Standard Bulletin: Offshore Special Edition

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The Standard for service and security

The Standard

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Welcome to the 10th Offshore Special Edition of the Standard Bulletin. This bulletin focuses on decommissioning – the topic recently covered at our Offshore Forums in London and Singapore on 13 May and 3 June respectively.

In this edition

With the decline in North Sea oil and gas, and with reserves increasingly expensive to recover, the spectre of decommissioning costs is becoming a harsh reality for field operators.

The Convention for the Protection of the Marine Environment of the North-East Atlantic (or OSPAR Convention) is the current legislative instrument regulating international co-operation on environmental protection in the North-East Atlantic. OSPAR requires all redundant man-made structures in the region to be removed for disposal on land at the end of their operational life.

The onshore recovery of almost all the North Sea's remaining 475 platforms, as well as 10,000km of pipelines and plugging of 5,000 wells, is forecast to cost about £40bn between now and 2040.

Given the extent of decommissioning work planned for the coming years, **Stephen Gordon**, Managing Director at Clarksons Research, kicks off this bulletin by looking at the potential upside to our Offshore members.

The decommissioning of topsides, jackets and concrete gravity base substructures, as well as drill cutting piles, presents significant technical challenges due to age (many rigs were constructed in early 1970 without computer-aided design and with a projected life of 20 years), extensive corrosion and the hostile environment of the North Sea. **Alan Clifton**, Managing Director at LOC Norge AS, looks at these technical challenges and gives guidance on the decommissioning and removal processes.

Nick Rock, a Partner at Reed Smith LLP in Norway, goes on to consider the movement of waste in the context of decommissioning projects but also underlines the broader relevance to members involved in the onshore and offshore supply chain.

Thank you to the authors for their contributions and to Rosanna Unwin, an Underwriting Assistant in the Offshore Syndicate for her input on decommissioning generally. We value feedback from all who read this bulletin and we are always interested in hearing your suggestions for content for the bulletin or future Offshore Forums.

Given the technical challenges of offshore decommissioning, various issues need to be taken into consideration from an insurance perspective, including damage to third-party property and liability exposures under both convention and contract. **Simon Jackson**, a Partner at Clyde & Co LLP, gives guidance on decommissioning exposures and the market insurance solutions available. **John Croucher**, Underwriting Director, and **Sian Dinnadge**, Deputy Underwriter, in the Offshore Syndicate, go on to look at the scope of P&I cover available to members involved in decommissioning projects.

To conclude our forums in both London and Singapore, Rob Dorey introduced The Standard Syndicate 1884, which started underwriting from 1 April as a traditional marine syndicate at Lloyd's of London focussed on hull, marine and energy liability, energy physical damage, D&O and E&O, marine and energy-related property and cargo covers. The Forum was therefore a good opportunity to introduce The Standard Syndicate to members and to ask for their future support.

This bulletin concludes with a spotlight on **Ollie Paine**, Energy Class Underwriter at The Standard Syndicate, in charge of writing physical damage, operator's extra expense/control of well and construction coverage for marine energy businesses covering mobile and fixed platforms and associated onshore facilities, including their decommissioning.

Decommissioning potential in the North Sea

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With declining production on many mature fields and the current oil price environment, operators are increasingly having to make a decision as to whether to run a field at a loss or to shut fields down and book the decommissioning costs. This choice might be painful for oil companies, but there is potential upside for many vessel owners.

