

Commercial Benefits from Novel Enterprise Risk Management for Upstream O&G Assets

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Why Manage Financial Risk?



<u>Type</u>	<u>Claims</u>	<u>Volume</u>
Property Damage	\$936m	22
Business Interruption	\$1.4bn	1

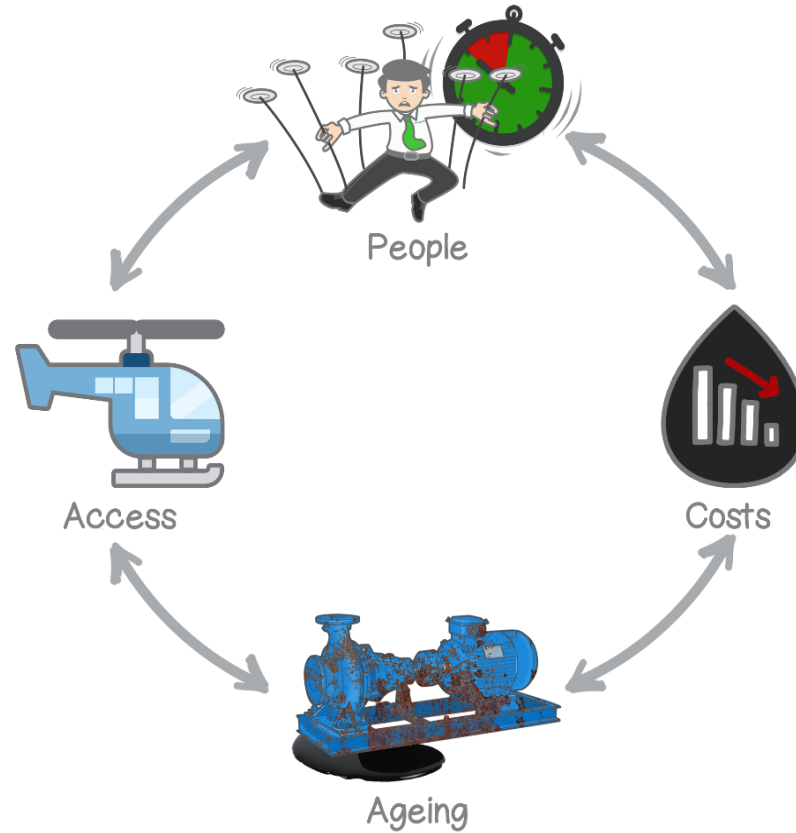
BI Cover ranked top concern for insurance companies for the last 5 years (Allianz)

Underwriters need to know who's serious about managing risk

Underwriters exposed & want solutions to improve quality of risk

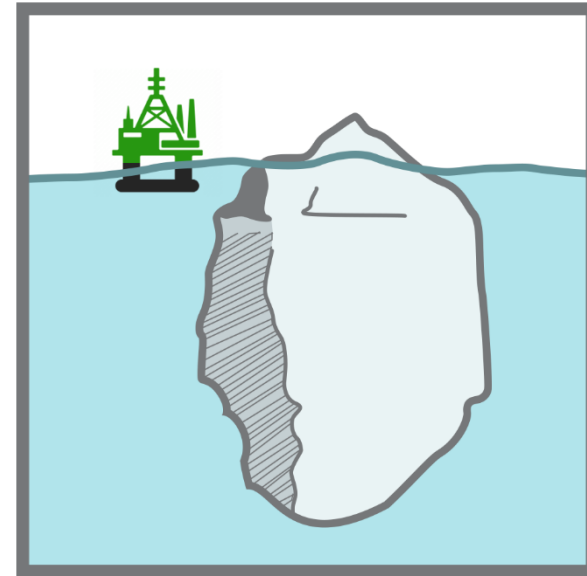
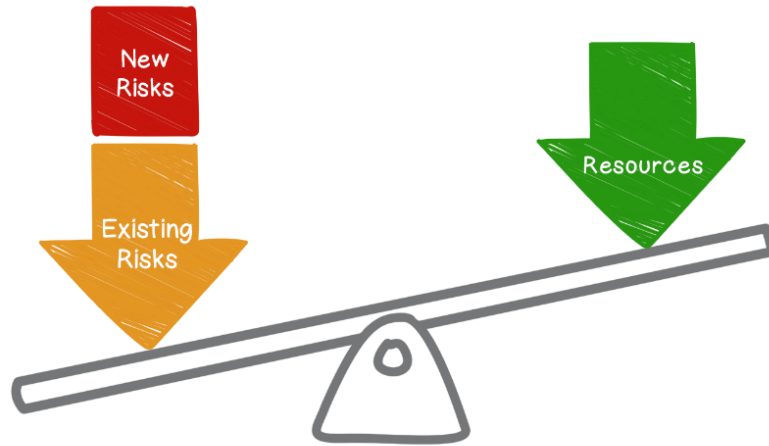
ADNOC Ruwais refinery fire, insurers anticipate \$2.5bn claim (*Insurance Insider*)

