

Georg Nygaard

Head of Global Energy, Norwegian Hull Club
Offshore Upstream, contractors & operators
Chair of Cefor Offshore Energy Forum



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NORWEGIAN HULL CLUB

CEFOR – The Nordic Association of Marine Insurers

Trade association for:

- ✓ Nordic marine insurance companies
- ✓ Foreign marine insurance companies engaged in one of the Nordic countries
- ✓ Insurance companies that provide legal assistance to shipping/offshore companies
- ✓ Management companies for such insurance companies



CEFOR – The Nordic Association of Marine Insurers

Members engage in:

- ✓ Hull and machinery insurance (ocean & coastal)
- ✓ Protection and indemnity (P&I insurance)
- ✓ Cargo insurance
- ✓ Loss of hire insurance
- ✓ Legal defence
- ✓ War risks insurance
- ✓ **Offshore energy insurance**
- ✓ Builders' risks insurance



CEFOR — The Nordic Association of Marine Insurers

*To serve the interests of our Nordic members
by promoting quality marine insurance, through*

- *comprehensive statistics,*
- *competence building,*
- *agreed all risks conditions, and*
- *a common public voice.*



CEFOR - Offshore Energy Forum

Organisation
General Meeting
Board of Directors
Administration: Helle Hammer (Managing Director), Viggo Kristensen (Legal Counsel), Hilde Spro (Office Manager), Astrid Seltmann (Analyst/Actuary)
8 Forums: (1) Cargo, (2) Claims, (3) Coastal & Fishing Vessels, (4) Energy & Offshore, (5) Plan Revision, (6) Statistics, (7) Technical, (8) Underwriting