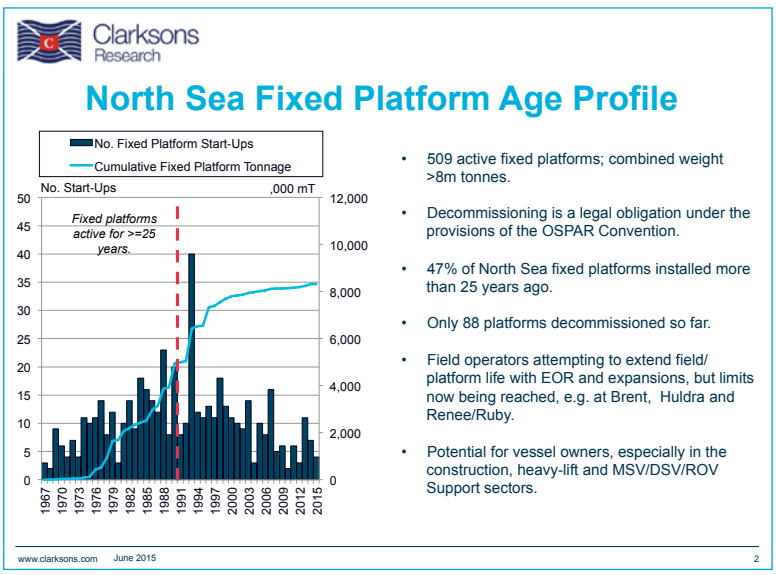
Decommissioning entails plugging wells, removing platform jackets, topsides and subsea structures, and ultimately, complete site remediation.

The North Sea is home to a dispersed mass of steel and concrete, namely: 509 active fixed platforms with a combined weight exceeding 8 million tonnes; 1,440 subsea structures; 9,370 active wells and their completions; and over 45,000km of pipeline, all within an area of 750,000 km. Under the provisions of the OSPAR Convention, field operators are obliged to decomission and clean all this up one day, and that day may be approaching.

Stephen Gordon, Managing Director at Clarksons Research, looks at the potential upside to our Offshore members.

Diamonds and rust

Since first oil in 1967, approximately 54bn barrels (bbls) of oil have been produced in the North Sea. However, recoverable reserves on many older fields are are depleting with production in 2015 forecast to stand at just 2.86m barrels per day (bpd), compared to a peak of 5.9m bpd in 2000. Around 47% of fixed platform tonnage installed in the North Sea now sits on fields older than 25 years and oil companies are increasingly having to contemplate decommissioning (see below). Decommissioning can be money- and time-intensive, so it is unsurprising that only 88 platforms in the North Sea have been decommissioned to date. For example, the decommissioning of the Brent facilities is expected to take 10 years, and even small projects are expected to take two years and more than $300m in capital expenditure.



Often postponed

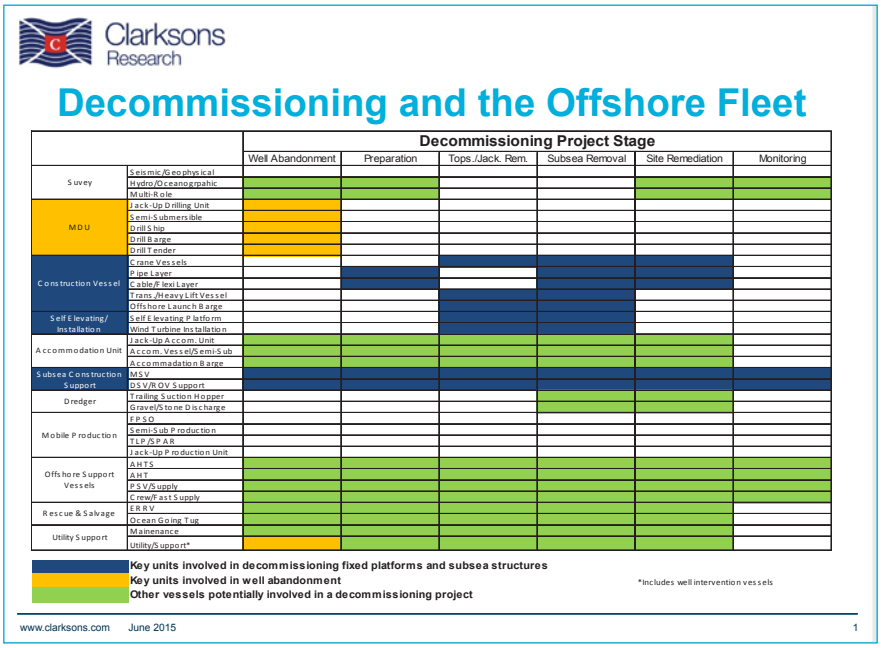
There is a strong history of decommissioning being postponed, for example with operators utilising enhanced oil recovery (EOR) to extend field life or connecting new field developments to existing structures. For example, while the 12 wells on Heimdal are being abandoned, the platforms are being kept to process gas from Vale and other fields.

