presented a P&I LoU in approximately BRL 20 million to lift the arrest order.
- Despite recognizing that Smyrni was not responsible for the collision, the judge understood that the owner of the Smyrni was **jointly liable for the environmental damages. The maritime agent also condemned!**
- The Companies involved were condemned to pay USD 5 million in 1<sup>st</sup> Instance. However, the parties settled before the judgment of the appeals filed by the Companies.

- A claim filed in 2000 by Federal Prosecutors against P&I Club and other parties requesting their condemnation to pay damages due to an accident involving vessel M/T Bahamas which caused the spillage of sulfuric acid in Rio Grande Port/RS.
- Owners, charterers and cargo interests to pay R\$ 20 million (1<sup>st</sup> Instance)
- Claim against the P&I **denied for lack of jurisdiction of Brazilian Courts;**
- Court decision is pending confirmation by the Court of Appeals of the 5<sup>th</sup> Federal Court of Appeals (State of Rio Grande do Sul).

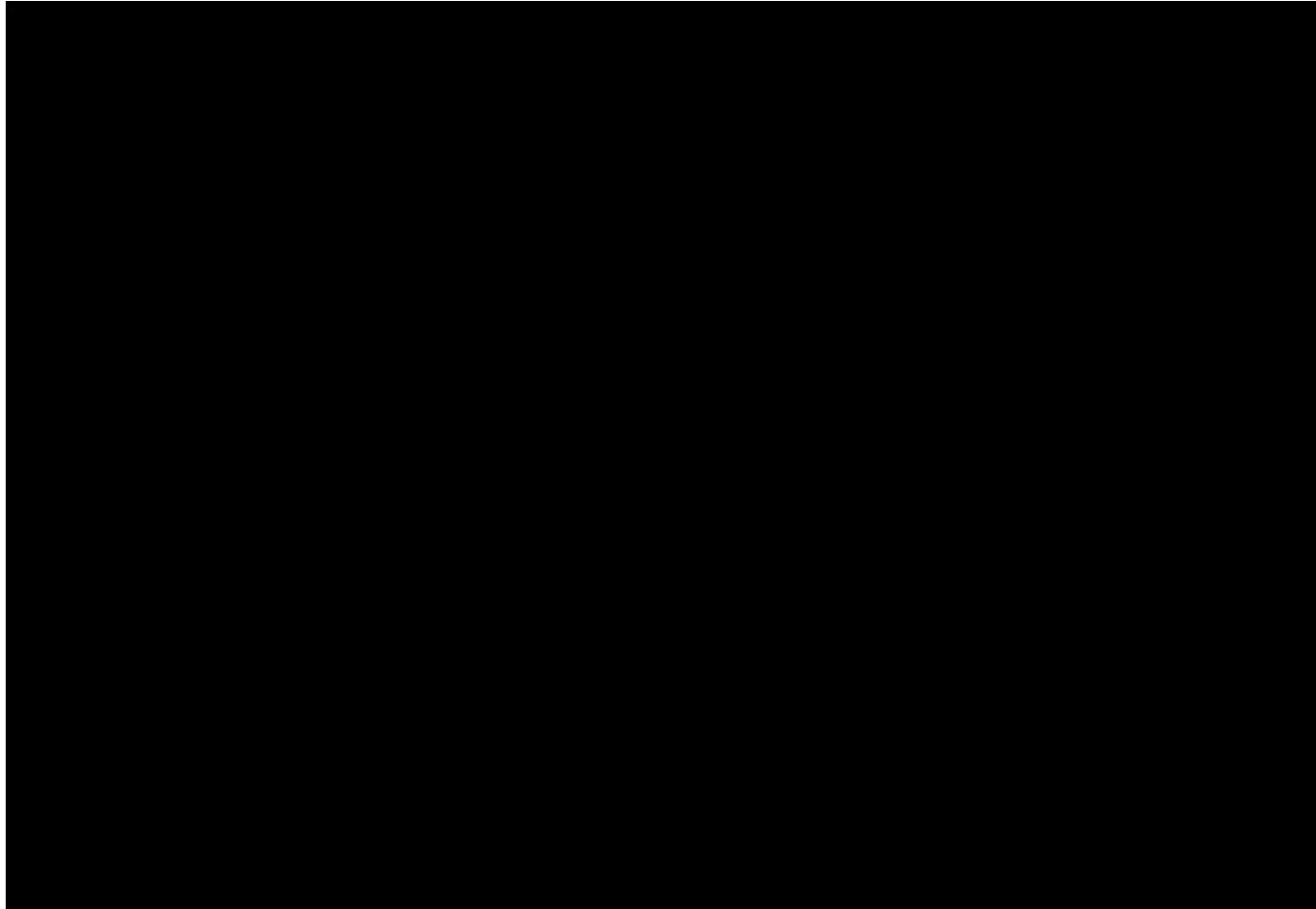


# Scenario: Major Casualty – cont'd



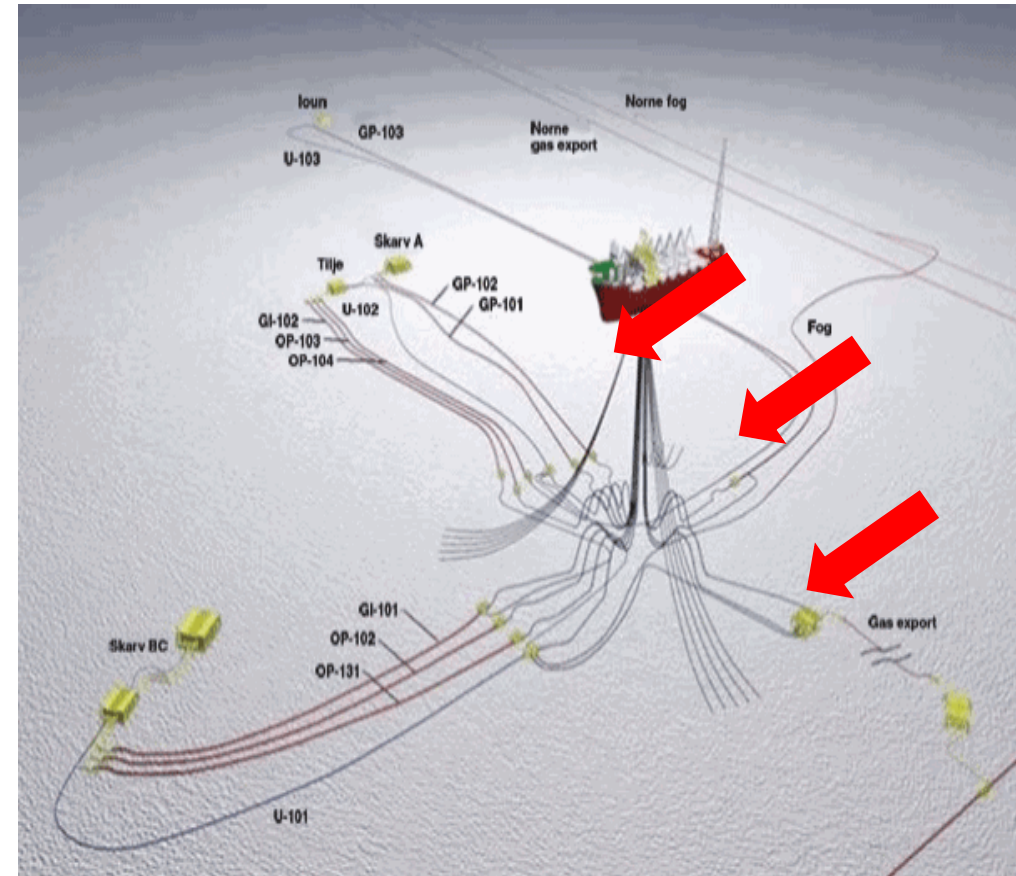


LOC The Incident



# LOC The Damages to Subsea Installation

- Possible damage to subsea risers & flowlines from fallen Bow Loading System
- Dragging of subsea installations due drifting FPSO
  - Two Mooring lines broken
  - Risers connections damaged
- Release of crude oil from damaged subsea equipment
- Oil Production shut down and stopped for repairs



