



LOPI

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Lillehammer ECC 2018

Wednesday 7th March 2018



Disclaimer:

These are my views and only my views. They should not be taken to express the views of AIG and/or Zurich or, for that matter, anyone else. They are expressed entirely without prejudice.



Question

Have you ever handled a LOPI Loss?

- a) Yes
- b) No
- c) What is LOPI?



Business Interruption



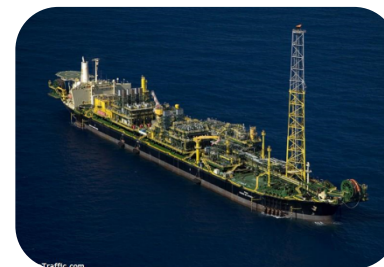
Contingent Business Interruption



Delay In Start-Up



Loss of Hire



Loss Of Production Income



Business Interruption





Contingent Business Interruption





Loss Of Hire





Delay in Start-Up





LOPI



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RIG on FIRE and / or damaged subsea infrastructure





Upstream Energy Losses



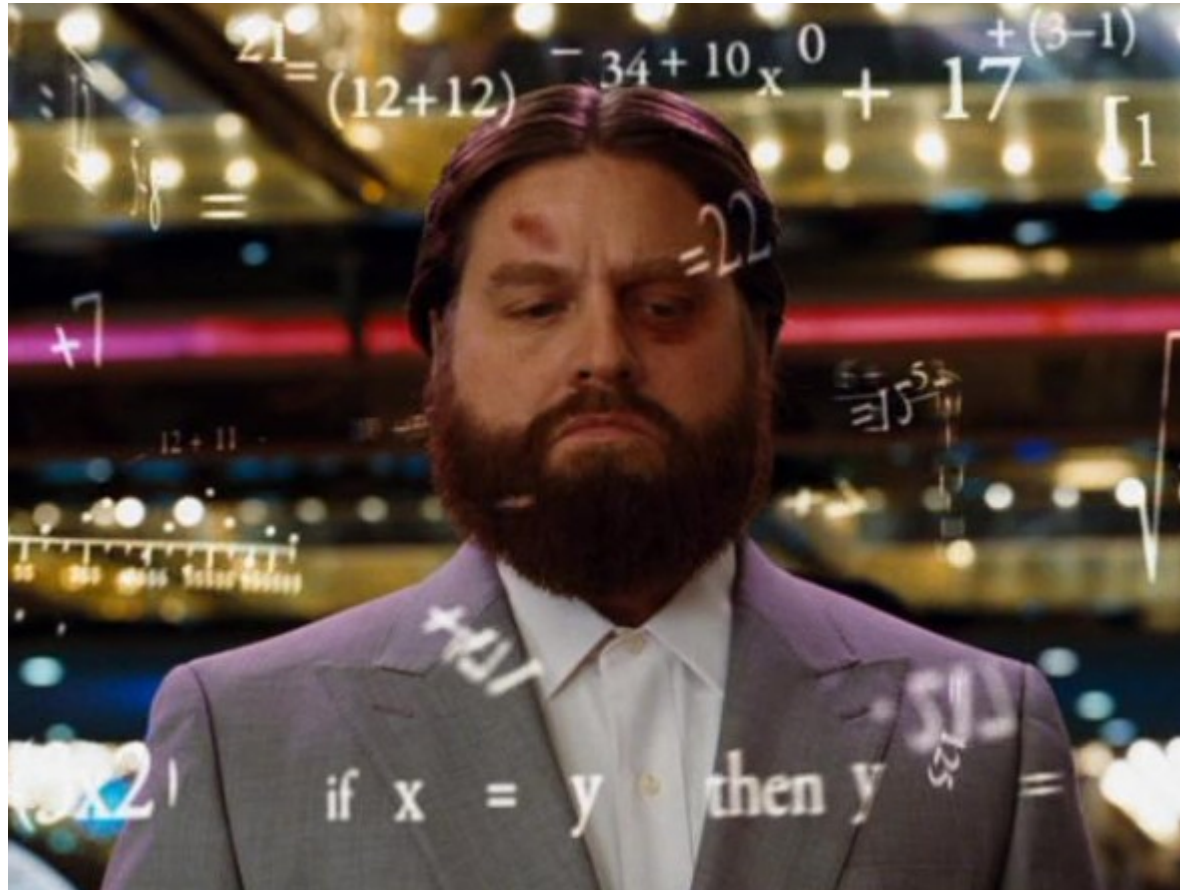


The beginning of LOPI

- Introduced in the 90s
- One year Indemnity Period
- Lower fixed price (bbls)
- Need to protect Insureds' revenue stream