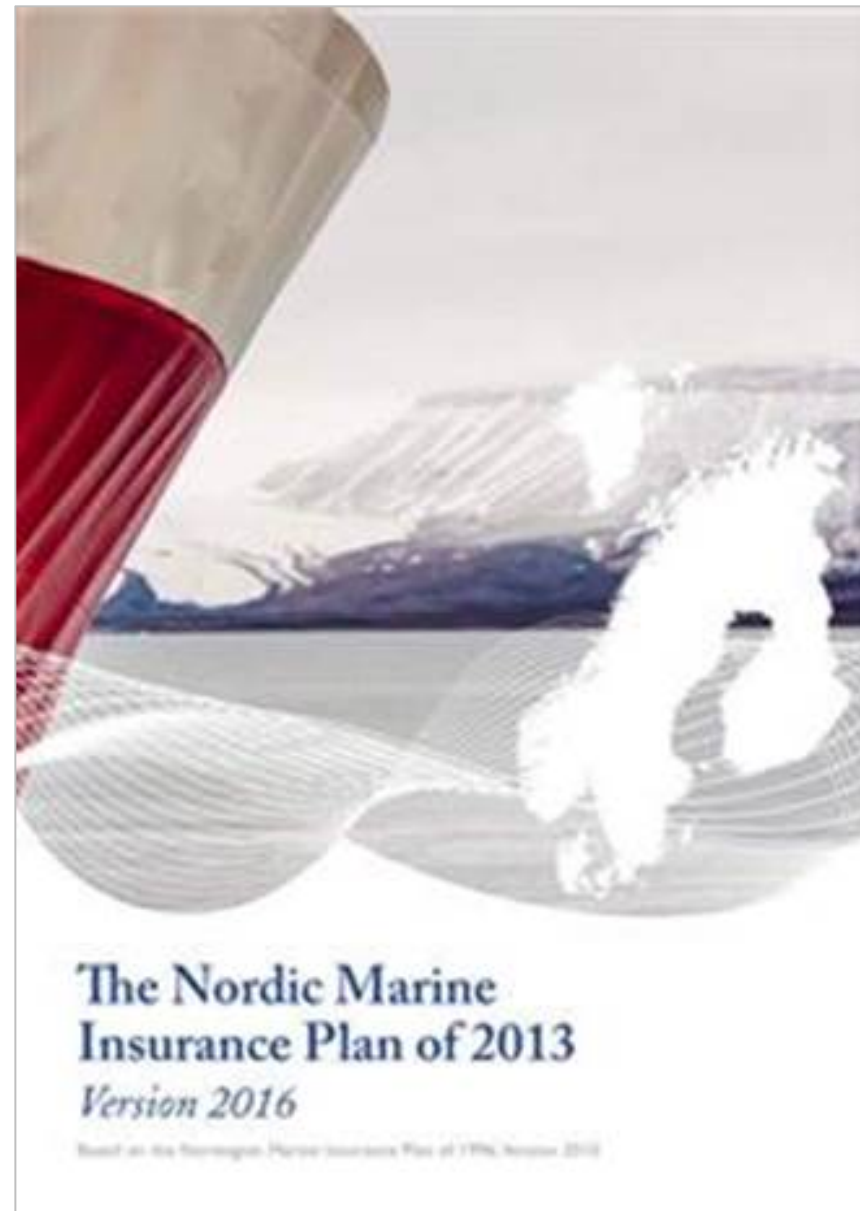


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CEFOR - Offshore Energy Forum

Ongoing work and areas of concern



Version 2019



Lay-up of MOUs



Reactivation of MOUs

The Nordic Model

Nordic Plan – chapter 18

Comprehensive all risks conditions
The best standard-cover for owners of MOUs?

Agreed document with five signatory parties
Comprehensive Commentary

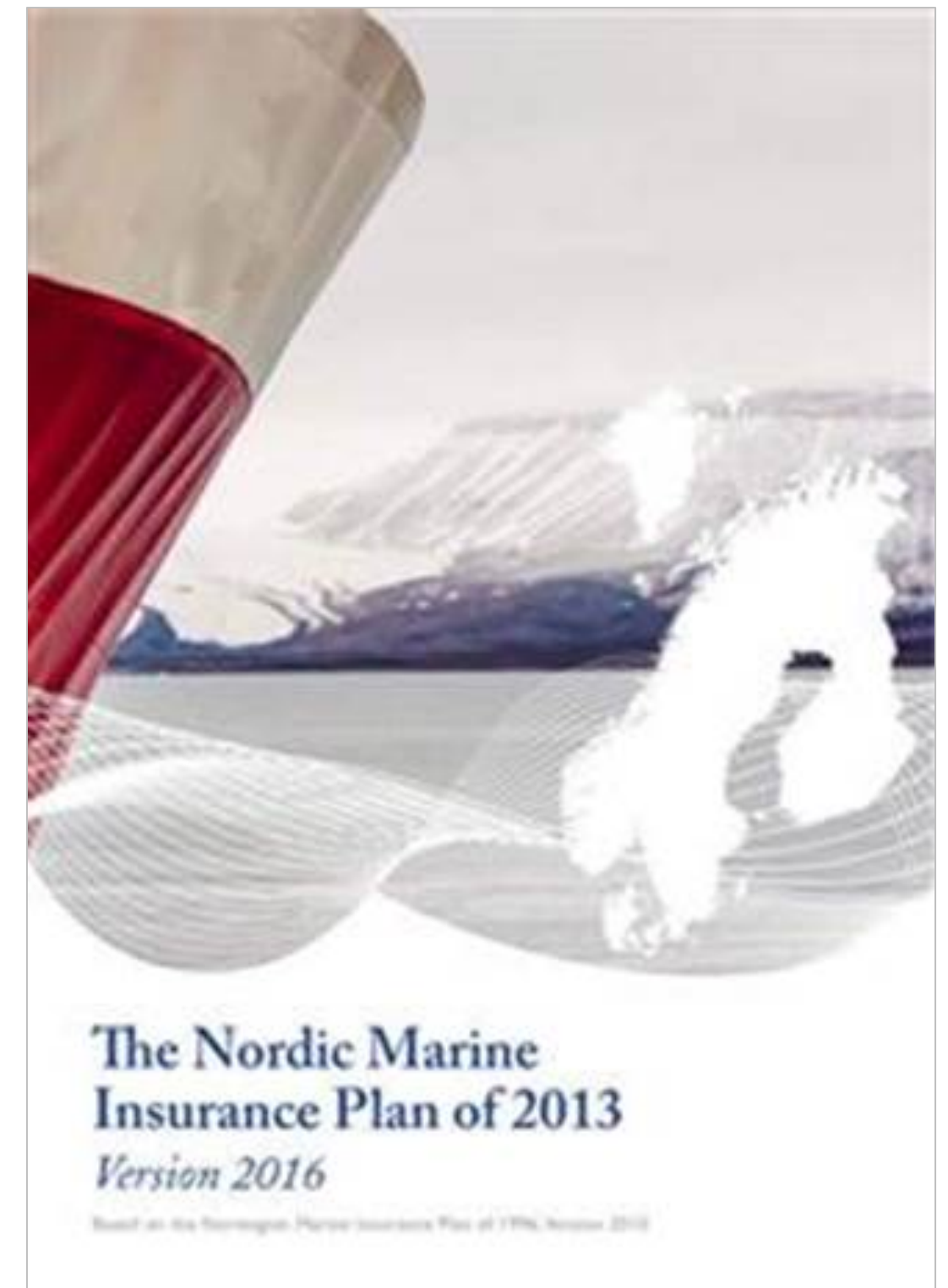
Available online, as an app but also in hard copy.

