

FPSO Round Table Seminar



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The FPSO Round Table Seminar followed by discussions over luncheon.



Floating Production Storage and Offloading (FPSO) is a floating vessel located near an oil platform, where oil is processed and stored until it can be transferred to a tanker for transporting.

As part of the club's ongoing commitment to its members, an FPSO Round Table Seminar was held in Singapore on 21 June 2016, hosted jointly with the international law firm, Holman Fenwick Willan. The event was well attended by senior management across the industry, including FPSO owners, oil companies, salvors and a mortgagee bank. The seminar looked at the market conditions, insurance solutions, claims trends and more.

Useful take-away points FPSO market conditions

The FPSO industry has seen challenges in recent years, with the drop in oil prices impacting the oil and gas market globally. An in-depth analysis of the FPSO market by Clarksons Research highlighted the pressures of the current market, as well as forecasting a positive future outlook. The fall in oil prices and reduction in capital expenditure has lowered exploration and production budgets, slowing down the ordering potential for new FPSOs. As the breakeven cost for many potential projects is above current oil prices, short-term opportunities seem scarce. However, there is more positivity in the longer term. In line with a forecast improvement in global oil prices, the backlog of potential FPSO projects may regain momentum from 2018 onwards.

Cover available for production operations

The programme touched upon the insurance covers and expertise available to assist members involved in production operations. Whilst IG poolable P&I cover could respond to liabilities incurred during navigation only, the club's Standard Offshore Rules (SOR) provides non-poolable cover for operating production units of up to \$1bn. This will respond to a member's liability in connection with the operation of the unit for personal injury/death/illness, collision/FFO, pollution, wreck removal, damage to third parties and

contractual indemnities falling within the scope of the SOR. The Standard Syndicate provided an overview of tailored cover that can wrap around and dovetail with a P&I entry.

Case studies

Two engaging case studies were presented. The first looked at a casualty scenario and discussed the P&I cover and market insurance solutions that are available. The first case involved claims following severe weather leading to a failure of the mooring lines and a subsequent loss of position, resulting in third-party property damage, pollution from the unit and other field property, wreck removal and the associated consequential losses. The case study was developed to then look at a collision between an FPSO and an offtake tanker.

The second case study focused on the human element and crewing issues, and the importance of effective safety management procedures that are both promoted by the onshore management and consistent with the practices and operations that are performed on board.

These workshops raised many relevant issues for all participants and sparked engaging conversations, which continued over lunch after the seminar. For more information on the seminar or the presentations and workshop materials, please contact the author or visit The Standard Club [website](#).