# Commercial Market Cover

Oliver Paine, Energy Class Underwriter,  
The Standard Syndicate, Lloyd's of London



# FPSO 123 Company Ltd

## Contract and Policy

- Standard knock for knock contract agreement between FPSO FPP123 and DPSHUTTLE 222 is in place
- Scheduled total insured value of FPSO is USD 1,200,000,000
- FPSO 123 Company's hull policy responds to resultant property damage for first party owned property as scheduled
  - Hull damage
  - Bow loading system
  - Mooring lines and anchors
  - Subsea risers

## Additional Coverage

- Loss of Hire
  - Generally purchased for up to 180 days
  - FPSO 123 Company Ltd did not purchase Loss of Hire on their fleet
- Sue and Labour
  - Loss mitigation costs involved in preventing further first party property damage, e.g. station keeping tugs
  - Forms part of the Property Damage claim for FPSO 123 Company Ltd
- Claim = **USD 250,000,000**

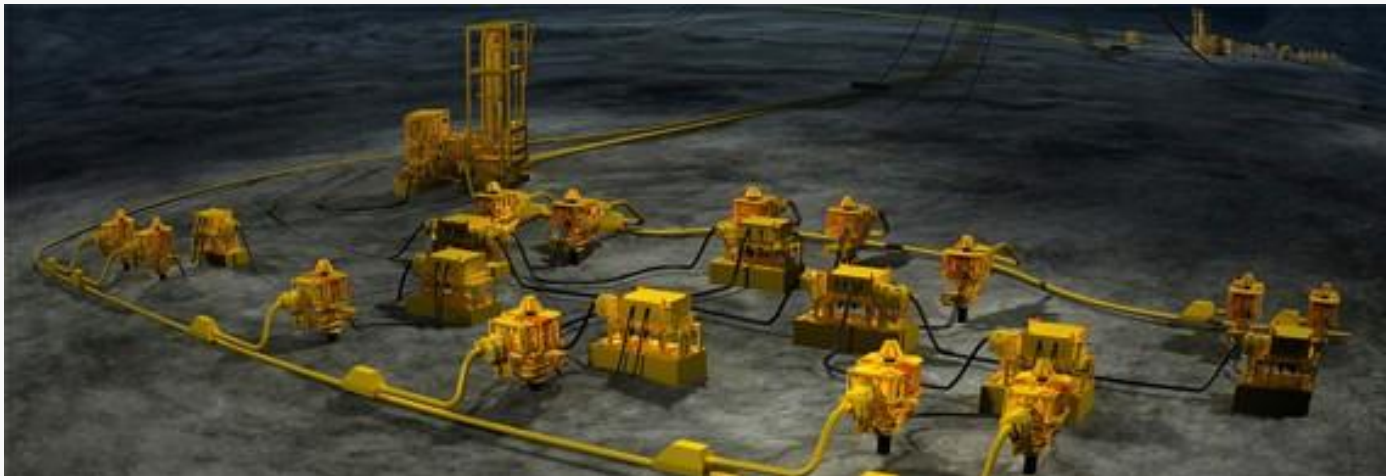
# Brazil Pre-Sal Oil Company

## Package Policy

- Property Damage
  - Owned property consisting of sub-sea equipment, pipelines as well as oil in store on the FPSO FPP 123
  - Brazil Pre-Sal Company's working interest in the field is 100%
  - Total insured value = USD 800,000,000
- Loss of Production Income
  - The entire field is scheduled as an Insured Premises
  - The FPSO FPP 123 is scheduled as a Dependency Premises (Contingent Business Interruption)
- Operators Extra Expense
- Third Party Liabilities

