



Launch of IGRES, GRES & COPRES for Oil, Gas & Petrochemical Risk Engineering Surveys

LMA Market Briefing
Old Library, Lloyd's
8th June 2015



INSIGHT CONSENSUS INFLUENCE



Introduction

Speakers and Panel:

- Patrick Davison - LMA
- Ron Jarvis - Swiss Re
- Andy Goddard - Talbot Syndicate
- Nick Hodges - AIG
- Paul Sankey - Liberty Specialty Markets





Lloyd's Market Association (LMA)

- LMA represents the interests of the Lloyd's underwriting and claims community
- Provides a forum for members to seek solutions to operational and technical issues
- There are a number of LMA business panels representing the different classes of business within Lloyd's
- From time to time the LMA will publish model wordings for use by the market





Model Clauses/Wordings

- LMA “Model” Clauses - purely illustrative and distributed for the “guidance” of Members
- Underwriters are free to agree to different conditions/decide whether or not any contractual language is acceptable on any given risk
- LMA does not publish written guidelines with regard to application or intent of any specific contractual terms





Competition Law

- LMA Competition Law Guidance:
<http://www.lmalloyds.com/>
- The LMA (including all Business Panels and Working Groups) operate under strict Terms of Reference to ensure, amongst other things, compliance with Competition Law.



LMA Onshore Energy Business Panel

- Formed in September 2011 and consists of underwriters from Syndicates and companies writing onshore energy business within the Lloyd's and London market
- The scope includes onshore hydrocarbon production and processing but excludes power and mining risks
- The Panel meets on a monthly basis to consider a number of initiatives
- A Risk Engineering Sub-Group was formed to help develop a number of these technical initiatives e.g. Testing & Commissioning (T&C) clause LMA5197A released in 2014





Roll-Out of the documents

- The guidelines were published on 18 May ([LMA15-020-PD](#)):
 - [Key Information Guidelines for Oil, Gas & Petrochemical Risk Engineering Survey Reports \(OG&P IGRES 2015/001\)](#)
 - [Guidelines for the Conduct of Oil, Gas & Petrochemical Risk Engineering Surveys \(OG&P GRES 2015/001\)](#)
 - [Code of Practice for Delivery of an Oil, Gas & Petrochemical Risk Engineering Survey Programme \(OG&P COPRES 2015/001\)](#)





Background

- The survey process and the subsequent market reports have remained essentially the same over a number of years.
- (Re)Insurers consider that a review is required to refocus and modernise the approach in line with industry process safety developments and insurance loss experience.
- Documents developed based on consensus of London (Re)Insurers Engineers with review from the LMA Panel.
- Broker Engineers consulted and their feedback incorporated.





Key Principles

Surveys should be planned and conducted in line with the following principles:

- A focus on process safety and loss prevention.
- An awareness of the common causes of losses in the industry.
- The importance of evidence-based risk engineering opinion.
- The effectiveness of implementation and compliance with site and best practice standards and procedures.
- Reporting of critical measures of process safety and loss prevention performance such as Process Safety Performance Indicators (PSPIs).






CODE OF PRACTICE FOR DELIVERY OF AN OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEY PROGRAMME (LMA document reference OG&P COPRES 2015/001)

- Provides a basis for agreement of the scope of work for a risk engineering survey programme
- Provides guidance for discussions between (Re)Insurer(s) and the engineering service provider (Broker, (Re)Insurer or Third Party)
- Establishes (Re)Insurers' expectations on programme deliverables
- Cross references IGRES & GRES





KEY INFORMATION GUIDELINES FOR OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEY REPORTS (LMA document reference OG&P IGRES 2015/001)

- Outlines the key information identified as important for inclusion in risk engineering survey reports ('market reports')
- Provides guidance to risk engineers responsible for producing such market reports
- Not intended as an exhaustive and definitive list of all possible information
- It is recognised that it may not always be possible to obtain all the information requested
- Does not stipulate a specific format for market reports



GUIDELINES FOR THE CONDUCT OF OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEYS (LMA document reference OG&P GRES 2015/001)

- Provides guidance to risk engineers in the planning, preparation and execution of risk engineering surveys
- Aim is to ensure that surveys are conducted in such a way that the key information required by (Re)Insurers is obtained during the survey
- Intended to improve the existing survey process for the mutual benefit of all involved





Benefits of the documents

- (Re)Insureds
 - More effective survey process
 - Less preparation
 - Improved process safety improvement opportunities
- (Re)Insurers
 - Provides the information requested to facilitate risk transfer
- Risk engineering service providers
 - Provides market consensus guidance on report content and survey execution
 - Improved service to (Re)Insureds through focus upon process safety and common causes of loss
 - Improved service to (Re)Insurers





Implementation

- Underwriters
 - Promote the mutual benefits of the new documents during market presentations and meetings with (Re)Insureds.
 - The documents are numbered such that they can be clearly referenced by Underwriters.
- Brokers - use the documents to help educate (Re)Insureds and promote incorporation within the survey process.
- Engineers - promote the new documents for future risk engineering surveys.





Questions

Panel:

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AIG

(Chairman, Onshore Energy Business Panel)

Paul Sankey

Liberty Specialty Markets

(Deputy Chairman, Onshore Energy Business Panel)

Ron Jarvis

Swiss Re

(Risk Engineer)

Andy Goddard

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Patrick Davison

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