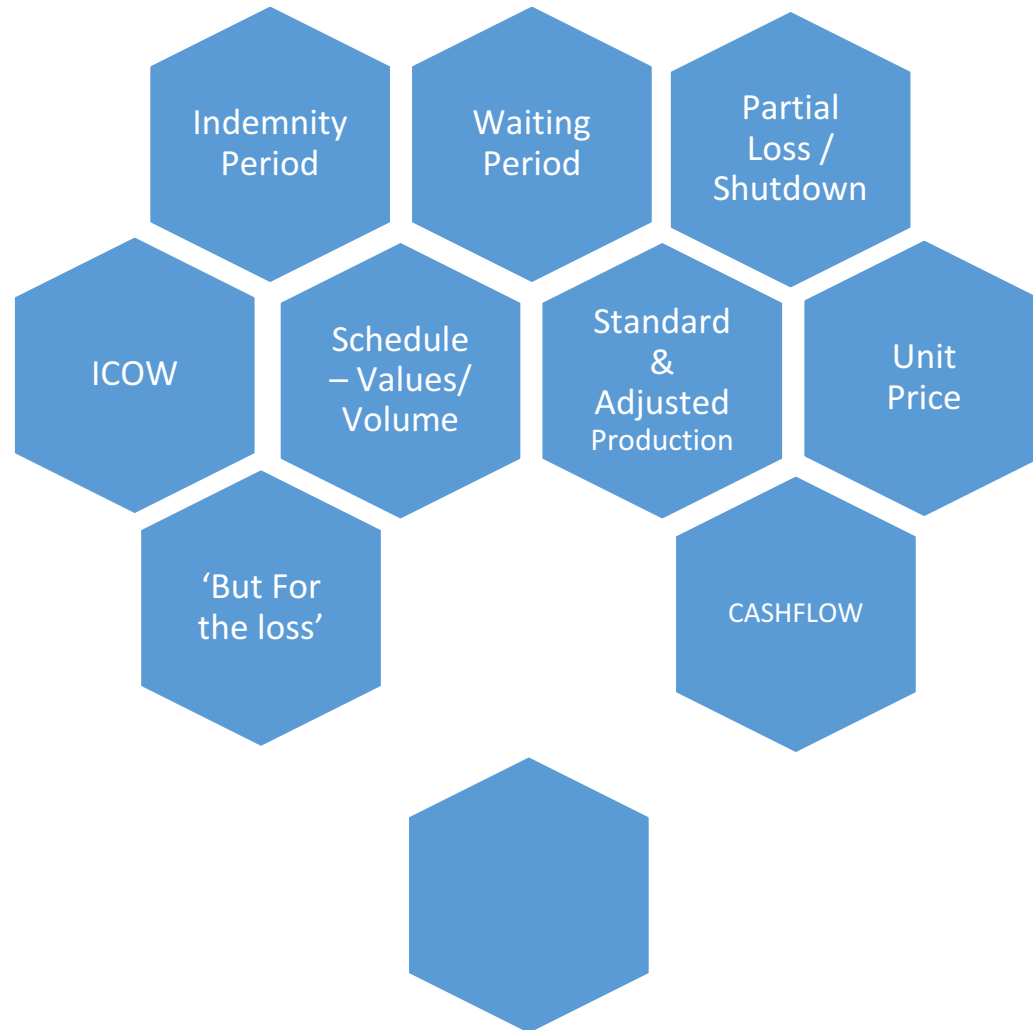
Calculating Loss Of Production



Unit Price x Volume = Claim

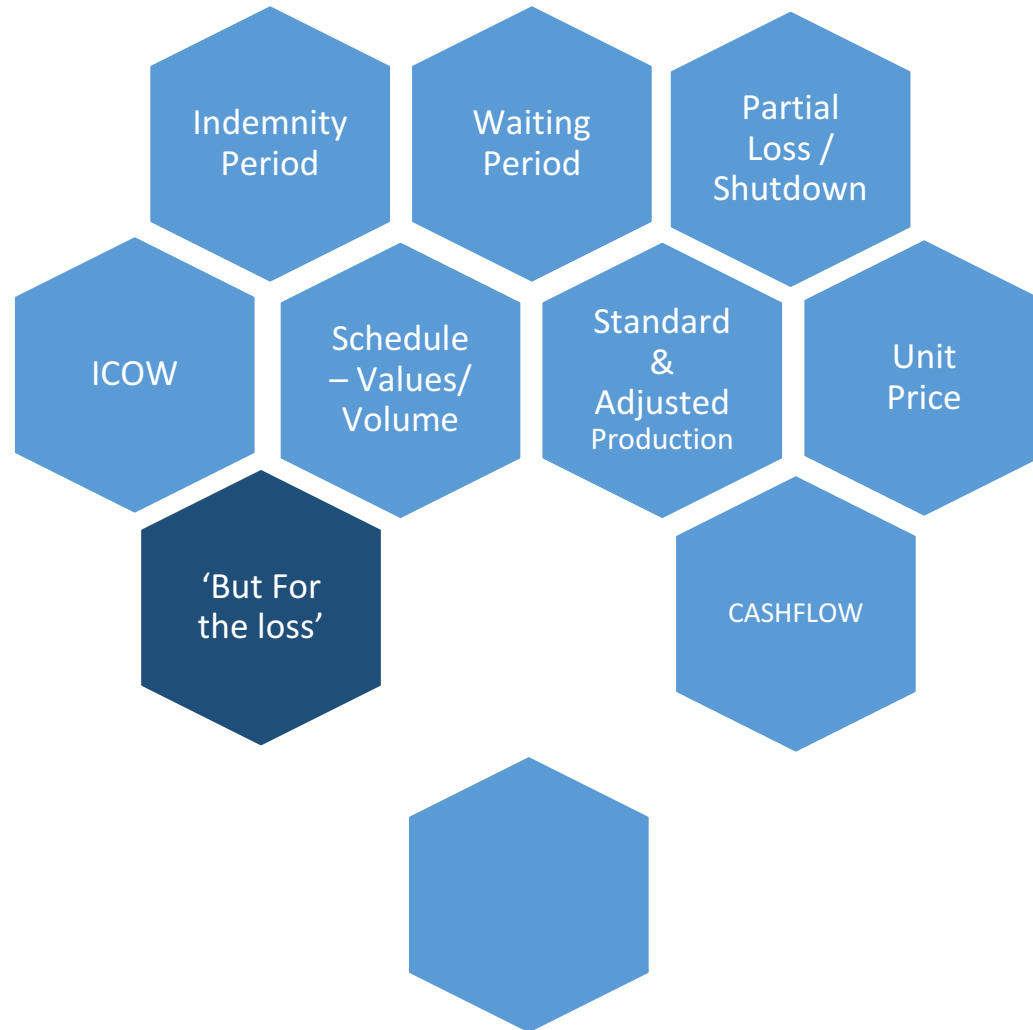


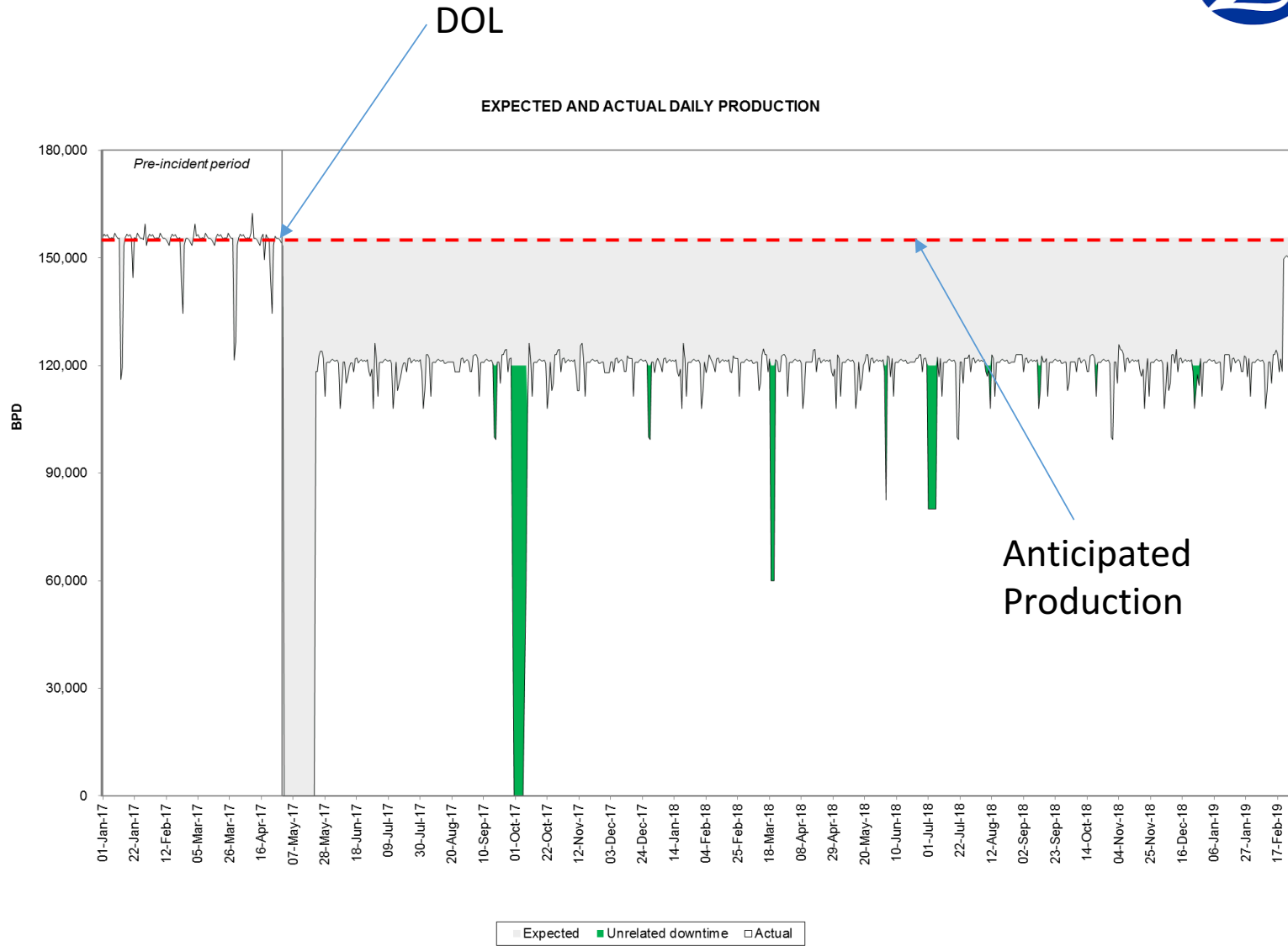
What is LOPI?





