

MARSH JLT SPECIALTY

# Oil, Gas, and Petrochemical Projects



# Industry Specialists

Marsh JLT Specialty has a dedicated team of construction specialists who consult, place, and service all forms of oil, gas, and petrochemical projects globally.

Because we firmly believe it starts with the team, we carefully select each team member based on their extensive experience with other significant and/or similar projects. Your project team represents amongst the best in the industry based on experience, scope of knowledge, and demonstrated results for our clients. These experts are drawn directly from our global energy, power, and construction practices; a team of specialists dedicated to serving this industry full time.

Key features of our proposed team and service methodology include:

**Depth of resource** — global network of over 800 oil and gas (O&G) specialists including experienced brokers, lawyers, and risk engineers, working side by side to deliver seamless insurance and risk management solutions, at every stage of a project's life.

**Experience** — from refineries to fertiliser plants, the Construction Global practice manages world-leading projects of every type globally. Working with our retail network of 130 offices, we offer global solutions locally.

**Proven ability** — to achieve right first-time delivery and project closure on time and budget.

**Talent retention** — our size enables us to attract and retain some of the market's leading talent.

**Project risk management** — providing ability to improve project design and operation at an early stage.

**Life-cycle management** — fully versed in the challenges of transferring complex assets from construction into steady state operations, with our brokers and risk engineers actively supporting the transfer process.

**Claims recovery** — we have settled in excess of US\$10 billion of construction claims, mainly on large, complex losses. Our specialist claims advocates are often engaged to manage claims recovery on behalf of third parties under policies we did not place.

**Global marketing** — in addition to retail offices in over 130 countries, we have a broking distribution network which can access insurance markets globally in order to secure the best terms and conditions.

**Manuscript policy wordings** — offering broader than market standard cover, each of our insurance products has been tailored to address the nuances of heavy industrial projects.

**Contractual risk allocation** — we are well versed in the allocation of risk and actively support our clients in risk allocation, from construction contracts to complex finance agreements.

**Blast modeling and maximum loss assessments** — we have access to proprietary risk models that can be used to accurately assess your maximum loss exposures.

**Risk engineering** — focused at eliminating losses before they happen, we have an internal team of 25 loss control and risk management experts who travel the world inspecting and improving our clients' facilities.

# Managing Contractual Risk



Offtake  
Agreement



Shared Facilities  
Agreement



Operation  
and Maintenance  
(O&M) Agreement



Supply  
Agreement



Engineering,  
Procurement,  
and Construction  
(EPC) Contract



Onshore/  
Offshore  
Demarcations



Finance  
Agreement

## Contractual Risk Matrix

The contractual structure of an energy project can be complex. Multiple insurance obligations must be considered across separate contracts with different stakeholders, each of whom has a different financial interest in the project.

**The diagram on page 3 details the typical insurance obligations under each of these agreements and the party responsible for each line of insurance.**

Ensuring the insurance requirements in all contracts are drafted in the knowledge of what is reasonably available, whilst the various contractual obligations dovetail perfectly, is an area in which we have a thorough knowledge.

## Project Finance

Marsh JLT Specialty takes a proactive approach to project financing, starting with the production and submission of a detailed insurance strategy document (the *Insurance Overview Report*) to your lenders and their advisers.

We will support detailed negotiations with you, your legal advisers, and the lenders' insurance advisor (LIA) in order to rationalize insurance requirements for the benefit of the project. Our in-depth understanding of the complexities of project finance, combined with our proactive approach, enables us to assist you in achieving financial close (FC) on time and budget.

## Managed Workflow

Aspects we will employ to facilitate an efficient workflow include:

- Mapping of contractual obligations and a thorough knowledge of local insurance legislation.
- Producing and submitting a detailed *Insurance Overview Report* for lenders.
- Encouraging early disclosure by legal advisers to understand and agree the signing deliverables and timetable.
- Requesting early sight and negotiation of insurance schedules within the finance agreement.
- Use of broad wordings (such as our model construction wording) which have withstood numerous LIA reviews.