www.nordicplan.org

http://www.cefor.no/Documents/Clauses/Version%202016/Cefor%20Plan%20brochure_11-2015.pdf

Version 2016 currently in use

-> **2019 to be released 15th October this year**



...some insured on the Nordic Plan



Lay-up of MOUs



Lay-up of MOUs

The Nordic Marine Insurance Plan of 2013

Clause 3-26 (Ships laid up):

For ships which are to be laid up, a lay-up plan shall be drawn up which shall be submitted to the insurer for his approval. If this has not been done, or the lay-up plan has not been followed while the ship is laid up, Cl. 3-25, sub-clause 1, shall apply correspondingly.

Clause 3-25 (Breach of safety regulation), sub-clause 1:

If a safety regulation has been breached, the insurer shall only be liable to the extent that the loss is not a consequence of the breach, or that the assured has not breached the safety regulation through negligence. However, the insurer may not invoke this rule where the assured is the master of the ship or a member of the crew and the breach is committed in connection with his service as a seaman.



Lay-up of MOUs

- Research process together with
 - Clients & brokers
 - Class and flag states
 - Port authorities (lay-up locations)
 - JRC
- Established a Best Practice Guidance for Lay-up of MOUs related to the insurance contract.
- Arranged market meeting for underwriters, brokers and clients, together with Class and MWS – with focus on CEFOR’s Best Practice Guidance.
- Suggested a new set of special clauses to be used in the insurance contracts.

Best Practice Guidance for Lay-up of MOUs related to the Insurance Contract

INTRODUCTION

This guidance is intended to give advice on best practice for the lay-up of Mobile Offshore Units (MOUs) in accordance with the Nordic Marine Insurance Plan (the Nordic Plan). The document elaborates on the insurance implications, when and how the insurers should be advised and involved, lay-up returns, and provides a checklist for evaluation of lay-up.

It is important to emphasize that this document does not serve as a guide to how to lay up an MOU, nor how to maintain and/or preserve the MOU and its equipment during lay-up. There are numerous guidelines and recommendations issued by various classification societies and other marine consulting companies on these topics, and the various criteria and considerations are not addressed further in this guidance.

It should be noted that the word “stacking” is considered equivalent to “laid up” in this context and in this guidance. Furthermore, the guidance refers to idle units (not under repair), i.e. MOUs that are not in commercial operation nor in transit between operations. Such an idle mode can vary from standby, hot lay-up, warm lay-up, to cold lay-up, and any variation in between.

INSURANCE IMPLICATIONS

According to Clause 3-26 of the Nordic Plan (Ships laid up), owners of ships and MOUs that are to be laid up shall prepare a lay-up plan, which shall be submitted to the insurer for his approval. The plan shall be followed while the MOU is laid up.