## Sub-sea property

- Resultant damage to sub-sea equipment falls under Brazil Pre-Sal Oil Company's operating policy
- Scheduled values and limits to apply on an All Risks property form
- Oil in Store on the FPSO also scheduled as owned property



## Additional Coverage

- Removal of Wreck/Debris
  - As required for first party property but noting the water depth
  - Up to 25% of sums insured
- Sue & Labour
  - For owned property only
  - Up to 25% of sums insured

## Insurance Recovery

- Claim = **USD 200,000,000**

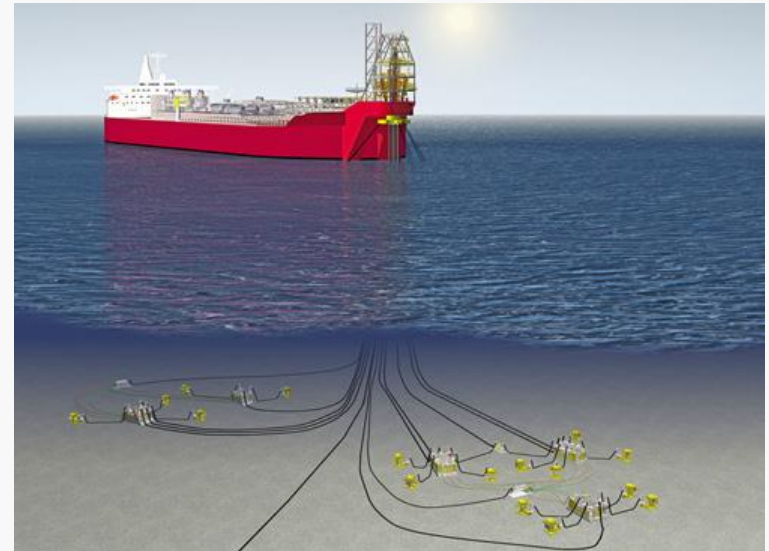
# Contingent Business Interruption

## Wording Extract

“D. Dependency Premises shall be defined as real or personal property upon which the Insured’s production at the Insured’s Premises is dependent, other than the scheduled Insured’s Premises themselves, but including

(i) real or personal property situated at Insured’s Premises in which the Insured has no interest as owner, operator or co-venturer

(ii) real or personal property situated elsewhere, whether or not the Insured has an interest as owner, operator or co-venturer.”





# Contingent Business Interruption

## Policy Details

- FPSO FPP 123 listed under the Dependency Premises schedule of Pre-Sal's operating policy
- Brazil Pre-Sal Oil Company have a 100% working interest in the field
- Schedule Unit Volume is at 80,000 barrels of oil per day for the field
- Scheduled Unit Price is at USD 40 per barrel for the field
- The Waiting Period is 60 days
- Maximum Recovery Period is 365 days
- Limit USD 1,168,000,000

# Contingent Business Interruption

## Production pre and post shut-down

- Production in preceding 180 days prior to shut-down shows an average of 80,000 barrels of oil per day which forms the basis of the insurance recovery
- There were no pre-planned maintenance shut-downs scheduled
- Production was originally expected to continue at 80,000 barrels of oil per day for the next year

## Insurance Recovery

- Recoverable period = 31 days (91 days shut-down less 60 days Waiting Period)
- Calculation: 31 days x 80,000 barrels per day x USD 40 per barrel
- Increased Cost of Working for costs as incurred preventing further loss of production
- Claim = **USD 99,200,000**

# Operators Extra Expense

## Coverage

- Policy provides coverage under the following headings
  - Control of Well
  - Redrilling/Extra Expense
  - Seepage and Pollution, Clean-up and Containment
- Combined Single Limit USD 400,000,000
- Coverage only following the Well out of Control definition in the policy wording
- Extended Redrilling and Restoration Cost Endorsement
  - Coverage extension which includes Redrilling expense from named physical perils including “collision or impact from anchors, chains, trawl boards and fishing nets”

# Operators Extra Expense

## Insurance Recovery

- Well integrity maintained and all wells successfully shut off
  - No Well out of Control incident as defined in standard policy wording
  - No loss or damage to wells from anchors or chains
  - No Seepage and Pollution from the wells
- Claim = **USD 0**



# Third Party Liabilities

## Coverage

- Occurrence liability wording
  - Includes Seepage & Pollution from sub-sea property
  - Standard oil and gas well exclusions apply
  - Seepage & Pollution from wells buy-back excess of the OEE policy
  - Excluding Fines, Penalties and Punitive Damages
- Limit USD 300,000,000

## Insurance Recovery

- The small amount of crude oil dissipates
- Claim = **USD 0**

# Potential Claims Costs

---

## FPSO 123 Company Ltd

- Hull (PD) = USD 250,000,000

## Brazil Pre-Sal Oil Company Ltd

- Property Damage = USD 200,000,000
- Contingent Business Interruption = USD 99,200,000
- Operators Extra Expense = USD 0
- Third Party Liabilities = USD 0

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# Scenario: Major Casualty – Incident Management





# LOC Immediate Damage Response Actions

- FPSO shut down
- Helicopters for the evacuation of the FPSO injured person and non-essential personnel
- AHTS for towing the Shuttle Tanker to safety, clear of the FPSO;
- AHTS to hold the position of the FPSO;
- Vessels equipped with oil recovery equipment to recover the oil spills and mitigate the environmental impact;
- ROV mobilisation for subsea inspections.