## Optimum Operational Program Interface

Three months prior to commissioning, our engineer will undertake a pre start up loss control review and commission a management loss control systems report. This enables us to prepare the underwriting report for operating insurances and ensures management systems are acceptable for insurers. This report will be used three months before project handover to seek quotations and finalise placement of required operational insurances. We will also consult and take a proactive stance with bank insurance advisers on policy wording and extent of cover, which allows us to fully canvass the available market and helps us to achieve cost-effective insurances.

# Contractual Risk Matrix

Insurer Notice of Assignment  
 Insurer Acknowledgement of Assignment  
 Insurer Assignment of Reinsurance  
 Reinsurer Notice of Assignment  
 Reinsurer Acknowledgement of Assignment  
 Broker's Letter of Undertaking — Insurance  
 Broker's Letter of Undertaking — Reinsurance

Borrower Obligations

Borrower Insurances

Erection All Risks  
 Delay in Start Up  
 Terrorism including Delay in Start Up  
 Third Party Liability  
 Marine Cargo  
 Property All Risks  
 Business Interruption  
 Terrorism Property Damage and  
 Business Interruption (PD & BI)  
 Motor  
 Workers' Compensation

Suitable and Matching Definitions?

Finance Agreement

Onshore/  
 Offshore  
 Demarcations

Project  
 Completion

Engineering,  
 Procurement,  
 and Construction  
 (EPC) Contract

Supplier  
 Agreement

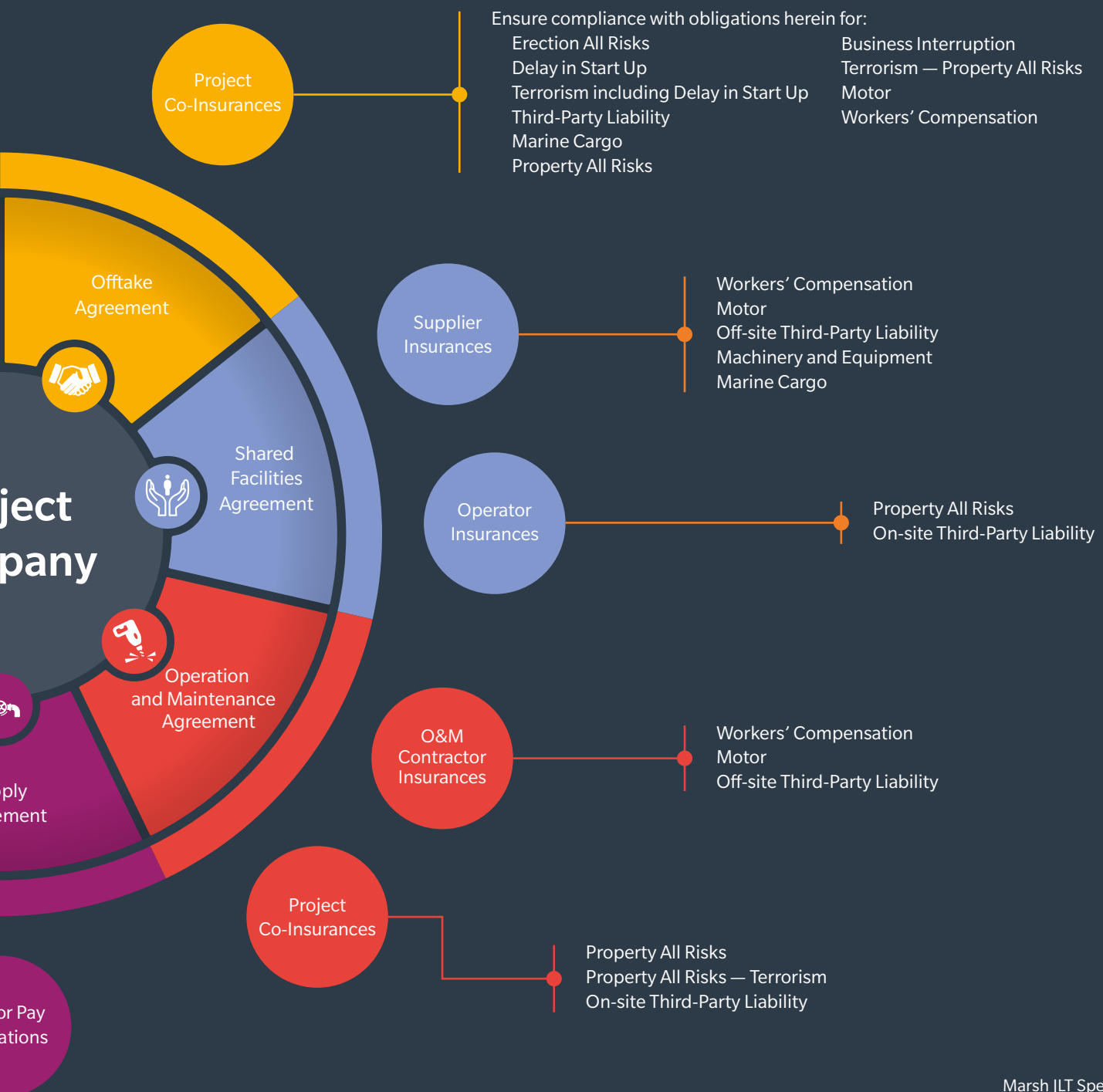
Erection All Risks  
 Third-Party Liability  
 Marine Cargo  
 Terrorism