Clause 3-26 is a “safety regulation”, and the insurers are therefore not liable for any losses if the provisions of the clause is breached and the loss is as a consequence of the breach, as explained in Clause 3-25.

In the commentaries to Clause 3-26 it is stated that a lay-up plan should resolve four issues;

1. it should state where the MOU is to be laid up
2. set out guidelines for mooring while the MOU is laid up
3. provide guidelines for supervision of the MOU
4. contain rules on minimum number of crew

These four issues are linked to the safety of the MOU during the lay-up period, and do not reflect what a complete lay-up plan should include, which will vary depending on the type of lay-up. The “approval” requirement in Clause 3-26 is, however, only applicable to these four issues.

While not necessarily exhaustive, a checklist with topics that should be considered in a lay-up plan, is provided at the end of this best practice guidance.

Although not linked to Clause 3-26, it is recommended that the assured includes preservation and maintenance of the MOU and its equipment in the lay-up plan, and furthermore maintains a log of any such activities (see also Clause 18-19 of the Nordic Plan (Inadequate maintenance, etc.)). Such log can include documentation of the initial actions taken at the start of the lay-up period according

Lay-up of MOUs

A part of the Guidance is
a checklist for evaluation of lay-up.

All content relates to the safety of the laid-up MOU.
The intention is to prevent any situation causing damage to the unit or its surroundings.

Is there any need for such reminders from underwriters?

CHECKLIST FOR EVALUATION OF LAY-UP

1) General; where the MOU is to be laid up

- MOU lay-up position:
 - Latitude and longitude
 - Port/ city/ country
 - Geographical characteristics (including surrounding vessels, harbours, shallow banks etc.)
 - Geopolitical conditions (such as potential strikes, unstable political climate etc.)
- Type of lay-up (describe condition; hot/ cold etc.):
 - Planned duration of the lay-up
 - Planned activities during lay-up (i.e. bunkering, moves, other logistics)
- Involvement and follow-up including planned visits to undertake surveys by:
 - Classification Society, including class status
 - Flag state
 - Local port authorities
 - Any other third parties
- Name of the person/entity responsible for implementing and follow-up of the lay-up plan

2) Mooring and stability

- Evaluation of lay-up location (sheltered from heavy wind, currents and swells):
 - Weather forecasts, monitoring/statistics
 - Natural hazards
- Third party approval of location and mooring arrangements:
 - Seabed analysis if applicable (jack-up rigs)
 - Considerations with respect to minimum distance to separately laid up units, anchored vessels or shore
 - Mooring watch/ mooring integrity
 - Emergency operations of mooring winches
- Ballasting considerations

3) Supervision of the MOU

- Security:
 - ISPS port status
 - Theft/ vandalism/ piracy
- Power supply:
 - Dependent on type of lay-up (hot/cold), generator or shore supply
 - Emergency power arrangements
- Emergency contingency plan:
 - Fire management
 - Water integrity
 - Navigation lights, fire and bilge alarms
 - Support from port authorities
- Readily available supply of spares equipment