Constraints in UK North Sea



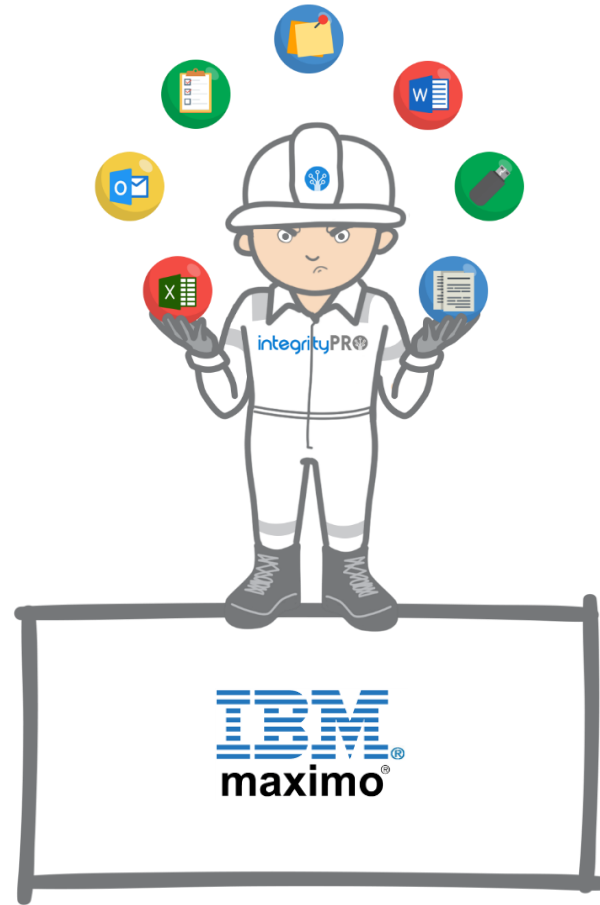
So much to do so little time!