Project Co  
 Insurances

Workers' Compensation  
 Motor  
 Machinery and Equipment  
 Aircraft/Watercraft  
 Off-site Third-Party Liability  
 Difference in Conditions

Contractor  
 Insurances

Take or  
 Obligation



# Our Approach

## Project Insurances

Designed to get claims paid and speed up recovery, our policy experts have developed a suite of manuscript wordings tailored specifically to the nuances of the energy sector. For construction, key attention has been given in the following areas:

| Coverage Focus                |
|-------------------------------|
| Design Defect                 |
| Hydrocarbon Processing        |
| Maintenance                   |
| Corrosion                     |
| Hot Testing and Commissioning |
| Handover to Operations        |
| Module Fabrication            |

## Additional Insurances

The following complementary project coverages are available:

| Other Coverages   |  |
|---|--|
| Third-Party Liability/<br>General Liability/Combined<br>Workers' Compensation           | Owner's Protective Professional<br>Indemnity Insurance |
| Delay in Start Up/Advanced Loss<br>of Profits   | Professional<br>Liability Insurance                    |
| Marine Cargo  | Cyber  |
| Marine Cargo Delay in Start Up  | Environmental  |
| Sabotage and Terrorism/<br>Political Violence   | Offshore/<br>Upstream Placements                       |
| Cover for Floating Storage Units/<br>Floating Storage Regasification<br>Unit (FSU/FSRU) |  |

## Risk Engineering

Project success will be enhanced by involving our project risk management and engineering colleagues preferably before or early in the front-end engineering design (FEED) package development. Using their experience working with financiers and their insurance consultants, and with insurability as a backdrop, our team's recommendations may help to:

- Assist in the placement of project finance.
- Improve the project as a construction and operational insurance risk.
- Avoid expensive insurability or insurer-led modifications later on.
- Assist in design to minimize loss of revenue exposures.
- Set the stage for the placement of cost effective Erection All Risks (EAR) insurance.

A detailed assessment including estimated maximum loss (EML) quantification can be undertaken and confirmed with the project team on all of the following as required:

1. Key project exposures and EML.
2. Natural perils/accumulation.
3. Technology selection and commissioning, and start-up.

## Access To Global Markets

By utilizing our Marsh JLT Specialty global construction network, we can reach the global market at the right access point, maximizing capacity and securing the optimum placement available. We are also able to design and implement OIL wraps should these be required.

## Technology Management

Process technology in the energy sector is constantly evolving. We have successfully developed construction insurance programs for many projects involving prototypical technology, unit configuration, or significant “scale-up” to an existing or proven technology.

To successfully achieve a program providing optimum coverage with no restrictive exclusions or conditions, the risk must be presented to the market in a way that pre-empts any potential underwriter concerns.