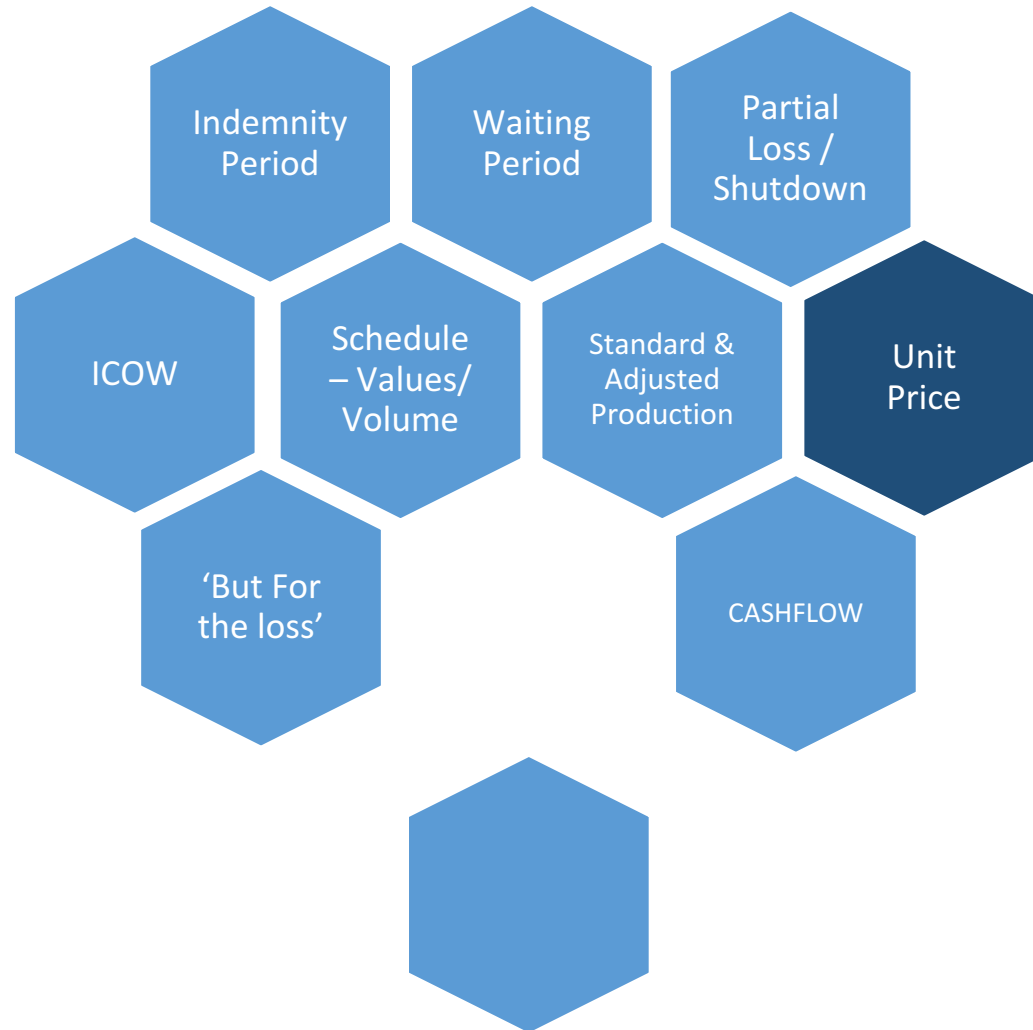
What is LOPI?







What is LOPI?



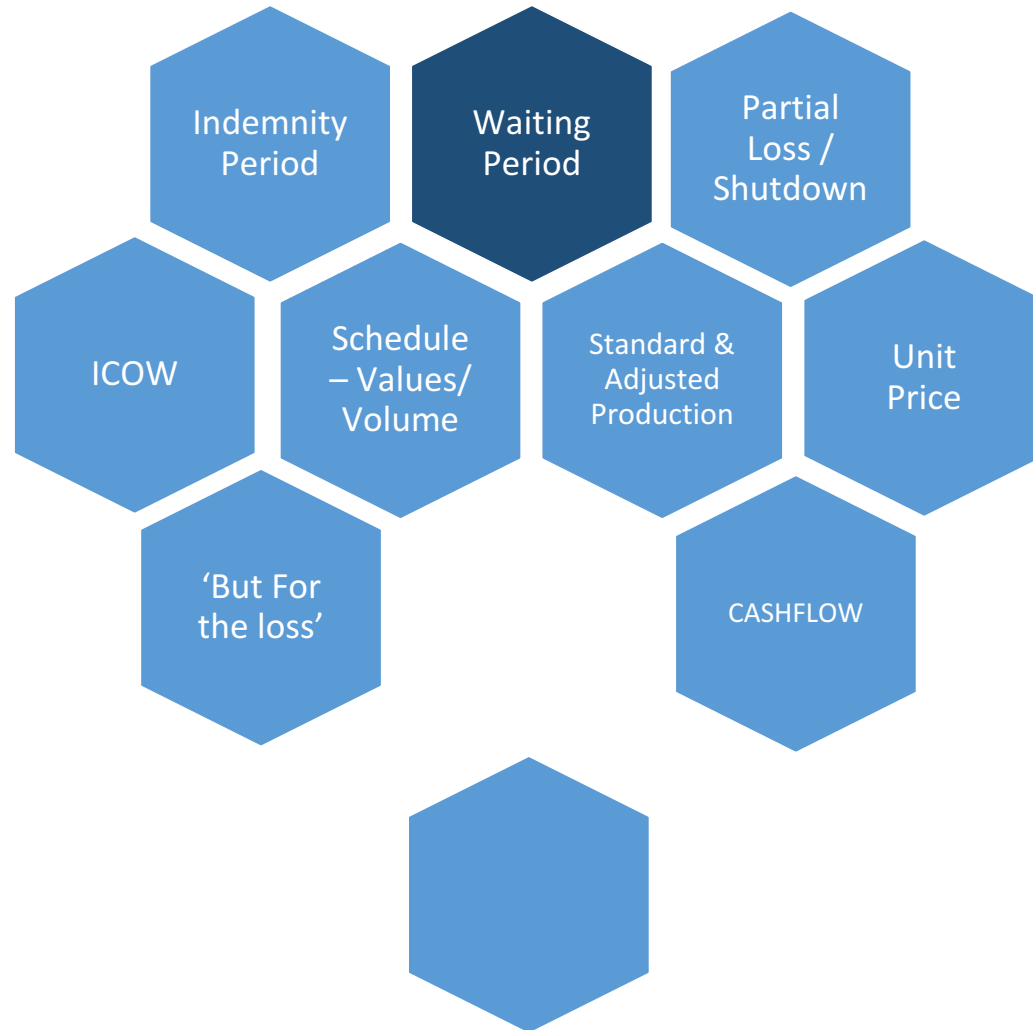


Example: twelve month indemnity Declared vs spot pricing



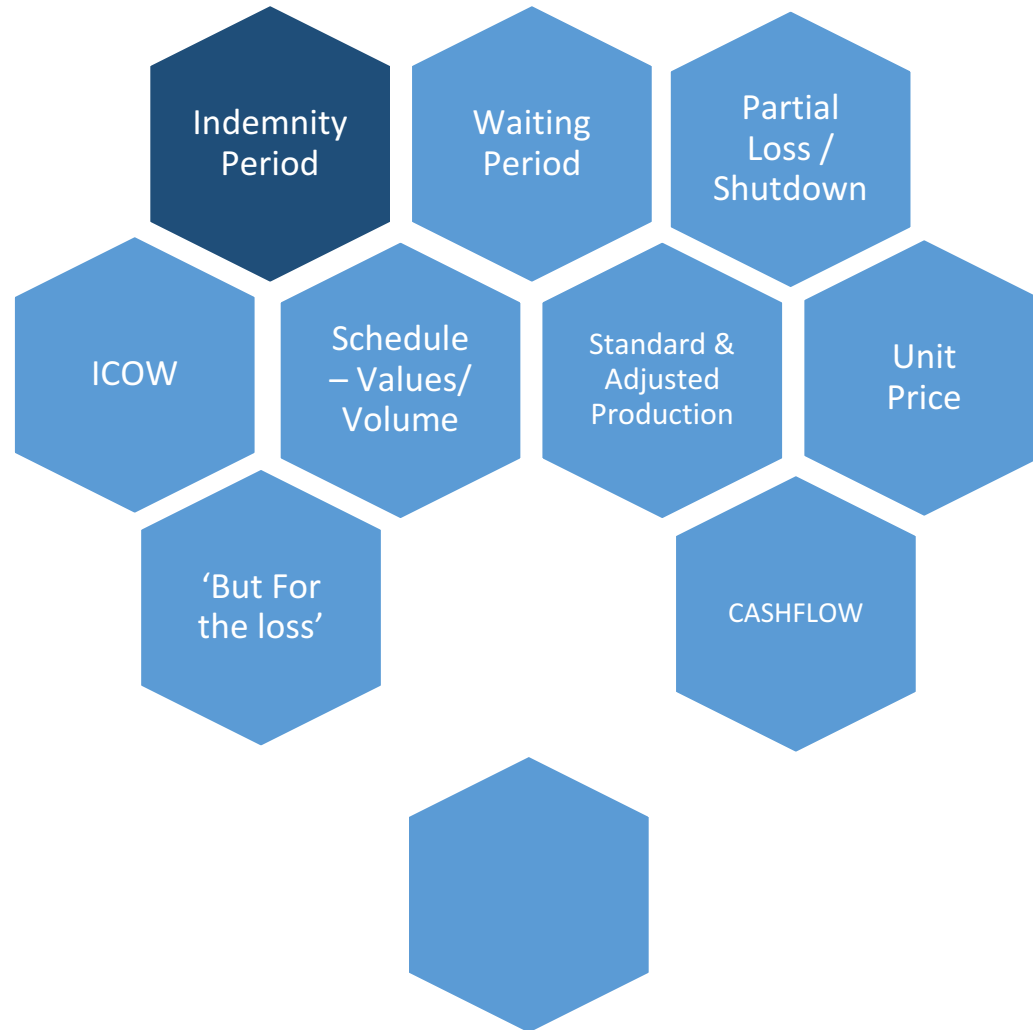


What is LOPI?