Result



Business risk at all time high, resilience at an all time low

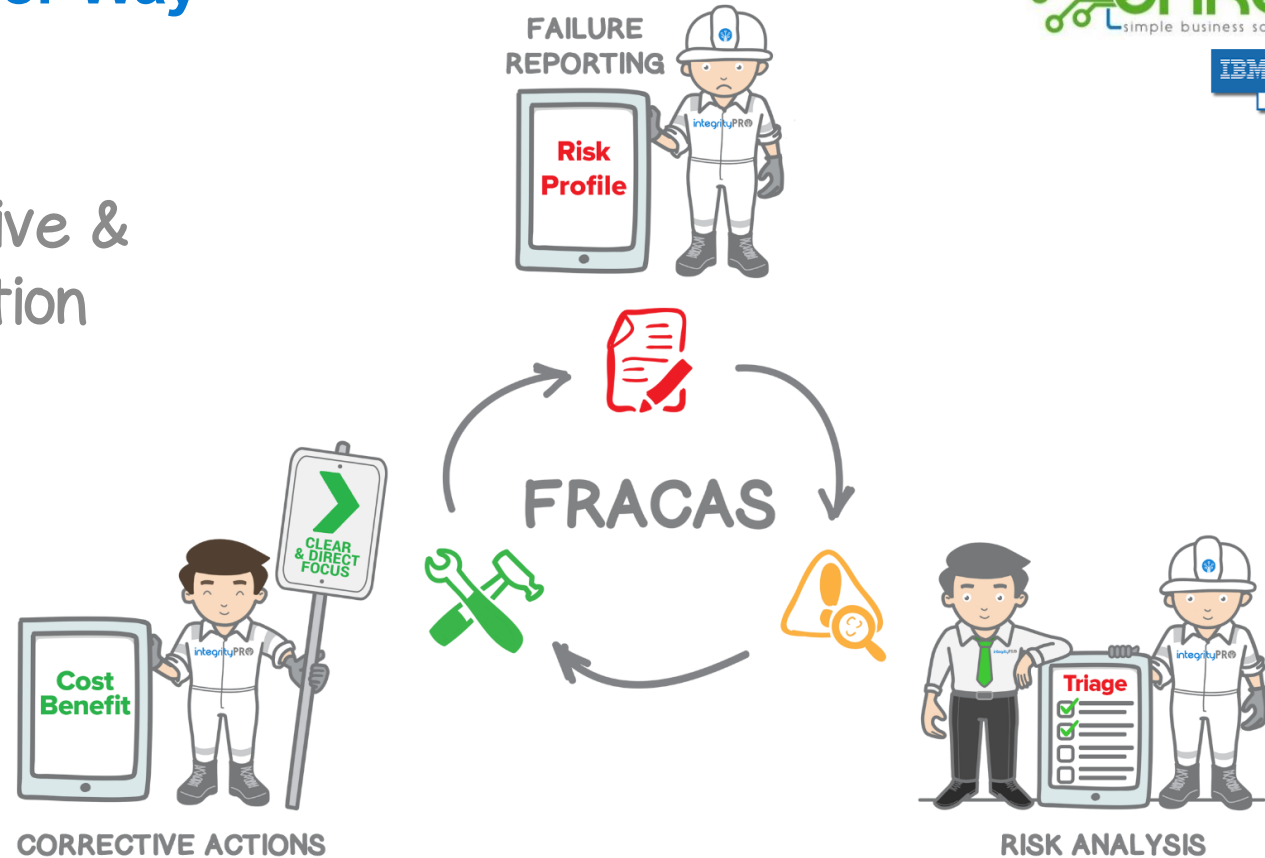
Current Practice



Current systems inefficient, siloed, uncontrolled & prone to error

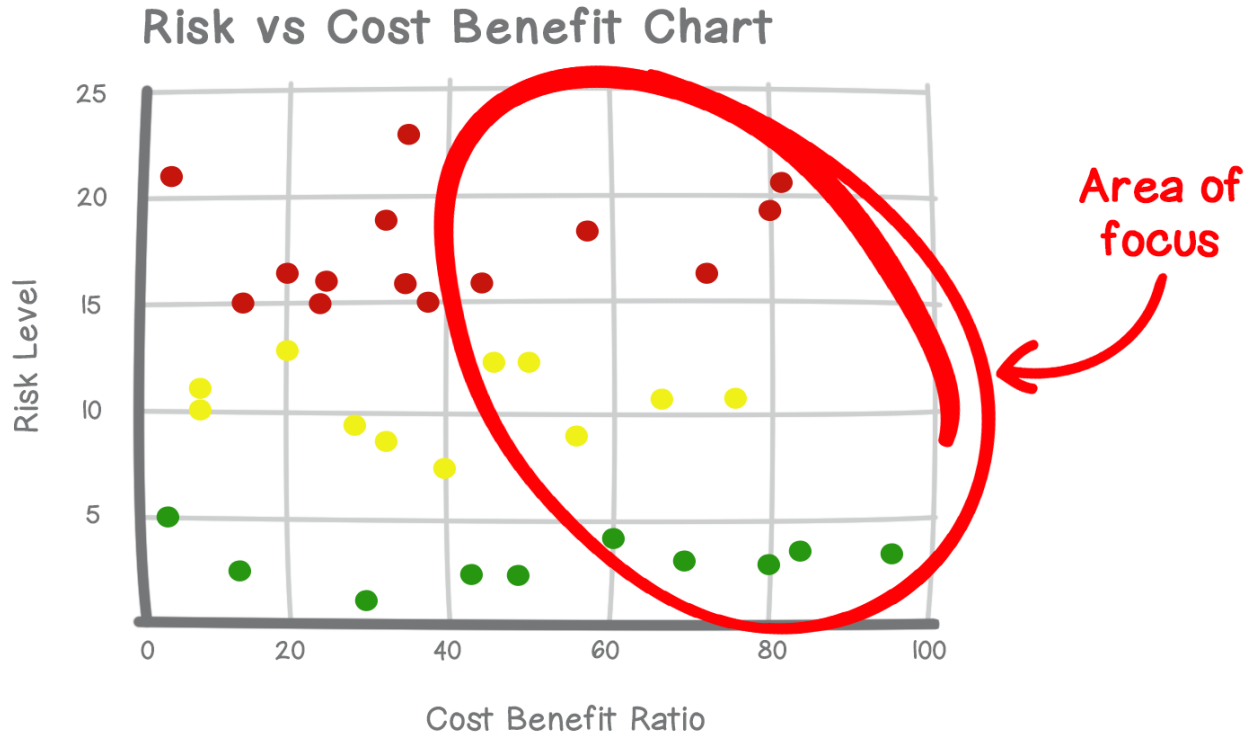
There is a Better Way

Digital, Proactive &
Practical Solution



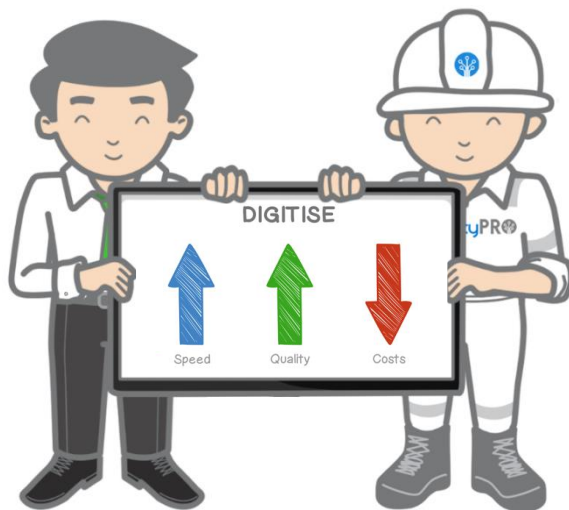
Combining principles of reliability & risk to highlight vulnerable areas

Improving Quality of Risk

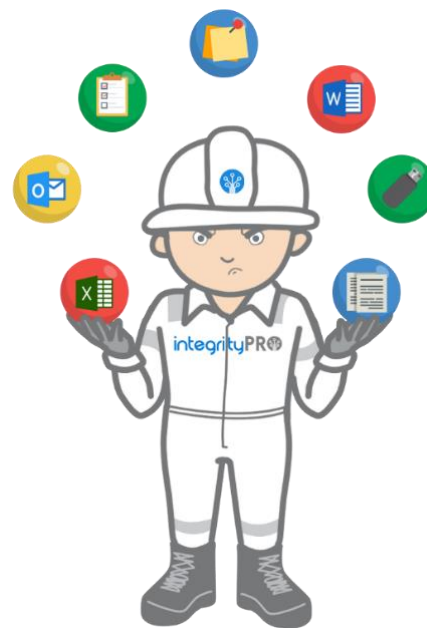


Gives reliable insight & makes it easy to prioritise

The Future



Serious About Risk
= Good BI Cover



Not Serious About Risk
= Poor BI Cover

Appendix



Insurance Community Concerns



Figure 2 – Upstream losses excess of US\$100m, 2015 -17

Type	Cause	Region	PD US\$	BI US\$	Total US\$
2015					
Platform	Fire + explosion/VCE	Latin America	650,000,000		650,000,000
Platform	Misc	North America	650,000,000		650,000,000
MOPU	Explosion no fire	Latin America	382,000,000	112,500,000	494,500,000
Plant	Terrorism	Africa	455,000,000		455,000,000
Platform	Collision	Middle East	260,000,000		260,000,000
Rig	Leg punch through	Latin America	240,000,000		240,000,000
Pipeline	Ruptured pipeline	North America	220,300,000		220,300,000
MOPU	Faulty work/operating error	Latin America	143,000,000		143,000,000
Plant	Terrorism	Africa	141,649,500		141,649,500
MOPU	Corrosion	Latin America	100,000,000		100,000,000
2016					
MOPU	Mechanical failure	Africa	620,000,000	900,000,000	1,520,000,000
Rig	Mechanical failure	North America	83,500,000	95,000,000	178,500,000
Platform	Fire + explosion/VCE	Latin America	150,000,000		150,000,000
Pipeline	Anchor/jacking/trawl	Africa	100,000,000		100,000,000
2017					
Vessel	Pipelaying/trenching	Latin America	128,500,000		128,500,000
MOPU	Faulty work/operating error	Africa	100,000,000		100,000,000

Only two losses over US\$100m have recorded to date in 2017 - less than in 2016 and significantly less than in 2015

Source: WTW Energy Loss Database as of February 12 2018 (figures include both insured and uninsured losses)

2017/18 Expected

ADNOC Ruwais refinery fire

Insurers anticipate
\$2.5bn claim

(Insurance Insider 06 Apr 2018)