



Energy and Offshore Committee

IUMI Conference

Bruges, September 2009

Frank Costa
Chairman

- **Committee membership**
- **Lloyd's offshore underwriting statistics**
- **Market overview**
- **Market issues**
- **Workshop introduction**

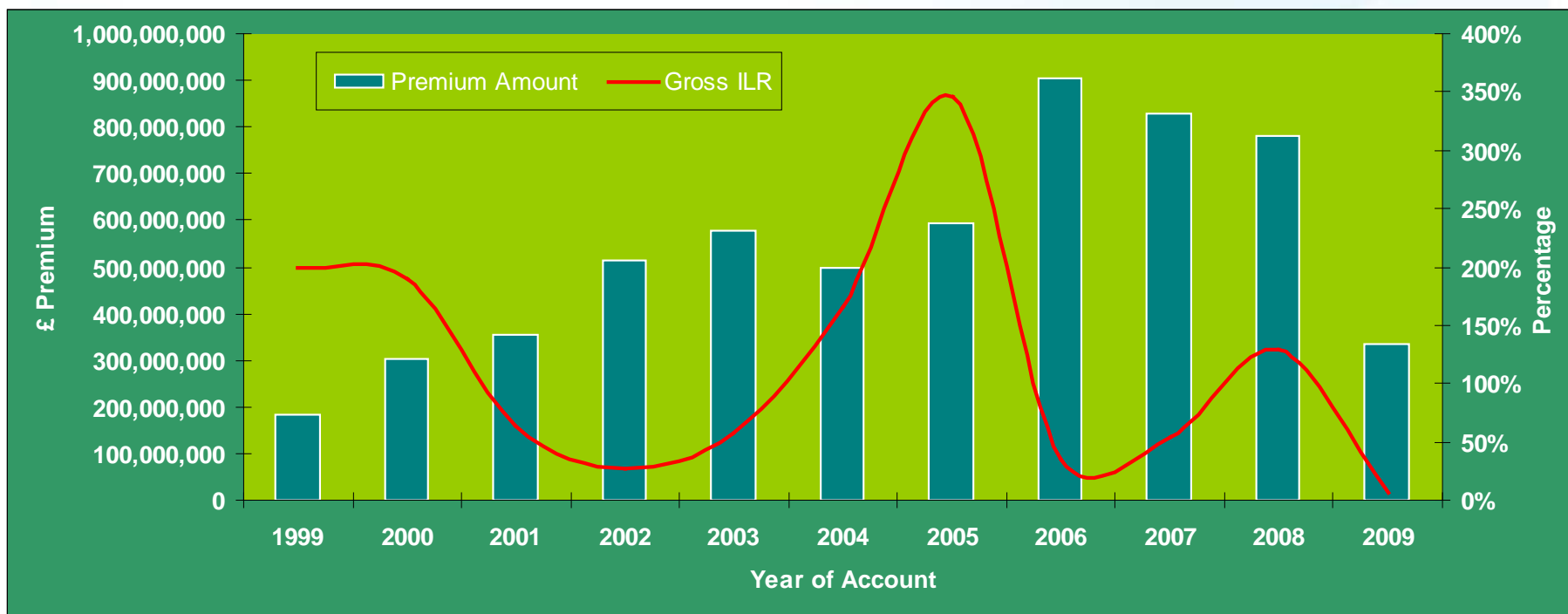
Energy and Offshore Committee Membership