What is LOPI?



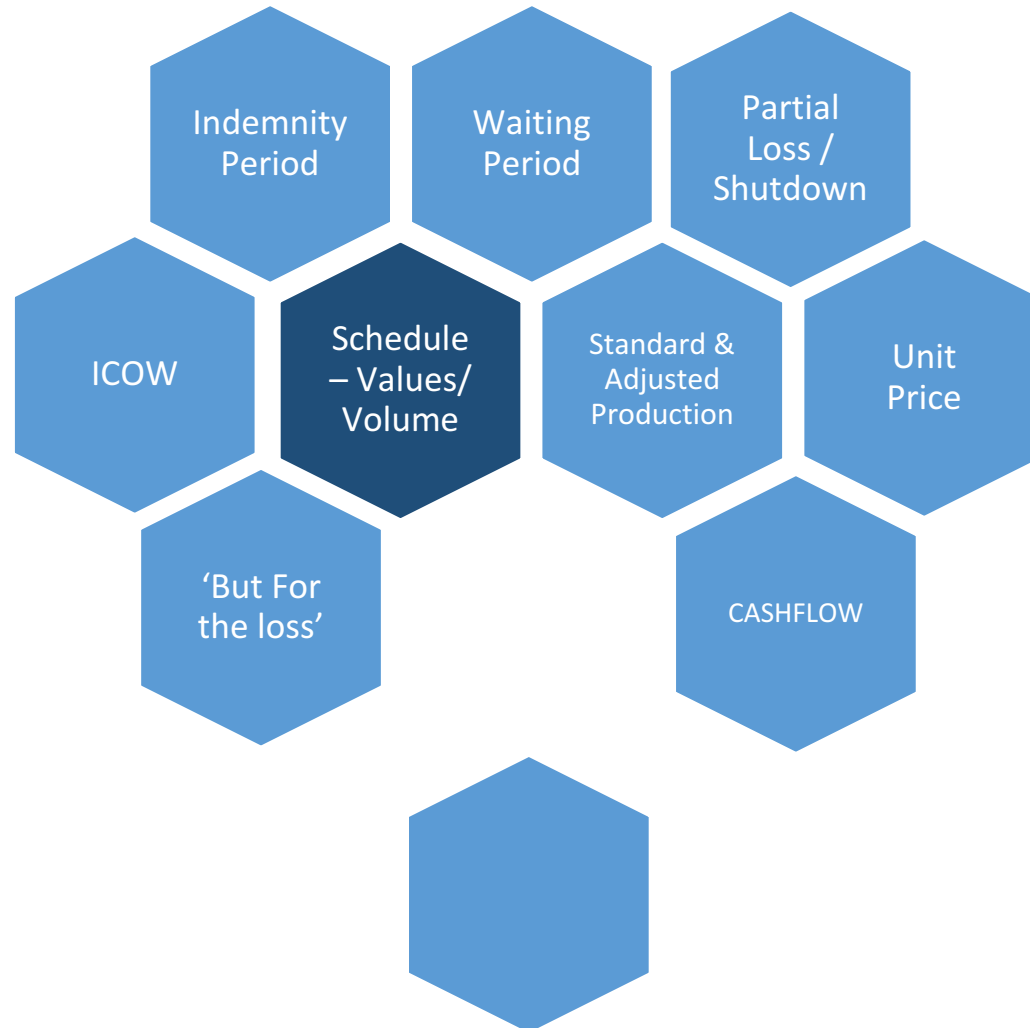


For Example:





What is LOPI?





Schedule Example

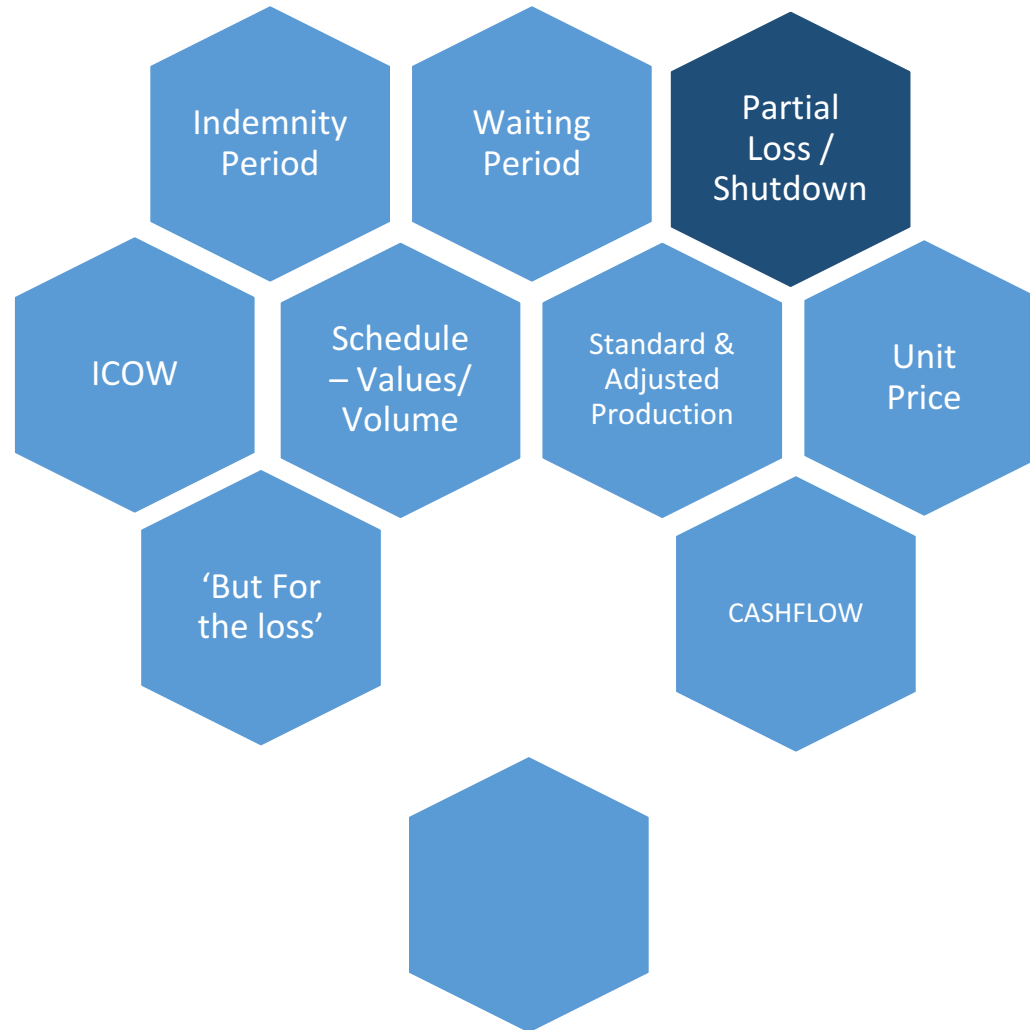


Insured's Premises	Unit Volume	Volume Measure	Unit Price	Daily Value	Waiting Period (Days)	Maximum Recovery Period (Days)
McAri Field	BOPD	100	\$20	\$2,000	60	365