The following basic methodology has been adopted by us in the past and should be followed for cases that involve either new process technology, or perceived significant 'scale-up' of existing proven technology:

1. Obtain comprehensive underwriting information relating to the issue.
2. Engage our engineering/risk management team to review the information, analyze it, and compare with precedent or 'peer' cases.
3. Gain a full understanding of engineering or technical implications, and advise the project team on potential risk profile and mitigation factor changes.
4. Gain understanding of technology providers, or licensors' warranties or guarantees.
5. If appropriate, bring the project's engineers and Marsh JLT Specialty's in-house engineers together with lead insurers and their engineers for discussions.
6. Develop a detailed underwriting submission that pre-empts perceived (or actual) insurer concerns.
7. By forming an understanding of the key issues, the project technology is presented in the optimum light and the desired level of cover, terms, and conditions obtained.

Technology selection will impact EML quantum. Plant configuration and spacing trends may lead to higher than available insurance limits in certain segments.

## Benchmarking

Construction insurance risk is often at its greatest during testing and commissioning, with the risk of a vapor cloud explosion event. Contractual design performance demonstration and operational underwriter requirements in respect of continuous 72-hour design throughput may limit opportunities for early handover.

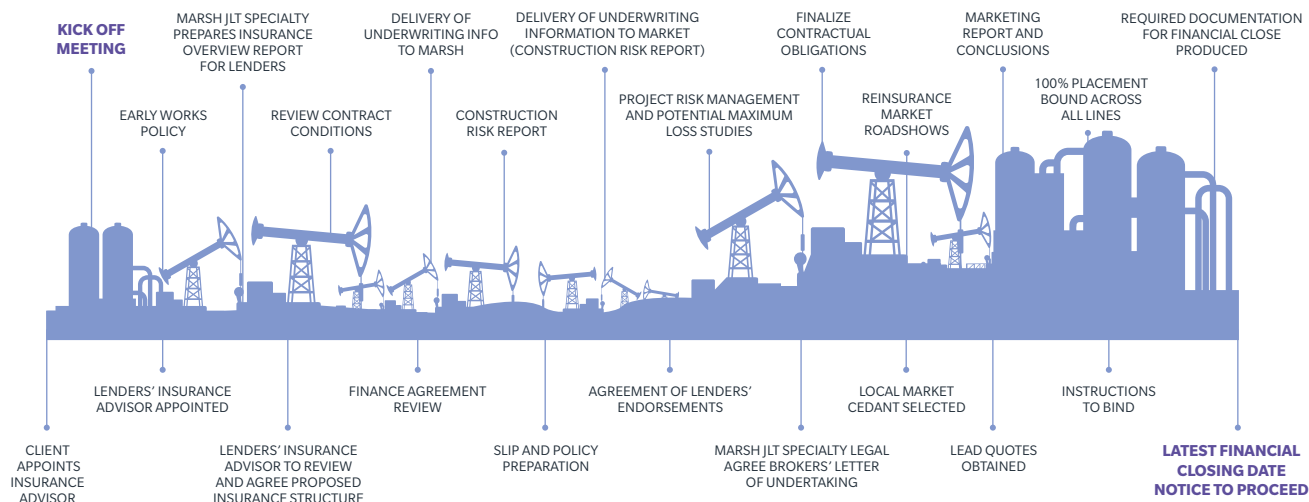
Through our greatly experienced engineering and placement team, we are well positioned to provide tailored advice and solutions for our clients based on accurate industry benchmark data.

## Claims Management

We are able to offer the following claims management services to our clients and their energy projects:

- **Claims Advocacy** — claims are becoming larger and more complex. Our approach is to use detailed claims preparation, exacting project management, tenacious negotiation, clear strategy, and diplomatic relationship management to ensure successful resolutions for our clients.
- **Claims Solutions** — we can deploy senior, expert resources that are best qualified to deliver the optimal loss outcome. Our team includes former chief claims officers, chartered loss adjusters, surveyors and forensic accountants, lawyers and investigation specialists, engineers from all disciplines, and global claims managers.