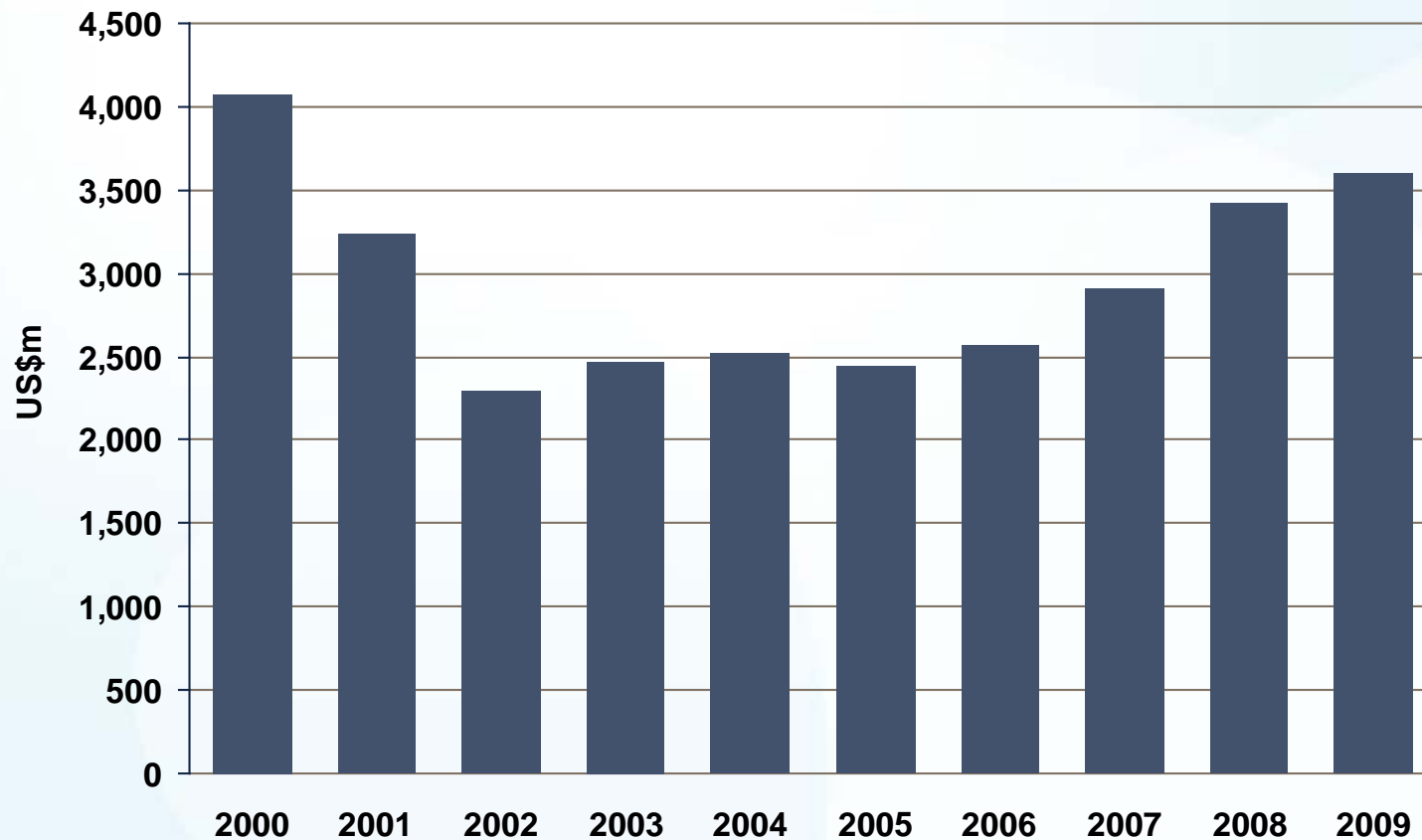
Frank Costa (Chairman)	W.R. Berkley, USA
Mel Causer	Zurich, USA
Olivier Perraut	Scor, France
Jan Hugo Marthinsen	Gard, Norway
Simon Williams	Hiscox, UK
Yoshihiro Tsuchiya	MSI, Japan
Christopher Wildee	Chaucer, Singapore
Mohamed Khalifa	Misr, Egypt
Etienne Haenecour (EC Liaison)	Avero, Belgium
Neil Smith (Secretary)	LMA, UK

- **Offshore Physical Damage/Control of Well**
- **Underwriting Year Basis**
- **Net of Acquisition Costs**
- **Before Reinsurance Costs/Recoveries**
- **Actual NOT Ultimate Figures**
- **Representative of Worldwide Market**

Energy Lloyd's Market Statistics 1999 – 2009



Upstream Operating Underwriting Capacities 2000-2009 Excluding Gulf of Mexico Windstorm