Occurrence Limit: \$500,000
Standard Period: 180 Days

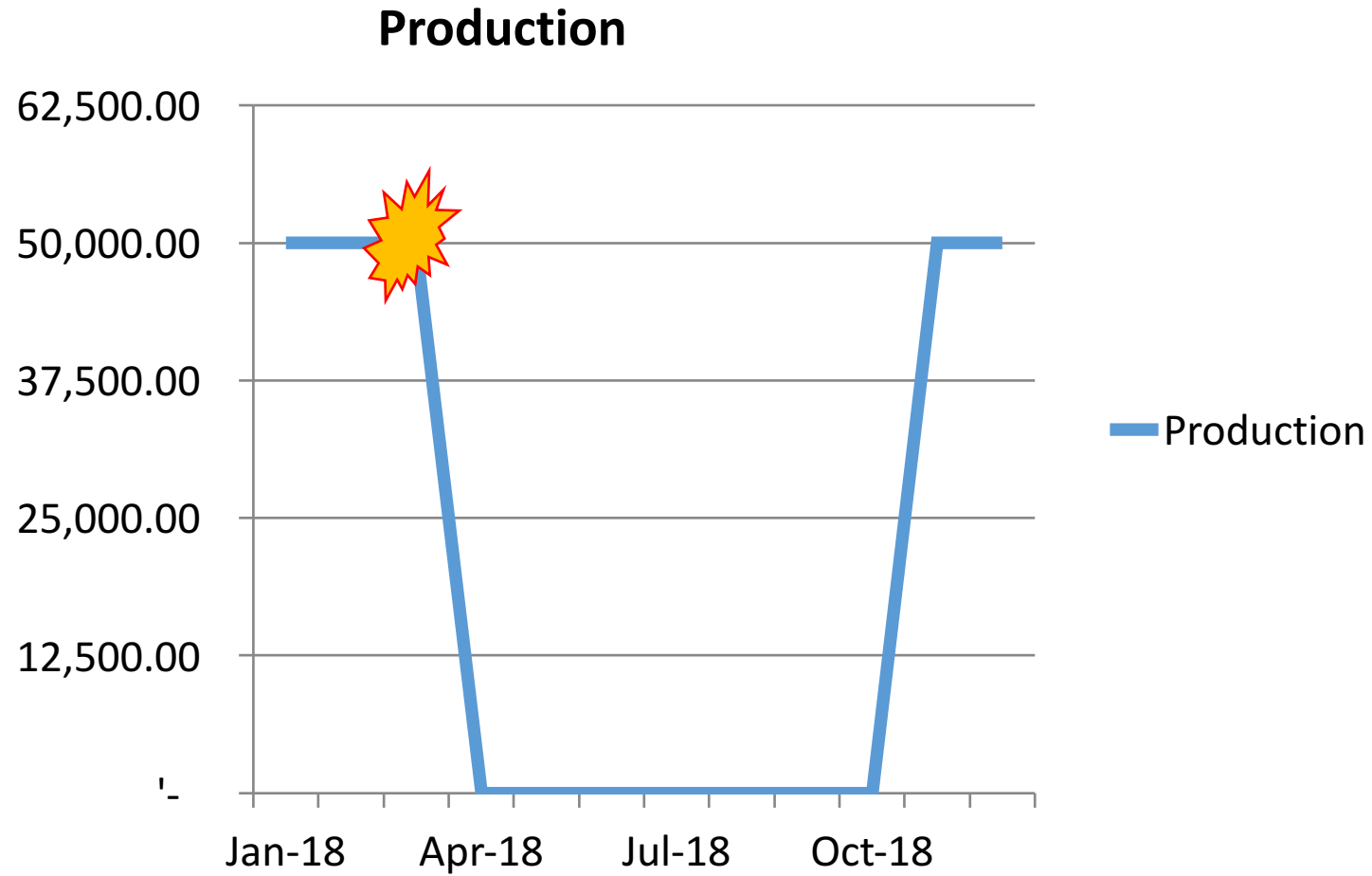


What is LOPI?