4) Minimum crew

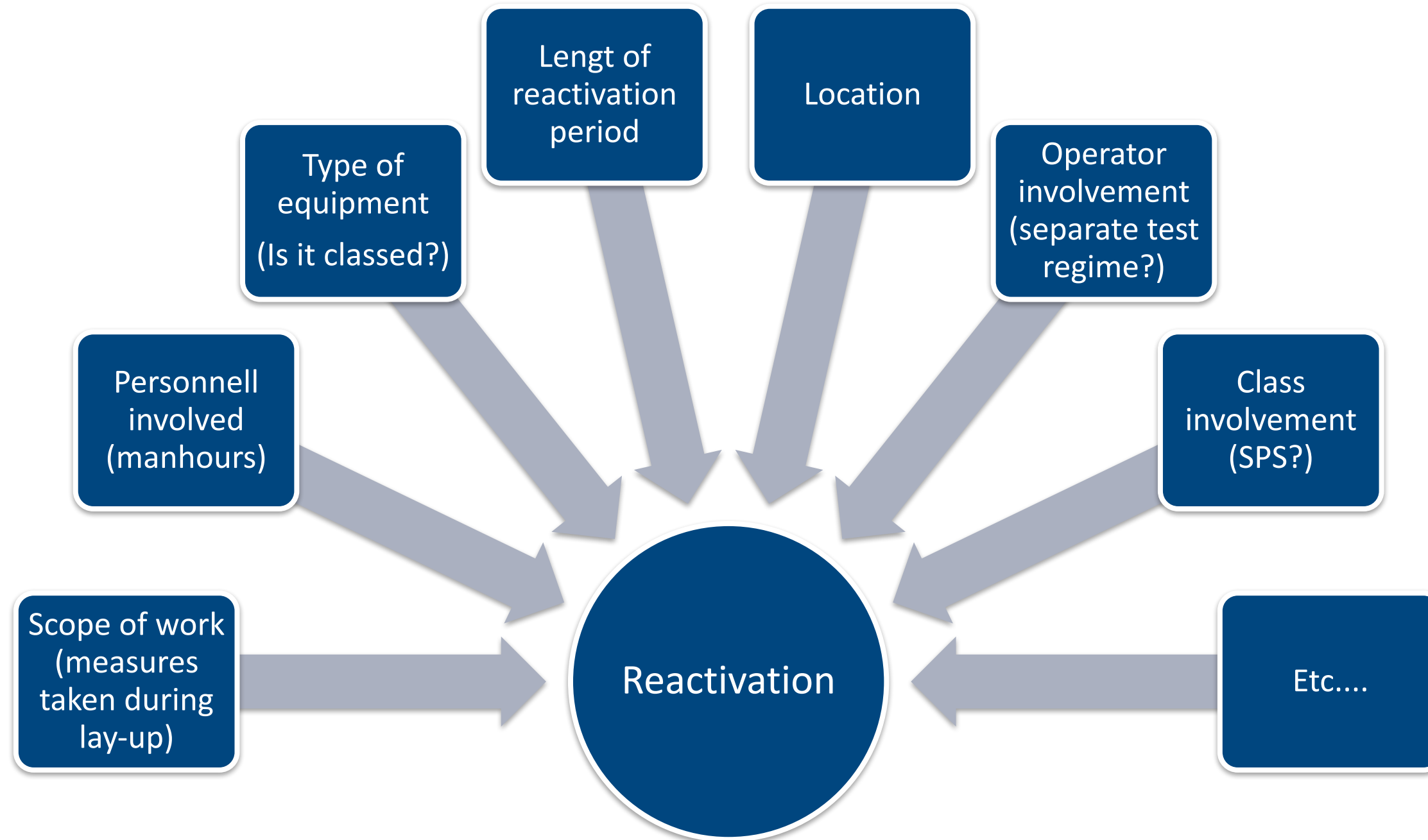
- Manning
 - Crew number and positions and functions / responsibility during lay-up
 - Own crew, regular crew or external service provider