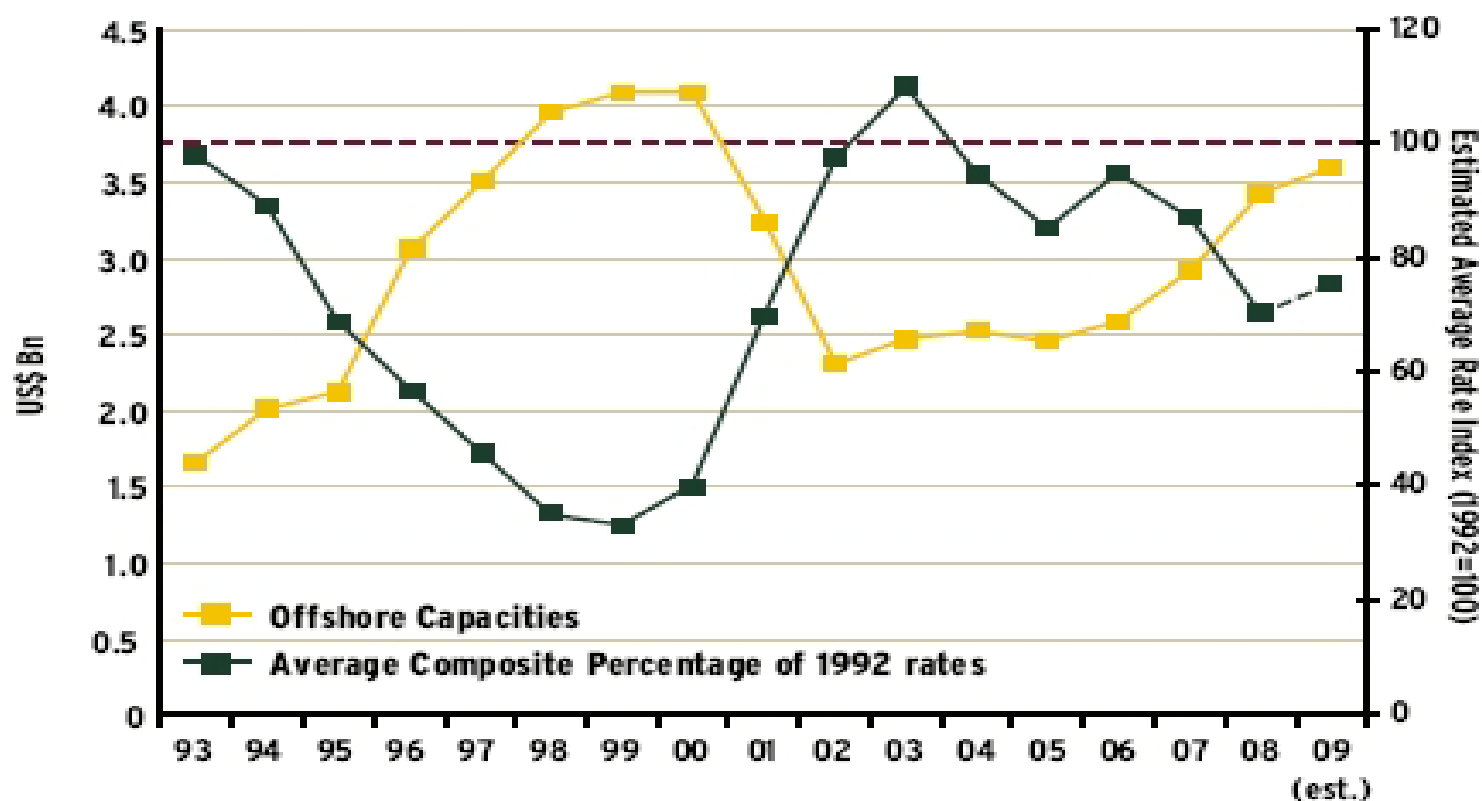
- Capacity increases for fourth year running
- “Working” capacity at 2.5 Billion
- New technology is testing the market capacity
- Windstorm capacity continues in short supply

Energy Insurer Capacities / Average Rates 1993-2009 Excluding Gulf of Mexico Windstorm



CAPACITY

Energy Insurer Capacities and Average Rating Levels, 1993-2009 (Excluding Gulf Of Mexico Windstorm)



- **No activity, as of now**
- **Significantly less wind insurance purchased**
- **Longer term view of wind cover**
- **How will the industry make up the wind deficit?**

Issues – Global Economic Downturn How is it Affecting Our Industry?



- Oil price levels off
- North American natural gas price collapse
- Drilling rigs layed up
- Potential Impact on staffing levels and quality.
- Major offshore development continues

- **RCV / ACV / Agreed Value, which is it?**
- **Special issues with aging properties**
- **Are underwriters “first losing” themselves?**

Have we Lost Sight of Indemnity?

- **John Harris** **Braemar, Steege**
- **David Noble Smith** **Noble Smith Associates**
Thane Pitt Roche
- **Tim Taylor** **Barlow, Lyde, and Gilbert**
- **Panel Discussion**



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Takeaways:

- **Have We Lost Sight of Indemnity? – Perhaps, Yes**
- **Don't Just Focus on Rates and Deductibles –**
- **Be SURE of the Wording You are Using.**