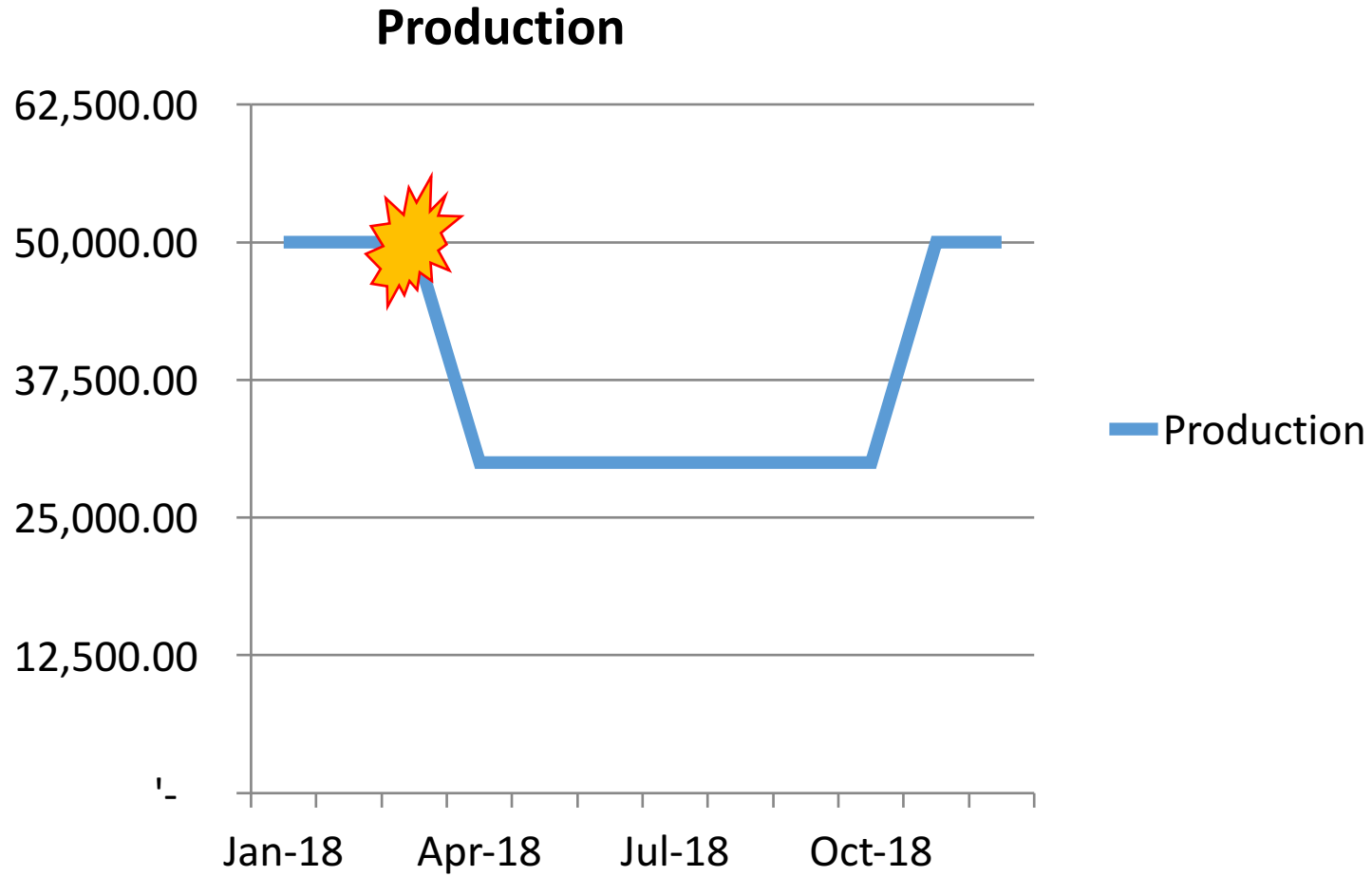


Shutdown Example



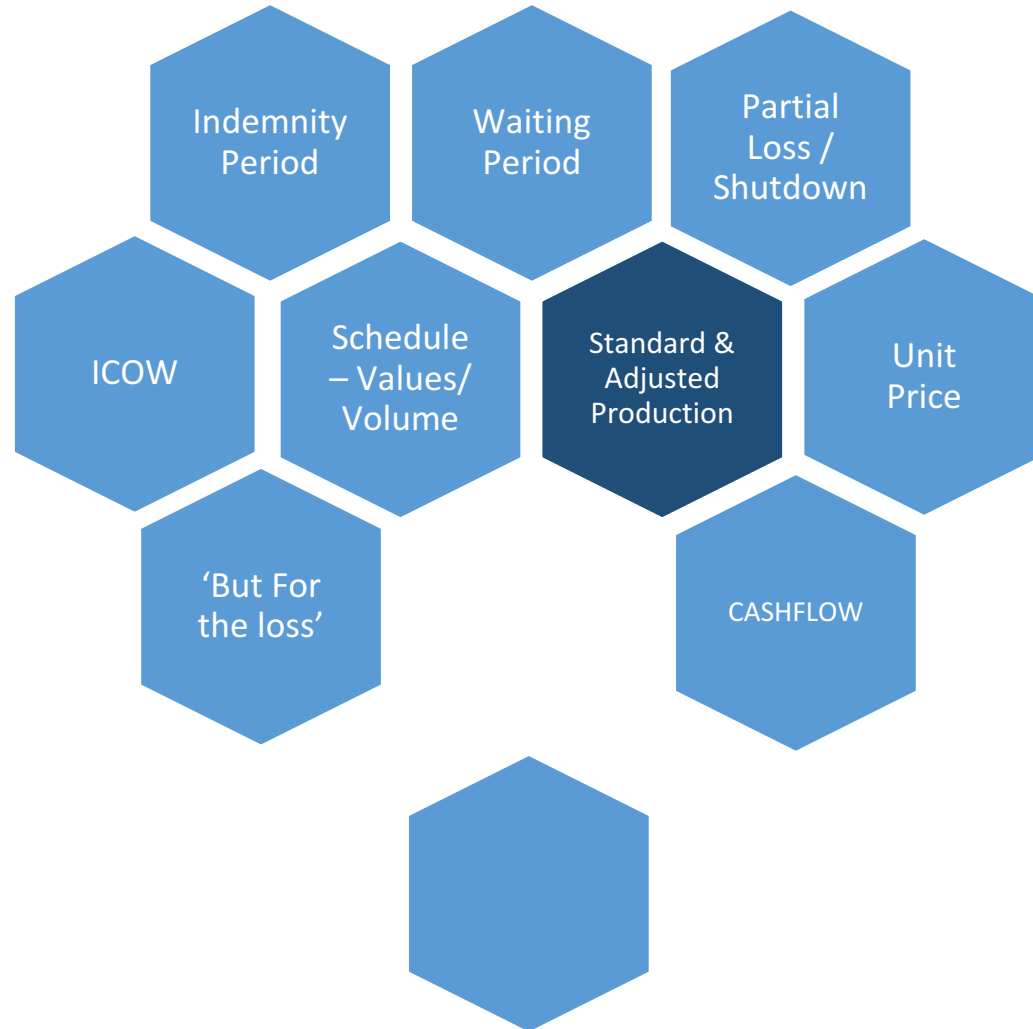


Partial Loss Example



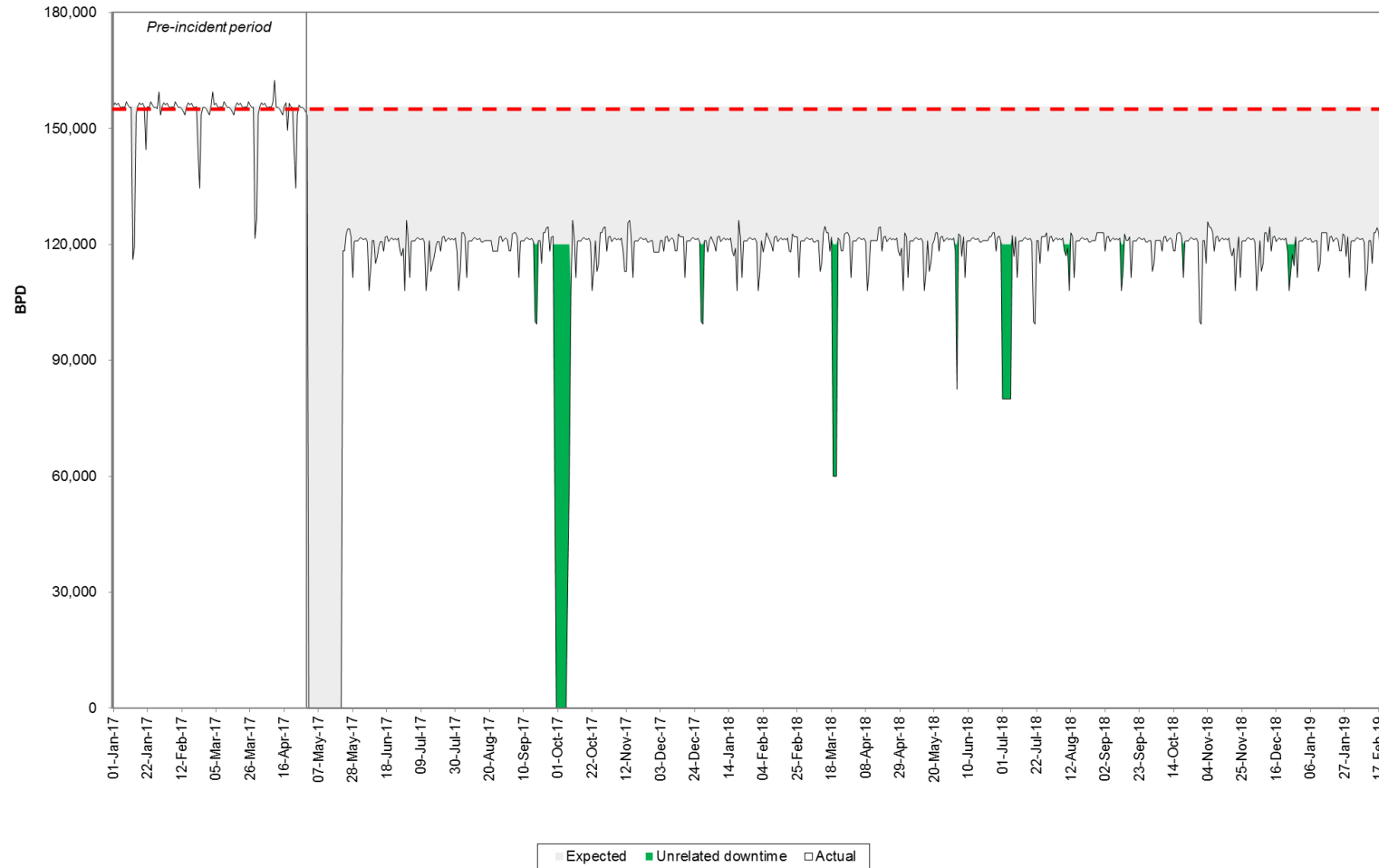


What is LOPI?





EXPECTED AND ACTUAL DAILY PRODUCTION





Standard Production (180 Days)

Adjusted to

Adjusted Production

Less

Actual Production

Equals

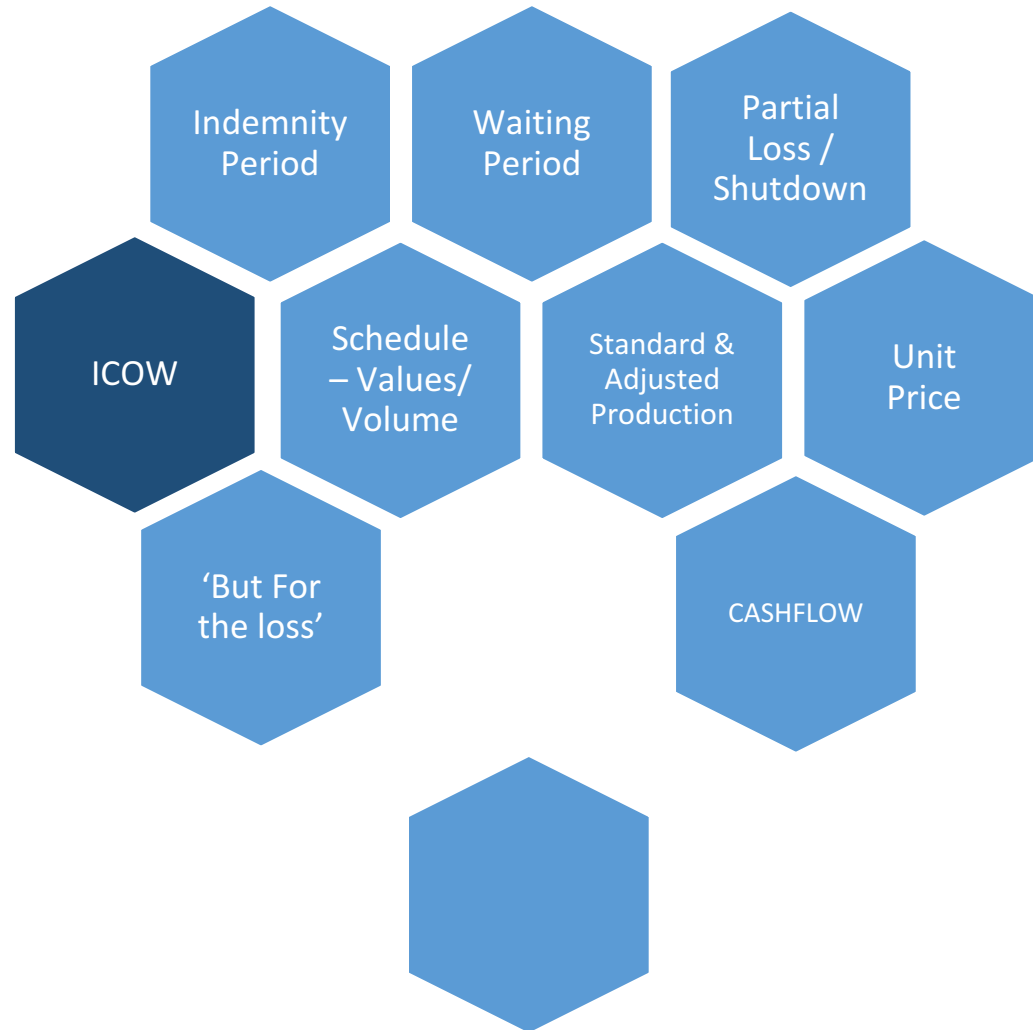
Loss of Production

Limited to **Unit Volume**





What is LOPI?