# Emergency Response & Incident Management

- Immediate objective: Bring matters under control and stabilize situation
- Coordination of parties involved: clear divisions of responsibilities & reporting
- Strategic planning & risk management:
  - Casualty responder;
  - Logistics;
  - Use of resources;
  - Identification & Mobilisation of needed resources.
- Stabilisation of FPSO and Shuttle Tanker
- Pollution prevention and Oil spill response:
  - At field;
  - Along coastline.
- Riser damage to seal
- Removal of Shuttle Tanker
- Subsea installation integrity



# LOC Parties Involved Offshore & Onshore

| Oil Field                          | FPSO                                       | Shuttle Tanker                         | Authorities                       | Other                                   |
|------------------------------------|--|--|-----------------------------------|---|
| Operators                          | Operators                                  | Operators                              | Environmental (IBAMA, CONAMA etc) | Oil Spill Contractors                   |
| Government Agencies (ANP)          | Owners                                     | Owners                                 | Flag & Port                       | Salvage Contractors                     |
| Subsea Installations Manufacturers | P&I Club, technical and legal advisors     | Agent                                  | Maritime Court                    | AHTS Owners, Operators and Agents       |
|                                    | H&M Underwriters and Surveyor              | P&I Club, technical and legal advisors | Immigration                       | Helicopter Companies                    |
|                                    | Class Society & Flag State                 | H&M Underwriters and Surveyor          | Customs (Receita Federal)         | Cargo Specialists                       |
|                                    | Supply Vessel Owners, Operators and Agents | Class Society & Flag State             | Health                            | ROV Vessel Owners, Operators and Agents |
|                                    |  |  |                                   | <b>Media!!!</b>                         |





Practical claims handling –  
the club's role

Sam Kendall-Marsden

Head of Division, UK & Americas

# Contents

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1 Initial notification

---

2 Building a team

---

3 Liabilities

---

4 Planning

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# 01 Initial notification



# Initial notification

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## Who makes contact?

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- Emergency telephone
- Insured/member/broker
- Salvors
- Correspondents and others
- Social media?

What information might you receive?



## Initial notification - MV Rena

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- *'At 0220 the 236-metre ship Rena struck the Astrolabe Reef, which is 22km off the Tauranga Coast, North of Motiti Island'*
- *'The vessel is reported to be on a 12 degree list and two of its cargo holds are flooded, but it's believed the tanks containing the ship's heavy fuel oil are undamaged'*

# From this...



...to this!



# Establish the facts

---

- Ship name
- Insured/member
- Circumstances of casualty
- Time and date
- Location

# Location – Amadeo I





## Facts – cont'd

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- Current position on site
- Crew number and nationalities
- Injuries/deaths
- Pollution?
- Cargo

## Facts – cont'd

---

- Bunkers
- Authorities?
- Who else is in attendance?
- Gather facts for future planning



# 02

## Building a team



# Building a team

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# Building a team

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- Got to know your insured/member – drills
- Key contacts?
- Lines of communication
- Major casualty response plans – yours and theirs

# Who will be in the team?

---

- Insured/member
- Insurer/club
- Correspondent(s)
- Local/foreign lawyers
- Technical experts

## Who will be in the team – cont'd?

---

- Salvors
- ITOFF
- Subject matter experts – for example, fire, hazardous cargo
- Public relations

# The glare of the media spotlight!

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# But also keeping people informed...

Friday, August 29th, 2014, 3:09:30 PM

**The Parbuckling Project**  
Concordia wreck removal project informative website

EN IT

email   
 \*\*\*\*\*    
 lost password?

the project | companies and professionals | environmental care and monitoring | Press releases | multimedia | support

**MULTIMEDIA**

ENVIRONMENT  
 THE PROJECT  
 EQUIPMENT

**MEDIA**

Media requests form photos/video

Useful links:

DIPARTIMENTO DELLA PROTEZIONE CIVILE  
 MINISTERO DELL'AMBIENTE  
 MINISTERO DEI TRASPORTI  
 MINISTERO DELLA SALUTE  
 ISPRA  
 COMUNE ISOLA DEL GIGLIO  
 REGIONE TOSCANA  
 PROVINCIA DI GROSSETO  
 PRO LOCO ISOLA DEL GIGLIO

**PROJECT PHASES**


On April, 21<sup>st</sup>, 2012, Costa Crociere and the Costa Concordia Emergency Commissioner's Office announced that the tender for the removal of the ship from Giglio Island has been awarded to Titan Salvage in partnership with the Italian firm Micoperi. The work begun in early May after final approval from the Italian authorities.

Titan Salvage is an American-owned specialist marine salvage and wreck removal company, part of the Crowley Group, and is a world leader in its field. Micoperi is a well-known Italian marine contractor with a long history as a specialist in underwater construction and engineering.