Reactivation



Risk picture during reactivation

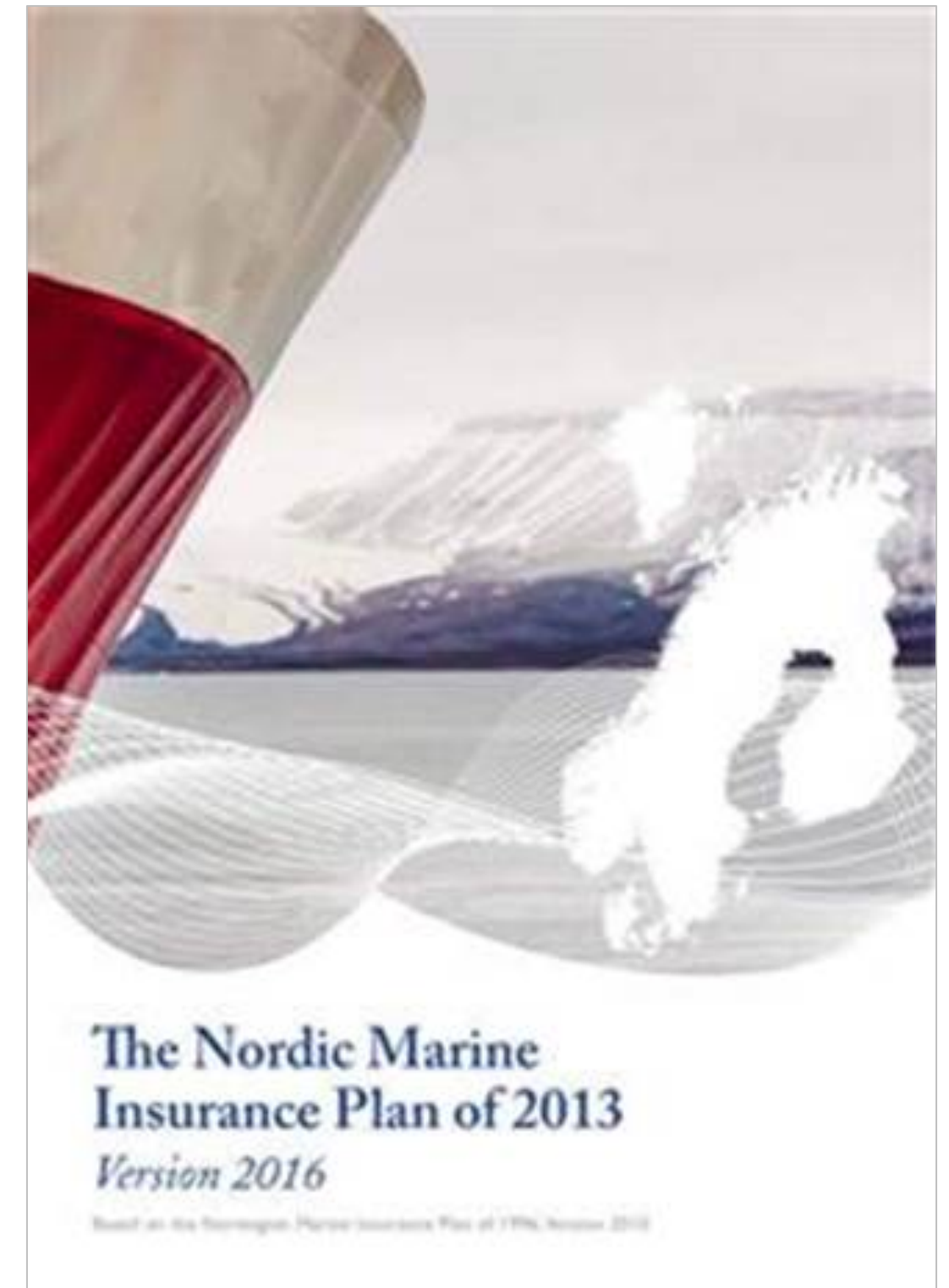


In the clauses

- ✓ No specific reference to reactivation in the Nordic Plan
- ✓ All overdue class and statutory surveys will have to be completed and operational class status reinstated, NMIP Cl. 3-14.
- ✓ As per Cl. 3-23 the insurer has the right to ask for a survey of an insured unit at any time

Clause: Reactivation/ recommissioning

No MOU shall commence operations following a lay-up period of more than 180 consecutive days unless the assured has arranged for an agreed marine warranty surveyor to approve the recommissioning of the unit and has carried out any repairs or requirements recommended by the surveyor.



Reactivation process

Can a best practice guidance be established?