However, it is thought that in the current oil price environment, OPEX is encroaching on profits at a rising number of fields. Operators striving for fiscal discipline are between the hammer and the anvil – either run fields at a loss, or shut fields down and book the decommissioning costs.

Pain and pleasure

This choice might be painful for oil companies, but there is potential upside for many vessel owners. The slide below sets out the offshore spread required during a typical decommissioning project. Drilling rigs and well intervention vessels will be needed to plug many of the wells. Crane vessels, self-elevating platforms and heavy lift vessels will be needed to remove and transport topsides and jackets (indeed, part of the rationale of the '*Pioneering Spirit*' is that it is one of very few units capable of lifting massive structures like the 42,500gt topsides of the '*Gullfaks A*' gravity base platform). MSVs, DSVs and ROV support vessels can be used to assist throughout decommissioning and will be especially important for removing subsea structures and for site remediation, when dredgers will also have a part to play. These various vessels will need to be assisted throughout the process by OSVs and utility support vessels.

The CAPEX implications for oil companies active in the North Sea will be significant once decomissioning commences. But sooner or later (quite possibly sooner) they may have little choice. This could potentially benefit many different owners, with decommissioning becoming an important driver of North Sea vessel demand.



Decommissioning and removal – technical challenges

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LOC Group has extensive decommissioning experience and has worked on some of the largest and most challenging removal projects in the North Sea, including the Frigg Cessation Project, which straddled the UK and Norwegian sectors.

Alan Clifton, Managing Director of LOC Norway and a senior construction engineer, gives guidance on the decommissioning and removal process.

- The requirements for decommissioning and removal differ between jurisdictions.
- Key phases of the work will almost certainly take place in a remote, challenging offshore environment which requires comprehensive risk management.
- A tailored approach to each project is the safest and best way forward.

There are many kinds of offshore installations that will eventually need to be decommissioned and removed from their current locations. The requirements for decommissioning and removal differ between jurisdictions. In the North Sea, for example, the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention) states that everything must be removed, but this is evidently not the case in other parts of the world.

Six stages of decommissioning

Generally, there are six stages to a decommissioning and removal project:

1. acceptance of the field end of life by the relevant authorities;
2. removal;
3. transportation;
4. offloading;
5. break-up; and
6. disposal.

We look at some of these in more detail below.

More than a third of the removal budget is typically spent on the marine operations/subsea cutting element of the project. It is important to be aware that decommissioning can often be more expensive than the original installation operation.

Risk management

There are general known and unknown risks that must be factored into any decommissioning project.

- Key phases of the work will almost certainly take place in a remote, challenging offshore environment.
- Documentation may be unavailable or out of date, giving limited indication on paper of the state of the installation to be removed.
- The installation is likely to be 'old', very 'used' and contain some hazardous materials.
- The company responsible for the removal will be aiming to remove and dispose of the installation at the lowest cost possible.

When preparing for a project, given all the general risks and numerous platform-specific risks, it is crucial to involve existing platform personnel in the process. Nobody knows a platform better than its personnel, particularly when it comes to mapping hazardous materials. If possible, the company responsible should be persuaded to continue minimum maintenance of a platform, even once shut down, until decommissioning begins. This will ultimately make the process more efficient and less expensive, as will a proper platform structure survey/verification.

Removal

Removal of a platform can be done in a number of ways:

- modular method;
- simply reversing the installation process;
- cutting the platform into 'small' pieces;
- other innovative techniques.

There are different risks associated with each of these methods. The **modular method** should involve structural verification – if the integrity of the items being removed is inadequate, structural collapse can occur. If a **reverse installation** is undertaken, risks associated with stability, structural and buoyancy integrity must be mitigated. Dropped objects are a key concern using the '**piece small**' approach, while spiralling costs are an ever-present danger when using **innovative techniques**, such as retro-fitting ballast tanks to a jacket. However, with planning, the risks involved with all these techniques can be minimised.