The removal plan could be divided in six subsequent phases:

**Stabilisation**

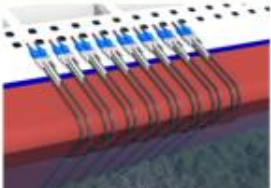
The first phase involves the anchoring and stabilisation of the wreck to prevent any slipping or sinking along the steep seabed. This will make it possible to work safely even in bad weather.



Stabilisation is performed using an anchoring system made up of four submarine anchor blocks fixed to the sea bottom between the center of the wreck and the coast.

At the beginning of November, Costa and the Titan/Micoperi Consortium announced the completion of the wreck stabilisation.

Later, 12 retaining turrets will be installed for use during the parbuckling of the wreck.



# 03

## Liabilities





# What sorts of claims might you face?

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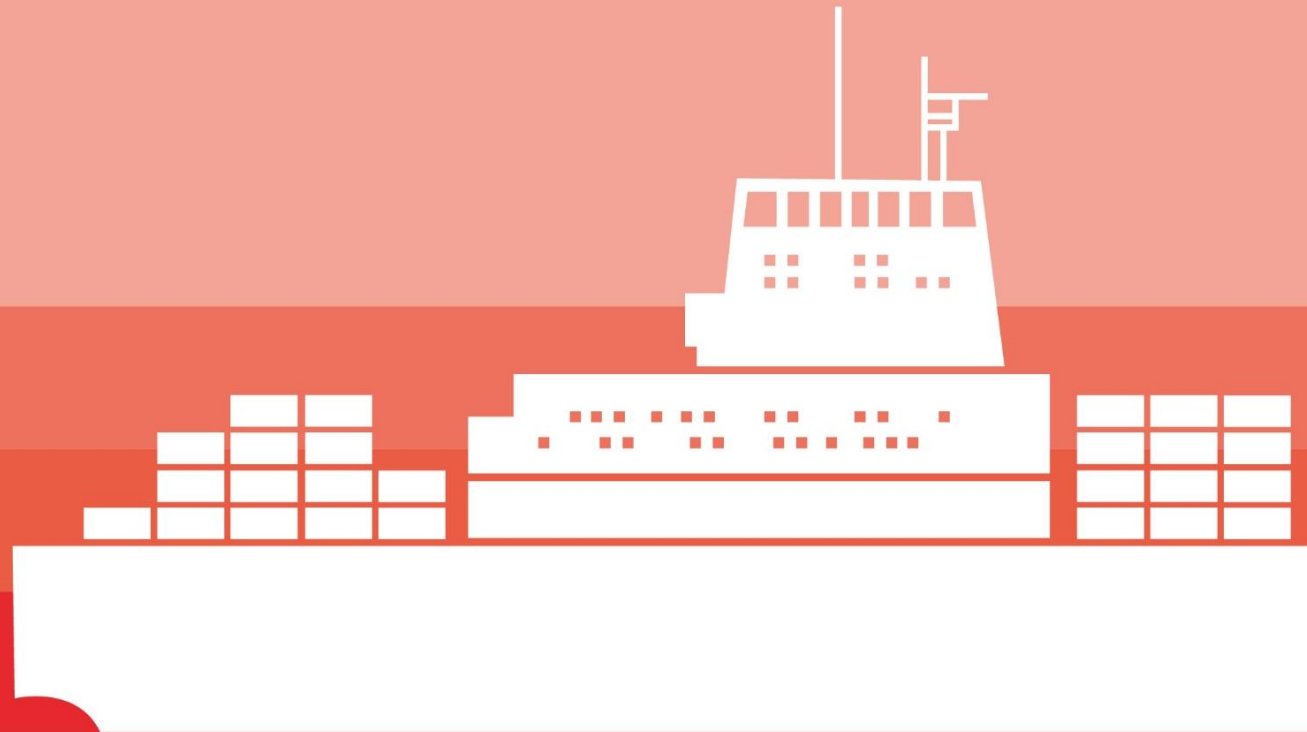
- Pollution
- Collision
- Salvage/wreck removal
- Crew
- Third-party claims
- Fines

# Collision

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- 1/4 or 4/4 collision liability?
- Evidence-gathering
- Jurisdiction
- Damage surveys
- Security
- Cross-apportionment

# 04 Planning



# Planning



# Sequence of events

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- Initial emergency response
- Notification
- Information-gathering
- Establishing lines of communication
- Building a team

# Salvors

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- Salvors in attendance
- Liaison with salvors
- Salvors' initial assessment
- Pollution response
- More detailed assessment - surveys

# Operational phases

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- Pollution response
- Bunker removal
- Salvage
- Wreck removal