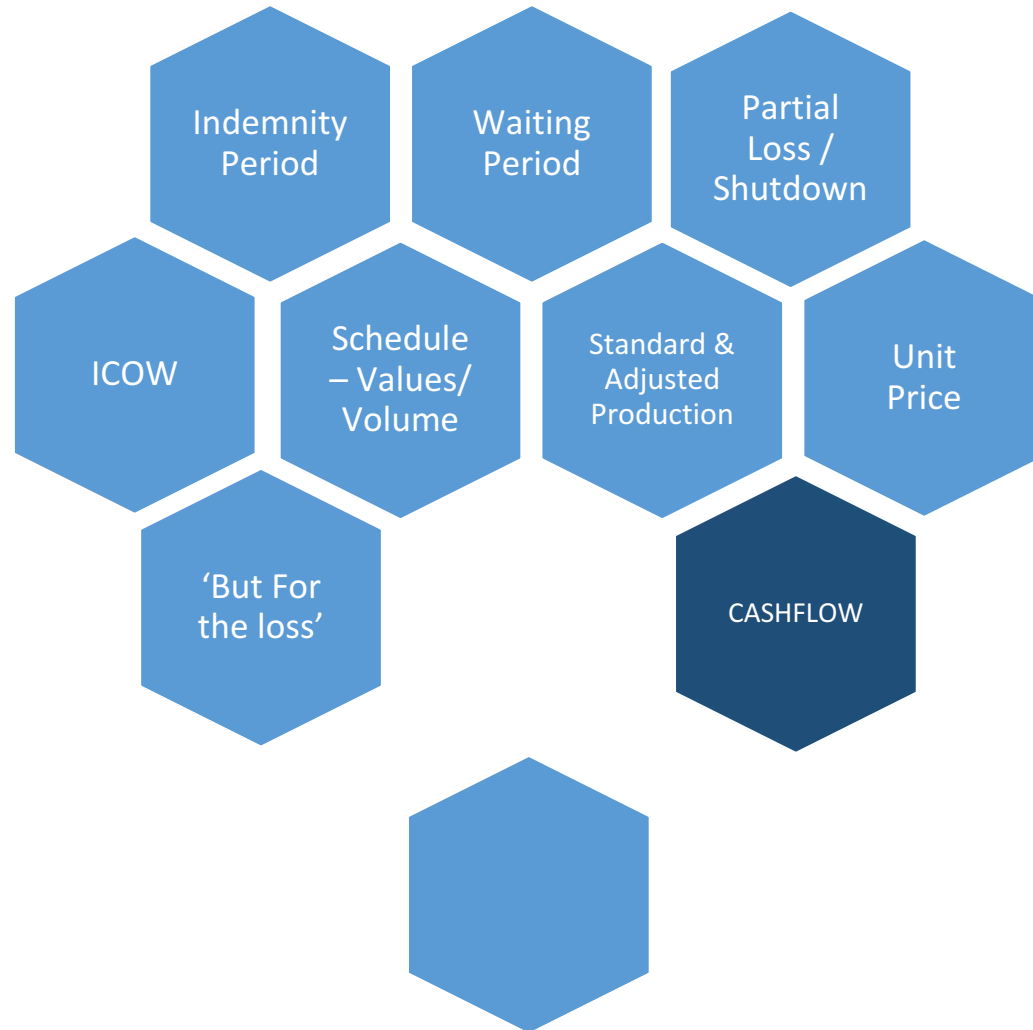


'We have carried out temporary repairs to ensure that production was resumed and as a result we avoided a potential loss of \$3MM in loss of production. We spent \$2MM.'





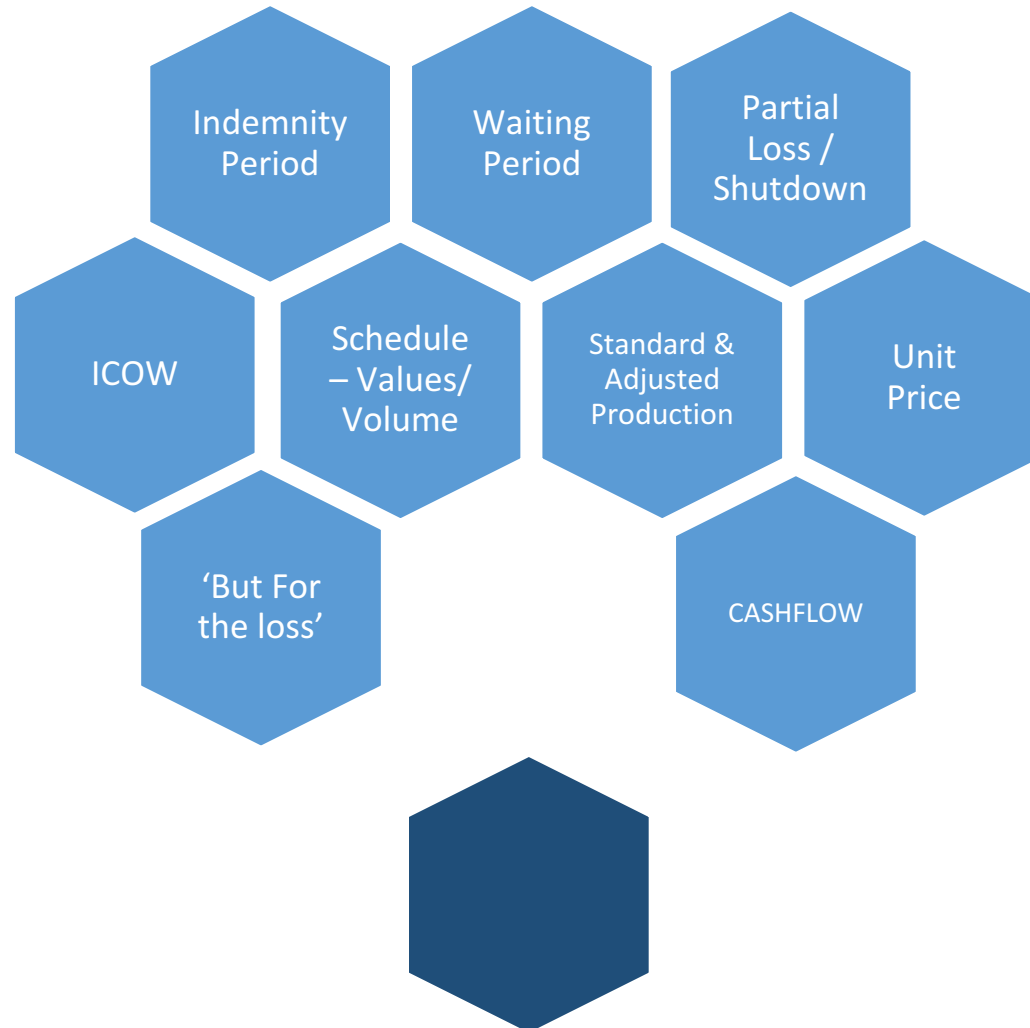
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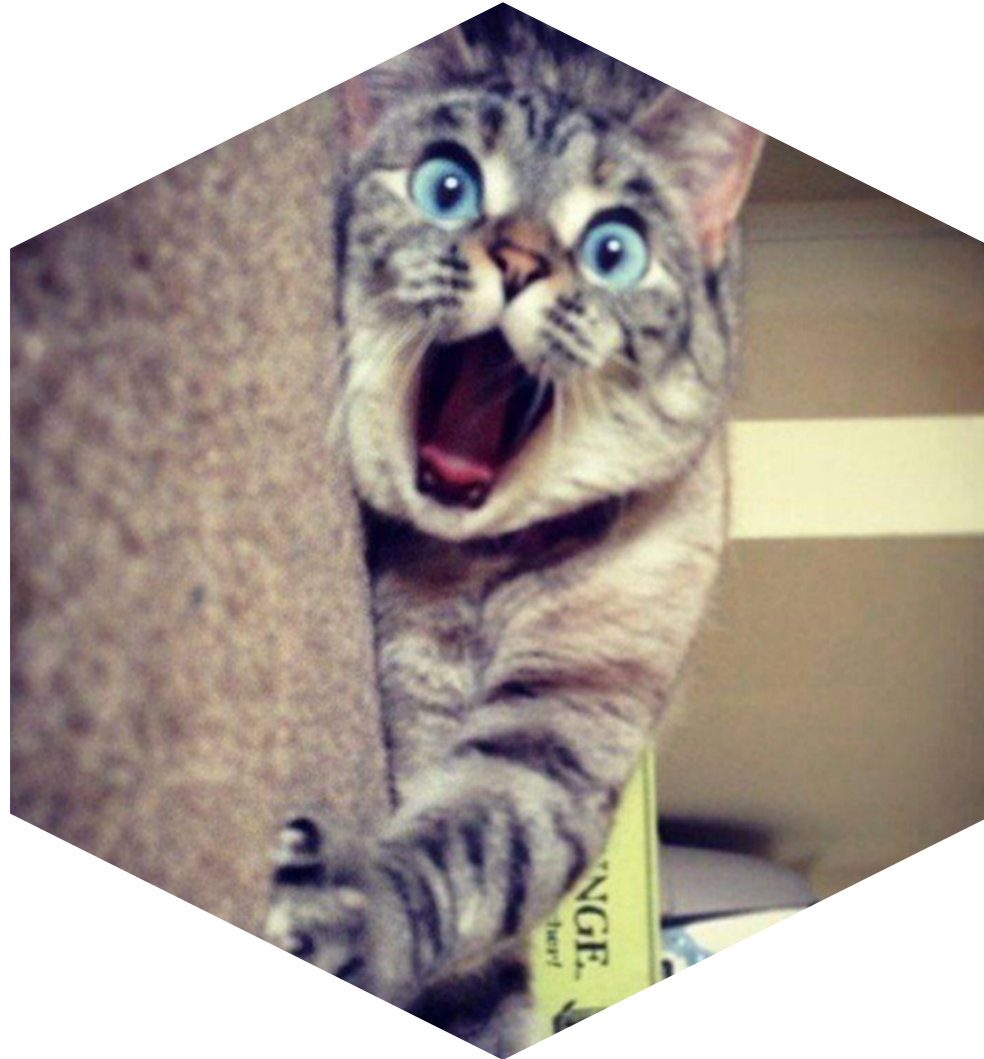