Transportation

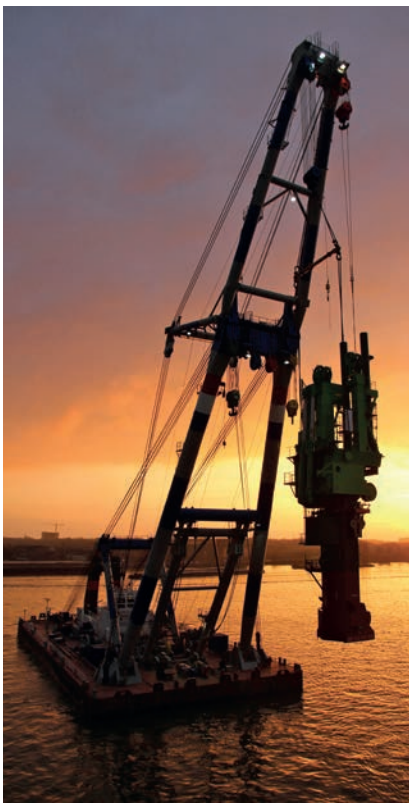
Transporting removed items from the field location to shore for break-up can be performed using a variety of methods including; cargo barges, crane vessels, wet towing and, using baskets/containers (on normal platform supply vessels). Potential risks to be avoided here include barge or removed object damage during back-loading to transport barges, loss of cargo during transit and negative effects on the fatigue life of removal equipment. Clear operational weather criteria and set-down guides combined with sea-fastening/securing will assist in mitigating the risks involved.

Offloading

Offloading after transport using cranes or self-propelled modular transporters should be properly supervised, taking into consideration the stresses induced in the removed structure and sea-fastenings by the voyage. Care taken during physically dismantling structures must be matched in the keeping of accounting and inventory records and the compilation of an environmental report. A close watch must be kept for unmapped hazardous substances, which continue to pose a serious risk to the environment and personnel long after a structure is ashore.

Conclusion

It is important to be aware that there are different risks associated with each stage of a decommissioning and removal project. Currently, the Det Norske Veritas (DNV)'s 'Recommended practice for marine operations during removal of offshore installations', DNV-RP-H102, is the only widespread guide in use. A tailored approach to each project is the safest and best way forward.



Cross-border movement of waste: don't let waste laws catch you off guard

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Nick Rock, a Partner in the Energy & Natural Resources group of Reed Smith LLP in London, is experienced, among other matters, in environmental impact assessment, offshore pollution and transboundary movement of waste. He gives guidance below in this tricky field.

- Many businesses in the onshore and offshore supply chain are unaware that routine activities have the potential to fall foul of international, regional and local waste laws.
- The law tends to find that an intention to dispose of waste arises much more easily, and earlier, than many people realise.
- Members should take steps to ensure a sufficient level of knowledge among relevant staff to understand when they could inadvertently be dealing with waste products.

Many businesses in the onshore and offshore supply chain are unaware that routine activities have the potential to fall foul of international, regional and local waste laws. These rules will typically either prohibit international movement of waste outright, or require prior informed consent to be obtained from regulators in the states of export, import and transit. Whilst movement of waste applies to decommissioning, it is also of much broader relevance. Getting it wrong is a criminal offence that can lead to severe fines and have a significant impact on a company's reputation.

What is waste?

The Basel Convention and EU Regulations only apply if the cargo in question is classified as 'waste'. The definition of waste in both regimes is very similar:

a. Under Basel, waste means "substances or objects which are disposed of or are *intended to be disposed of* or are required to be disposed of by the provisions of national law".
b. Under the EU Regulations, waste means "any substance or object... which the holder discards or *intends* or is required to discard".

Key legislation:

- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, as amended, to which 183 countries are party.
- Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (as amended).
- OECD Decision C(2001)107/FINAL.
- Local waste law requ irements in the states of export, import and transit.

One of the main areas of uncertainty is the point at which sufficient 'intention' to dispose or discard arises. The legal position is that the instant the holder decides to discard (or dispose) of the substance, it is waste.

The law tends to find that an intention to dispose of waste arises much more easily, and earlier, than many people realise. And once classified as waste, it is very hard for the classification to be removed.

The precise requirements of the law on transboundary movement of waste vary depending on, among other things:

- the country of origin/ export of the waste;
- the country of destination/import;
- the laws of any and all countries of transit;
- whether waste is 'hazardous' or 'non-hazardous';
- whether the waste is destined for 'recovery' or 'disposal';
- whether one or more exceptions apply.