**The Standard**



 **@StandardPandi**  
 **The Standard P&I Club**  
**[www.standard-club.com](http://www.standard-club.com)**

**Charles**  
**Taylor**

 **@ctaylorplc**  
 **Charles Taylor plc**  
**[www.ctplc.com](http://www.ctplc.com)**

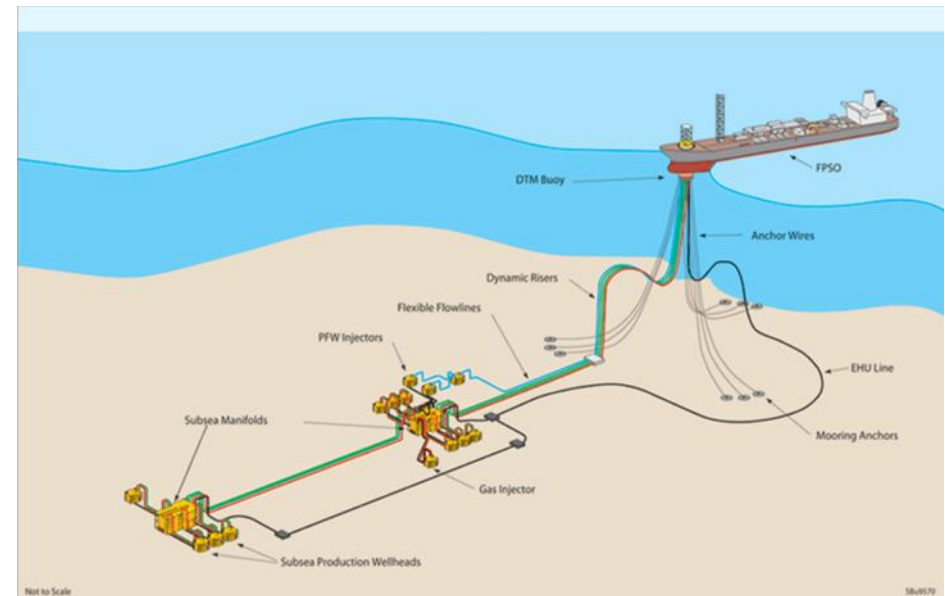


# 10 Loss Prevention



# Loss Prevention – lessons learnt

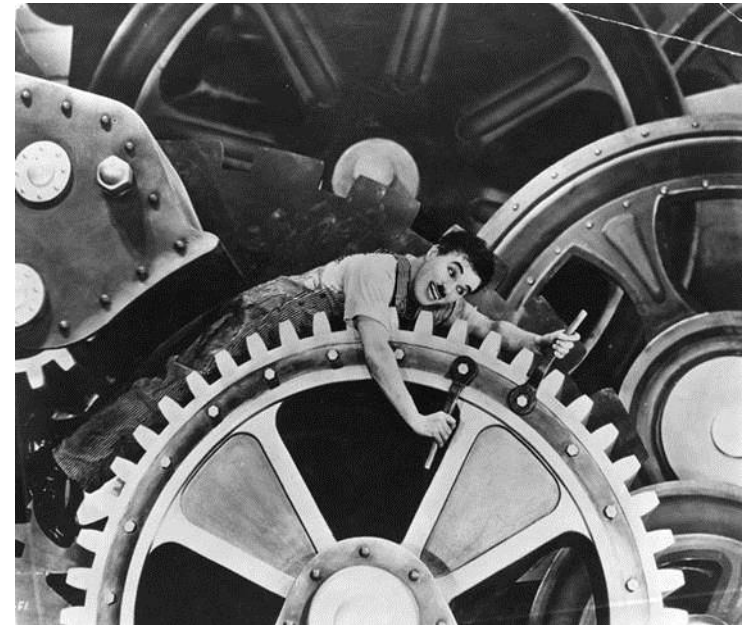
- loss prevention – focus on operational quality
- incident scenario
- The Standard Club mutual cover and poolable cover
- Standard Offshore Rules and non-pool cover
- Offshore Liability Extension (OLE)
- The Standard Syndicate energy cover
- claims handling
- interaction with local experts
- loss prevention – lessons learnt



# Why do things go wrong?

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- in all claims there are two common themes
- human element
  - the failure of people to act in a predictable way
- uncontrolled energy



# The human element

- human nature is to:
  - make sense of things
  - take risks
  - make decisions
  - make mistakes
  - get tired and stressed
  - learn from mistakes
  - work with others
  - communicate with others
  - take short cuts
  - cheat on safety systems



# Uncontrolled energy

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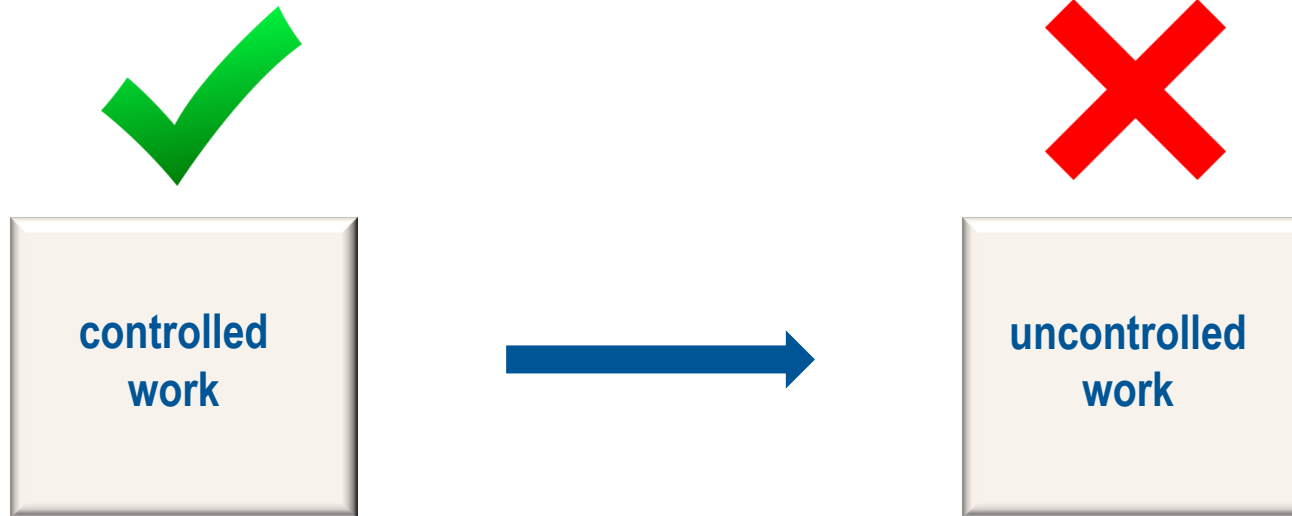
- hazard recognition system developed by Decision Point Associates Inc