What is LOPI?



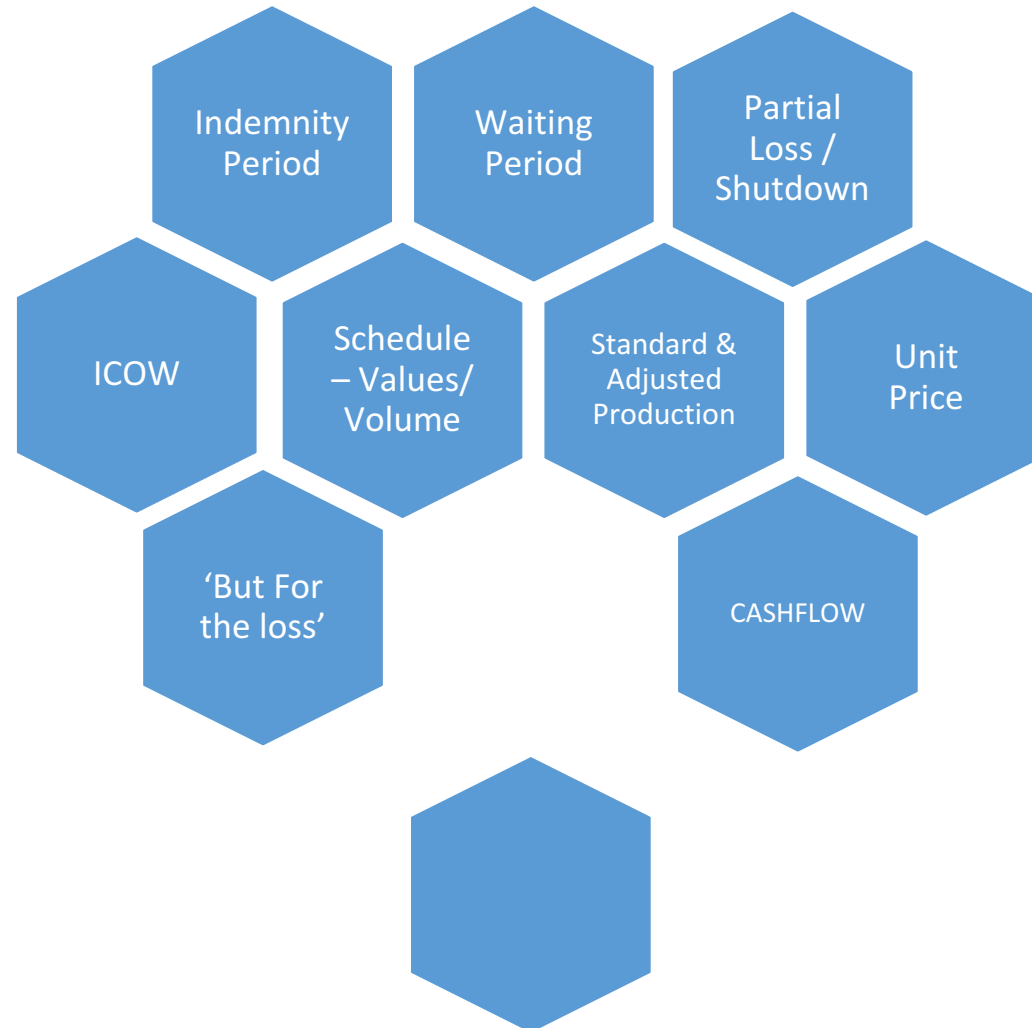


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This is LOPI

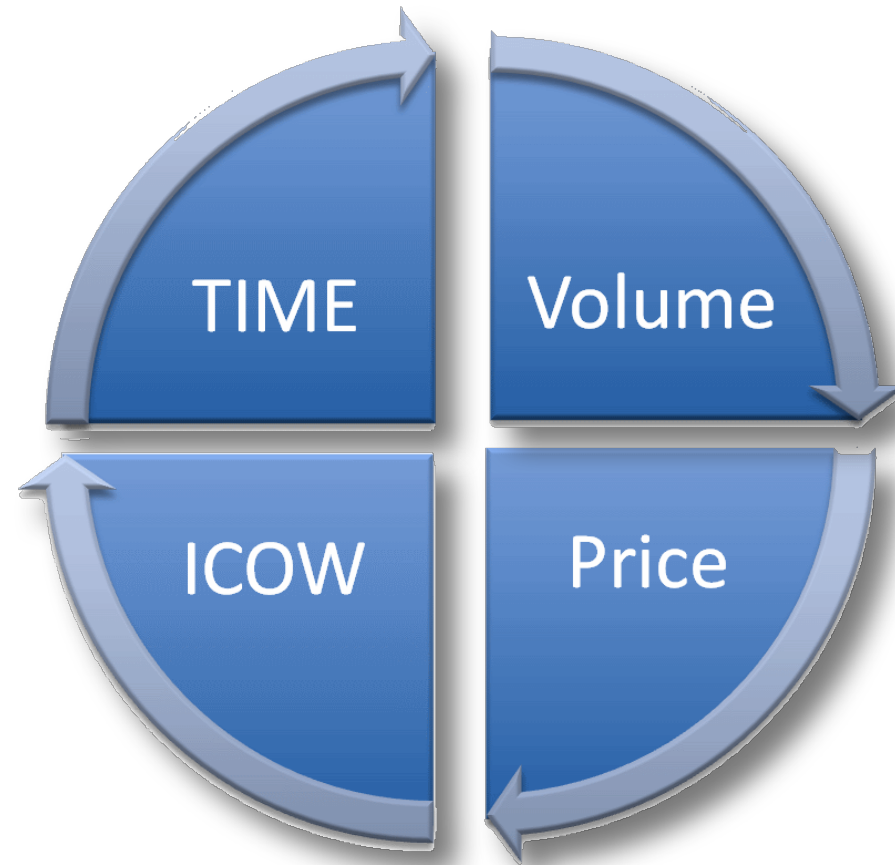




Adjusting a LOPI Claim

- Stakeholders
- Appointment of Experts
- Coverage determination
- Payment plans

To summarise....





THANK YOU

Q & A