The impact of local law

The Basel Convention regime is always subject to local legislation on waste shipments, so local legal advice will generally be needed for each new transport route.

The MARPOL or "normal operations of a ship" exception

Both the Basel Convention and the EU Regulations provide that, in the case of waste derived from the "normal operations of a ship", it is MARPOL that should be applied.

Understanding the scope of this exclusion is critical to knowing whether or not prior informed consent to a shipment must be obtained.

Practical recommendations

- Consider how cargoes with the potential to be waste are referred to in internal communications. Avoid unnecessarily characterising cargoes as 'waste', 'hazardous' or 'destined for disposal'.
- Consider whether trading terms deal appropriately with the situation when a cargo is rejected from a waste law perspective.
- Take steps to ensure a sufficient level of knowledge among relevant staff to understand when they could inadvertently be dealing with waste products.

Ageing offshore infrastructure: insuring decommissioning risks

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- Decommissioning is a multi-year, multi-phased technical process more akin to construction than operation.
- Various risks need to be taken into consideration from an insurance perspective, including damage to third-party property and liability exposures under both convention and contract.
- 'Knock-for–Knock' contracting makes for simple insurance solutions for all parties involved in a decommissioning project.
- A Decommissioning All Risks product has been developed that covers the decommissioning project and is designed to dovetail with both operator and contractor policies, including P&I.

In the next 30 years in the North Sea alone, more than 475 platforms, 10,000km of pipelines and 5,000 wells are expected to be decommissioned at an anticipated cost of over £40bn. How will risk in the decommissioning process be managed? Do standard market wordings provide sufficient coverage or is a bespoke solution required?

Simon Jackson, a Partner at Clyde & Co LLP in London specialising in Marine, Energy and P&I risks, gives guidance on decommissioning exposures and the insurance solutions available.

The North Sea is a convenient region on which to focus, given its ageing infrastructure. The Department of Energy and Climate Change (DECC) regulates the decommissioning of offshore oil and gas installations and pipelines in the North Sea, and is responsible for ensuring projects comply with regulations prohibiting the abandonment of any offshore installations absent specific derogation[1].

What risks might the process of decommissioning entail?

The problem is that the majority of the installations in the North Sea are not designed for removal. As a multi-year, multi-phased and extremely technical process, there are various possible exposures to take into account in decommissioning, and these may be different to the types of risk encountered whilst the installation is operating. The decommissioning process will actually be akin to the construction process in the sense that there will be many contractors involved, all with different roles and bound contractually to the project.

However, in a Construction All Risk policy, a key component is the insurance and replacement of the project works following an insured peril, as the insured seeks to protect physical damage to an installation that is intended to be a profit-making asset. Decommissioning is different: leaving salvage values to one side, the result at the end of the project will be to leave the site in the condition it was in before construction started, and so there are no 'insured works' as such. Rather, the risks that will be of more importance to the operator will be damage to third-party property and liability exposures.

It is perhaps the latter that have the most potential for significant claims. The operator will face an appreciable risk of exposure to residual liabilities (including abandonment and environmental pollution) stemming from seepage, pollution and/or contamination as the platform is dismantled and removed.

1 This includes (subject to individual application) concrete structures and the footing of large steel jackets weighing over 10,000 tonnes. No derogation is available to steel installations constructed after 9 February 1999 (being the date that OSPAR Decision 98/3 came into force).

Additional risks that both an insurer and operator should consider in regards to decommissioning therefore might include:

- liabilities under UK law and international conventions;
- removal of wreck or debris;
- damage to lost property and/or damage to property being removed (in particular where that property might have a salvage value);
- damage to existing property not intended for decommissioning and/or third-party property adjacent to the structures to be dismantled; and
- risks during heavy lifts.

In considering those risks, it is important to bear in mind that, notwithstanding the widespread use of 'knock-for–knock' agreements in offshore contracting, such liabilities can be undertaken not only as a matter of law, but also as part of the contractual arrangements for a decommissioning project.

Insurance solutions

The Standard Club's Offshore Forum held on 13 May 2015 heard from Jeremy Jiggins, the Head of Marine Liability at Marsh, in relation to market covers for insurance of decommissioning risk.