4-point process:

- **how should the job be done**
  - planning, correct tools, competence etc
- **what can go wrong**
  - personal injury, control or eliminate energy
- **what measures must be implemented**
  - risk assessment, permit-to-work, isolation, communication etc
- **who must I inform**
  - management shore and shipboard, other interested parties

# What can go wrong?

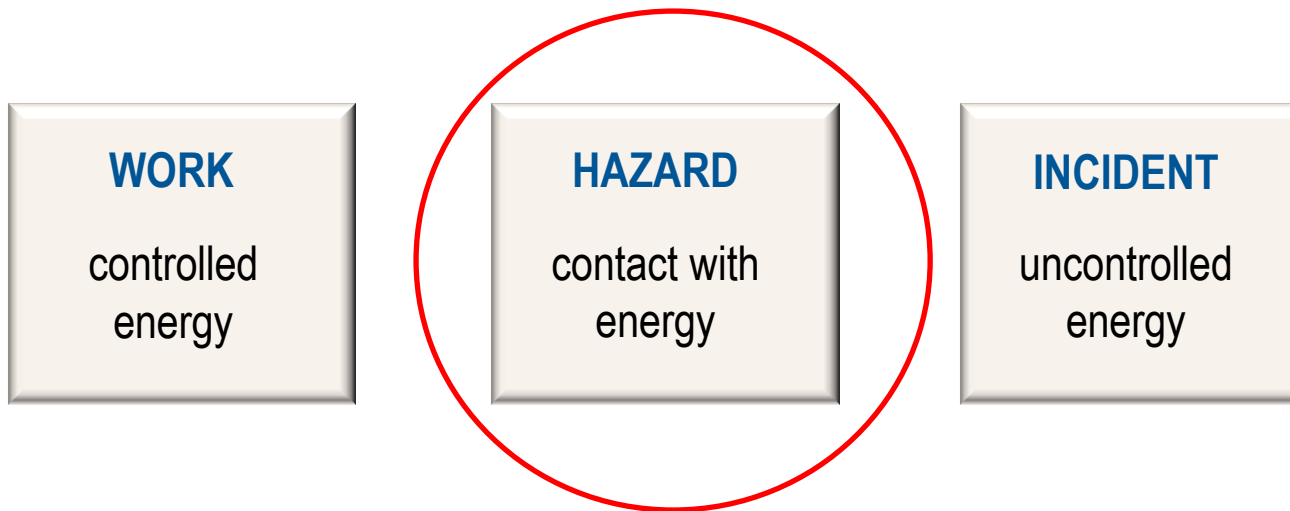
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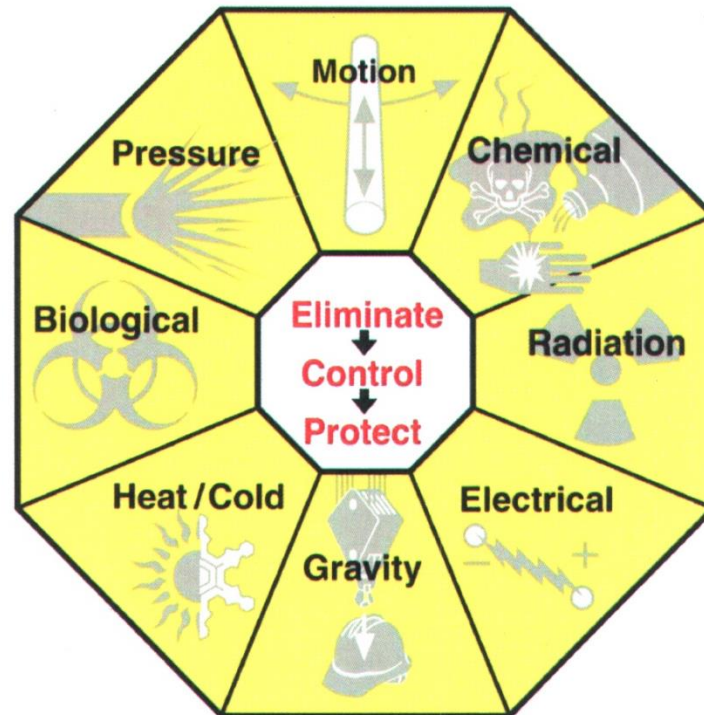
work = energy

# What can go wrong?

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# Energy wheel





# The scenario - worked example

## WORK

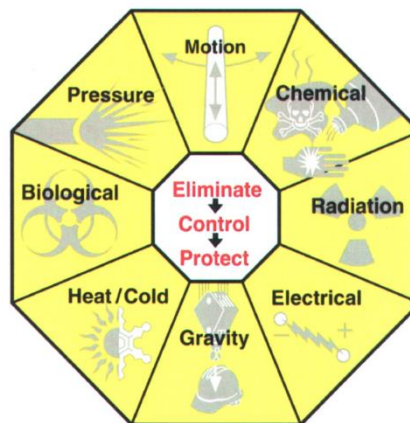
Shuttle tanker  
offtake operation

## HAZARD

Gravity  
Pressure  
Chemical  
Biological  
Motion

## INCIDENT

Collision with FPSO  
Structural damage  
Loss of position  
Oil pollution  
Crew injury