Again the CEFOR Offshore Energy Forum has initiated research and discussion process with

- Clients/brokers
- Class
- Operators

A joint market meeting is planned the 24th of April in Oslo

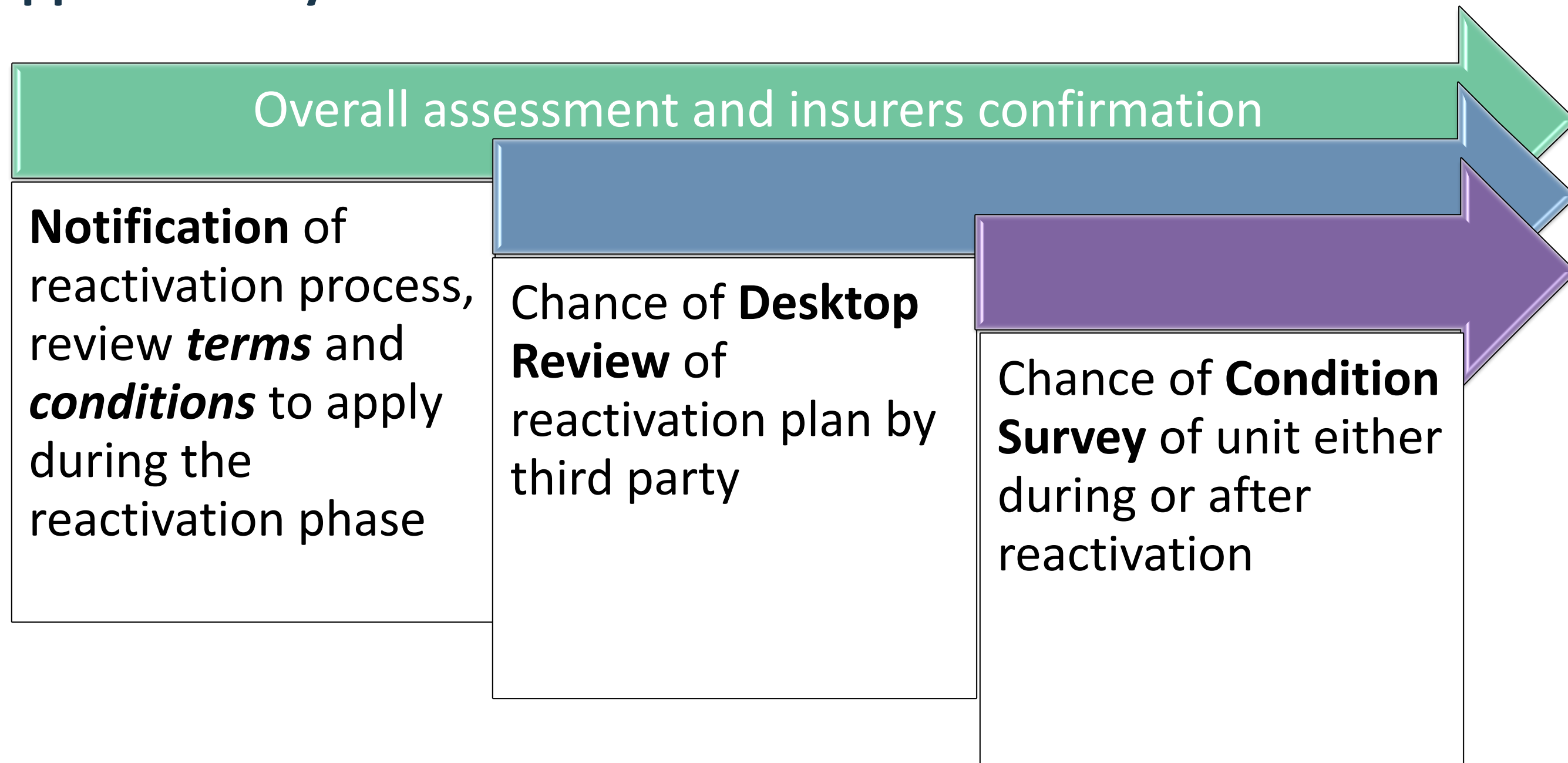
Several questions are being discussed:

- When to require reactivation surveys?
- And what should the scope be → compared to class scope?
- When should such survey take place – at the beginning or in the middle of the reactivation process? Or as per wording – just prior to start of operations?



Reactivation process

One approach may be:



- ✓ For sure there will be claims during or after reactivations
- ✓ Our aim is to contribute to establish a practice where we are able to prevent as many claims as possible at low cost for the Clients and the industry in general.
- ✓ We will appreciate comments from you all in this process.

Thank you for your attention!