Jiggins explained that, since the infancy of decommissioning, contracts between the operators and contractors have typically been clear from a liability perspective. The point being that basic knock-for-knock contracting makes for simple insurance solutions for all parties and should continue to be preserved. With this in mind, the approach that Marsh has taken is to develop a Decommissioning All Risks (DAR) product which is designed to be a project policy covering all parties for the work they perform without high deductibles and avoiding the need for contractors to seek additional policies. The DAR policy is intended to be complementary to, and not overlap with, operator's property and liability (including employers' liability) policies on the one hand, and contractors' hull, P&I and employers' liability policies on the other.

'Specialist operations' (heavy lift, etc.) can be insured within the decommissioning project insurance either excess of the limits obtained by the contractor via its P&I club or from the ground up, or these can remain entirely with the contractor's extended P&I coverage and excluded from the project insurance.

Typically, ownership of the decommissioned items remains with the operator until reaching land. Most have limited 'scrap' value only, meaning that the operator can choose to insure during lifting and transit operations without passing unnecessary contractual requirements onto the contractors.

In order to address the nature of decommissioning risk as 'liability led' not 'property led', the DAR policy is not treated as 'reverse construction' but rather needs to be considered as a new class of liability policy.

Conclusion

In summary, there are clearly different risks involved in decommissioning to construction or operation of offshore oil and gas installations. The developing risk profile of decommissioning, and the associated development of insurance coverage to manage that risk, is an area that demands close attention by all stakeholders over the next few years and beyond.

P&I cover for decommissioning

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- P&I cover is designed for marine liabilities.
- The obligation to leave a clean sea bed is a field operator's risk and is not to be deferred as a liability under a sub-contract.
- Market placement of Decommissioning All Risk (DAR) cover is designed to give access to cover that is excluded under P&I.

It is essential to preserve the distinction between the field operator's obligation to leave a clean field and the insurance cover available for the liabilities arising out of the decommissioning activities themselves. The former obligation ought not to be transferable by contract or otherwise as a P&I liability

John Croucher, underwriting director and Sian Dinnadge, deputy underwriter in the Offshore Syndicate, look at the scope of P&I cover available to members involved in decommissioning projects.

There are four broad categories of parties involved in a decommissioning project: owners and operators of field property to be removed, principal decommissioning contractors, as well as transportation and supply/support subcontractors. For each project, the scope of work being performed and the type of marine assets required are likely to be bespoke, so tailored P&I cover is key. Early dialogue with the Club is therefore essential.

Notification: contract review

Our first priority, upon being notified of a pending decommissioning project, will be to understand the scope of work to be carried out by the member, the marine assets involved and the contractual terms.

Following receipt of the relevant information, a detailed review will be undertaken which will focus on the scope of the member's cover alongside the Pooling Agreement and relevant exclusions. We will then make our recommendations and draw attention to any extensions to poolable cover that might be required. In this regard, the club can provide a tailored insurance product to meet a member's needs thus minimising gaps in coverage.

P&I cover: obligations to decommission entered units

In the context of P&I cover, it is likely that our members will only have an obligation to decommission an FPSO or other Floating Production Unit, as fixed structures fall outside the scope of cover.

We can provide fixed cover up to $1bn for P&I liabilities arising out of the unit being decommissioned throughout the process of disconnecting the risers, flowlines and umbilicals, towage or heavy-lift carriage to shore and entry into the yard for scrapping or modification.

Consideration should be given to on-going liabilities in respect of property remaining on the field that remains the property of the member or remains in its care, custody or control. For example, there may be residual liabilities from disconnected risers and umbilicals that previously fell within the definition of the FPSO when she was on the field and that can no longer be considered to be covered as part of the unit. In these circumstances, the member should ensure that there is a Market DAR policy that will respond or otherwise should discuss these exposures with the club.

P&I cover: plugging and abandonment
The use of a drilling unit for plugging and abandonment of a well is excluded in its entirety from poolable cover and can only be covered by the club under its Standard Offshore Rules, with limits up to a maximum limit of $500m. Cover, however, excludes pollution from the well and any damage to or loss of formation.