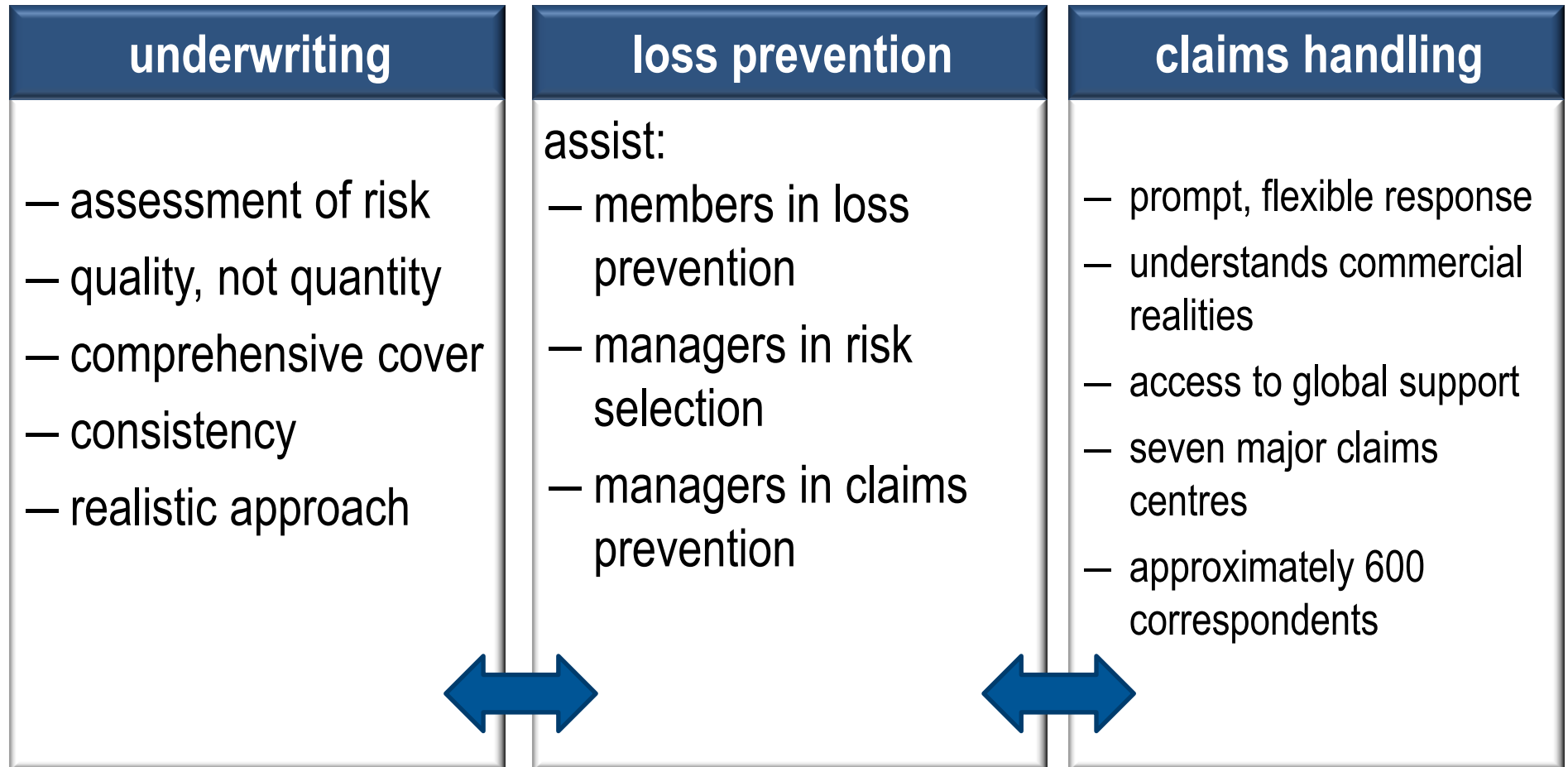


# Measures to be implemented controlling the uncontrollable

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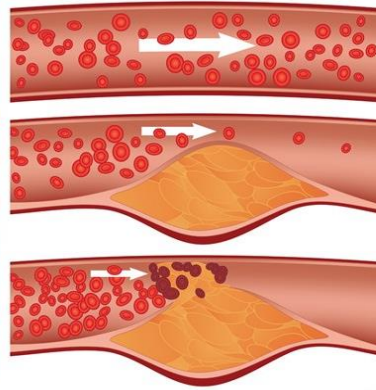
- **Eliminate + Control + Protect**
- ALARP
  - elimination; substitution; isolation; safeguards; procedures; PPE
- safety management system
  - hazard identification
  - risk assessment
  - permit-to-work
    - > isolation; safety barriers; controlled environment; equipment; PPE
- Communication
  - management of people

# Focus on quality of operations



Selecting and managing risks based on operating quality

# Communication of operational 'best practice'



[www.standard-club.com/what-we-do/loss-prevention/](http://www.standard-club.com/what-we-do/loss-prevention/)

Ongoing focus on reducing members' losses

# Prevention is better than cure

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- 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

# Closing remarks and questions



# Regulatory status

## The Standard Club



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.

## The Standard Syndicate



The Standard Syndicate 1884 is managed by Charles Taylor Managing Agency Ltd, a Lloyd's managing agent, 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, 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.

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# Thank you