# Financial Close on Time and Budget



## A Selection of our Principal Energy Advisers



**Darren Marshall**  
Energy Construction Leader

Darren has specialized in construction and power risks for 25 years, directing the strategy, program design, negotiation, and finalization of placements and co-ordinating with global network offices.



**Adam Chapman**  
Senior Client Executive

Adam has spent over 25 years specialising in oil, gas, and petrochemical related construction - advising on contracts, preparing underwriting submissions, designing and placing construction programs, and negotiating.



**Michael Eason**  
Project Risk Management Specialist

Michael is a mechanical engineer with over 20 years' industrial experience and 10 years with the Marsh Energy Practice in London, where he has responsibility for underwriting surveys and the provision of risk management advice to energy clients.



**Paul Nicholson**  
Project Risk Management (PRM) Specialist

Paul has 38 years' PRM experience at Marsh specializing in both the liquefied natural gas and gas utilization industry sectors, 20 years of which he spent as an engineer.



**Dean Rebello**  
Senior Claims Advocate

With over 30 years' experience in global construction claims, Dean brings specialized construction knowledge of first-party claims from an insurer's perspective.



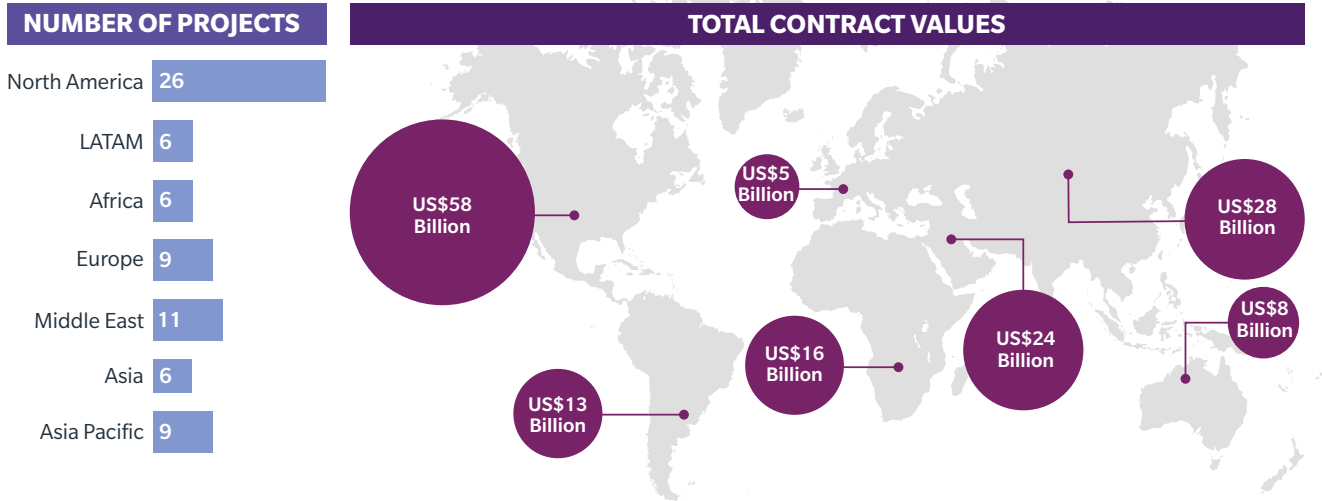
**David Vajnai**  
Contract Analyst

Qualified in maritime law, David provides insurance consultancy, contractual risk advice, and insurance wording reviews for a wide spectrum of marine and energy clients.



# Energy Projects and Values

Placed Since 2015, by Region

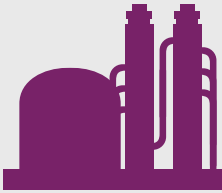


70+ ONSHORE  
CONSTRUCTION  
PROJECTS



AND OVER US\$150 BILLION  
OF PROJECT VALUES

10 LNG  
PROJECTS  
PLACED



WITH VALUES EXCEEDING  
US\$45  
BILLION

9 PIPELINE  
PROJECTS



WITH VALUES EXCEEDING

US\$13.5 BILLION

# MARSH JLT SPECIALTY

To enquire further about how we can assist your energy project, please call your local Marsh JLT Specialty representative or:

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