P&I cover: specialist operations
Poolable P&I provides very high limits of cover with a sublimit in respect of liabilities for passenger and crew of $3bn and a further sublimit in respect of liabilities for oil pollution of $1bn. P&I covers liabilities arising out of the management and operation of the entered ship. Basic poolable cover will therefore apply when a member's ships are navigating. However, when members are engaged in specialist operations, the scope of poolable cover is reduced and only covers:

a. injury, illness or death of any person on board the ship;
b. wreck removal of the ship;
c. oil pollution emanating from the ship or the threat thereof.

Specialist operations are defined by the nature of the work being performed and not by the type of ship that is performing the work. When considering specialist operations, it is important to underline that there is no direct reference to decommissioning, dismantling or removal in the Pooling Agreement. The scope of the specialist operation exclusion is non-exhaustive.

Rule 5.11(1) provides as follows:
"There shall be no recovery in respect of liabilities incurred during the course of performing specialist operations including but not limited to.....well stimulation, cable or pipe laying, construction, installation or maintenance work....."

Given the nature of decommissioning projects, work undertaken at the site by an entered ship is likely to fall within the scope of this exclusion for the purposes of poolable cover.

In the context of decommissioning, specialist operations will normally commence when the entered ship moves into the 500 metre zone around the property being decommissioned or, in the context of removal of subsea pipeline, etc., when preparatory work begins prior to the commencement of cutting, lifting, deployment of divers or operation of an ROV.

In such circumstances, depending upon the scope of work being undertaken, a member will need offshore extension covers up to an agreed limit in order to buy back excluded P&I liabilities to cover the time spent performing specialist operations. Whilst such an extension reinstates cover excluded by rule 5.11(1), it does not give a blanket cover and, to be paid, claims must still fall within the P&I rules.

Specialist operations cover is not an all-risks extension, and cover specifically excludes loss or damage to, and wreck removal of, the property being removed, and any additional expense arising from a failure to properly perform or execute the work.

We would expect the field operator to purchase a DAR policy that would respond to any loss of residual value of the decommissioned property and also to cover any wreck removal liabilities if the property was dropped or otherwise lost during the operation. Any additional expense incurred in performing the work, such as the requirement to deploy additional marine spread, would be considered to be an operational expense for the member and would not be covered under P&I cover or traditional market placements.

Contracting

When we give a specialist operations extension to reinstate the exclusions in rule 5.11(1), it is usually subject to the member contractually excluding all liability in respect of existing property and the property being removed under the contract regardless of negligence. It may not be sufficient to rely on an indemnity in respect of the contracting party's property and personnel, since the contractor might not own the property in question and the personnel might not be within its company group. Ideally, the oil company/ultimate client of the decommissioning project should be defined as part of the company group so as to ensure that the oil company's property and personnel, and those of their other contractors and subcontractors, are covered by the indemnities given to the member by its contractual partner.

P&I cover: transportation

The specialist operation exclusion does not apply during the transportation phase of a decommissioning project once the ship has moved out of the 500 metre zone, i.e. where the member is just moving the ship and property to its next destination.

Cover under P&I rules is based on the member either contracting at law or, in certain circumstances, contracting on terms no less favourable than approved contracts. In respect of property carried on a semi-submersible heavy-lift ship or any other ship designed exclusively for the carriage of heavy-lift cargo, the required standard for poolable cover is that of Heavycon 2007.

If transportation is being undertaken by barge or other ships that are not exclusively designed for heavy-lift carriage, there would be some element of poolable cargo cover available in respect of the decommissioned property. Poolable cargo cover is, however, predicated on the basis that a member would be issuing bills of lading incorporating Hague/Hague-Visby Rules and therefore the extent to which poolable cover would be available is limited. Any cargo exposures would therefore be heavily reliant on the club providing a non-poolable contractual extension, and we would consider the best home for the risk to be under the DAR cover, which is specifically designed to cover these exposures.

Conclusion

It is essential to preserve the distinction between the field operator's obligation to leave a clean field and insurance covering decommissioning activity. The former obligation ought not to be transferable by contract or otherwise, as a P&I liability. The DAR policy, or equivalent, is available to cover physical damage to, pollution from and wreck removal of the decommissioned property, and a marine contractor should ensure that it has access to this cover. When reviewing a member's contract, we will be looking to ensure, as a minimum, that knock-for-knock provisions are upheld with the right to limit at law maintained and, where possible, that where a member is undertaking specialist operations, they have access to the market-placed DAR cover or equivalent, where liabilities are excluded under P&I.

The Standard Syndicate – spotlight on Ollie Paine, Energy Class Underwriter

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The Standard Club board decided in early 2014 to establish a Lloyd's syndicate in order to develop the club's range of covers and to diversify and strengthen the club. The Standard Syndicate 1884 received the necessary approvals and raised the required capital from external investors in March 2015 and, as a result, started underwriting from 1 April.

The Standard Syndicate offers a range of fixed premium insurance covers for property, casualty and liability risks, which have been selected based on the main insurance needs of shipowners, operators and offshore energy operators. The focus is on hull, marine and energy liability, energy physical damage, D&O and E&O, marine and energy-related property, and cargo covers.

Ollie Paine, Energy Class Underwriter at The Standard Syndicate, is in charge of writing physical damage, operator's extra expense/control of well and construction coverage for marine energy businesses covering mobile and fixed platforms and associated onshore facilities.

What was your first job in the industry?
My first job out of university was as an upstream energy broker at Marsh in London. I joined the graduate scheme and knew pretty early on I wanted to specialise in the energy sector having studied engineering at Loughborough University.

What was it that interested you to Lloyd's?
Behind all the history and tradition of Lloyd's comes a great ability to create bespoke solutions for our clients. There is no better platform to write international energy business than as a Lloyd's syndicate.

What is your current job and how does it differ from your first job in the industry?
My current job involves building and managing an upstream/midstream energy book within The Standard Syndicate. In my years as a broker, I worked on numerous accounts and I realised pretty early on that no two clients are the same and you should never make assumptions as to a client's needs.

What is the most important thing The Standard Syndicate can bring to the Lloyd's market?
The Standard Syndicate brings a diversified set of marine products to The Standard Club's membership and wider market. Crucially, we bring additional business into Lloyd's that would otherwise be placed outside of the Lloyd's market. Our unique proposition benefits both our clients and the Lloyd's market as a whole.

What is the most important lesson you've learnt in your Lloyd's career?
To back your own judgement. Lloyd's has a strong subscription market tradition which in essence is one of its strengths as a market place offering bespoke solutions. In order to meet the continually changing needs of our clients we have to be prepared to be innovative and sometimes that means being different to our peers.

What is the highlight of your Lloyd's career?
My highlight is being given the opportunity to create and develop the energy book here at The Standard Syndicate. Within weeks of starting the syndicate we have had support from several club members with their energy risks. The opportunity for me to build a book around such a strong client base with existing relationships within the club is core to the plan.

How do you think the industry has changed since you started working in it?
It is always changing and that is what makes it interesting. We try to manage the volatility that the sector brings, be it windstorms in the Gulf of Mexico, unprecedented well blowouts or the dramatic fall in the oil price.

Staff news

Since our bulletin last November, we have been pleased to welcome **Angeles Aguado** and **Jonathan Clark** as Claims Executives, **Cristine Christodoulou** as Claims Assistant and **Rosanna Unwin** as Underwriting Assistant into the Offshore Syndicate.

Hannah Griffiths has joined the Offshore team from the Mediterranean Syndicate as Underwriting Assistant and was promoted to Deputy Underwriter with effect from 1 July, along with **Sarah Wallace** who was promoted to Senior Claims Executive. Congratulations to both Hannah and Sarah.

In March, **Alice Wakeley**, Underwriting Assistant, transferred over to The Standard Syndicate as Underwriting Assistant, Hull, and **Rupert Banks**, Claims Director, replaced **Gillian Musgrave** in Singapore as Regional Claims Director, Standard Asia. Gillian returned to London as Head of Claims, Charles Taylor Managing Agency, in support of The Standard Syndicate.

Web alerts The Standard Club issues a variety of publications and web alerts on topical issues and club updates. Keep up-to-date by visiting the News section on our website www.standard-club.com

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The Standard P&I Club

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