

# LOPI

## Complexity.Simplified.

Gary Mawditt  
March 8, 2018

## DISCLAIMER:

**Any resemblance to actual incidents, events or claims, current or past, open or closed, is entirely to be expected...**

LOPI was developed in an attempt to simplify a  
complex problem...



## **Joint Rig Committee**

Room 1085, Lloyd's, One Lime Street  
London EC3M 7DQ  
Tel: (+44) 020 7327 3333 Fax: (+44) 020 7327 4443

---

**PRIVATE AND CONFIDENTIAL**

**JR 2005/003  
9 May 2005**

### **Loss of Production Income Wording Production Loss Sustained (JR 2005/003A)**

Further to circular JR 2005/001, dated 28 February 2005, a proposed Loss of Production Income (LOPI) wording is now ready for presentation to the market.

The wording, released under reference of JR 2005/003A, is attached.

The Joint Rig Committee has arranged a Workshop for underwriting & claims personnel from LMA and IUA member companies to take place at 10.00 a.m. on Monday 16 May in Lloyd's Old Library. This Workshop is intended to provide an overview of the main features of the new wording. A similar event for broking staff has been arranged for Friday 20 May at 10.00 am in the same venue.

Further additions to the above wording are in the process of completion and an update will be provided at the above workshops.



**Confused.com<sup>®</sup>**

(Other insurance providers are available)

# What Does LOPI Actually Stand For?

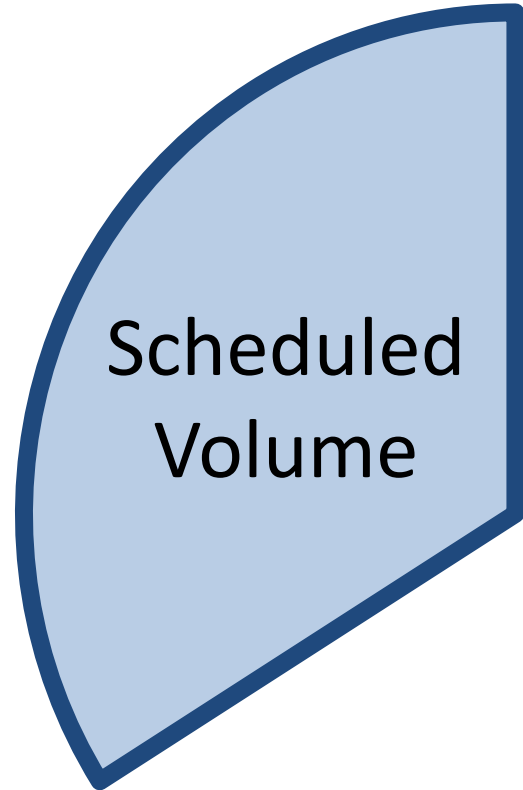
- A. Loss of Profit Insurance
- B. Loss of Production Insurance
- C. Loss of Production Income
- D. Loss of Production Indemnity
- E. Lots of Payments, Inevitably

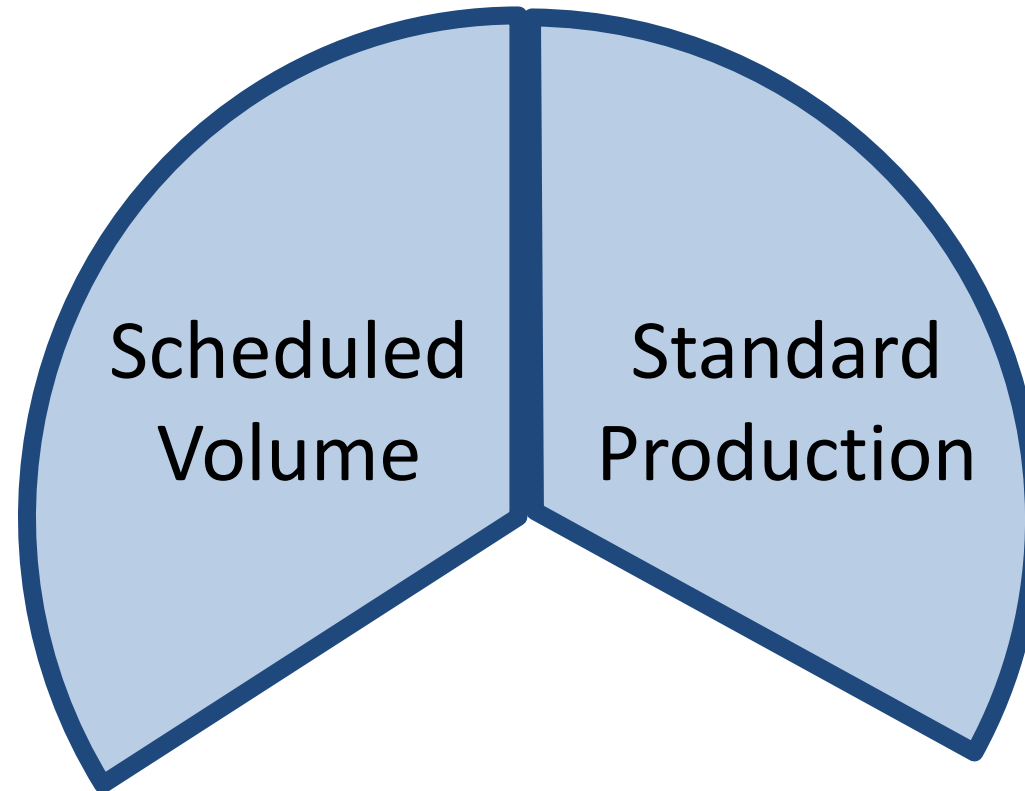
# What is LOPI for?

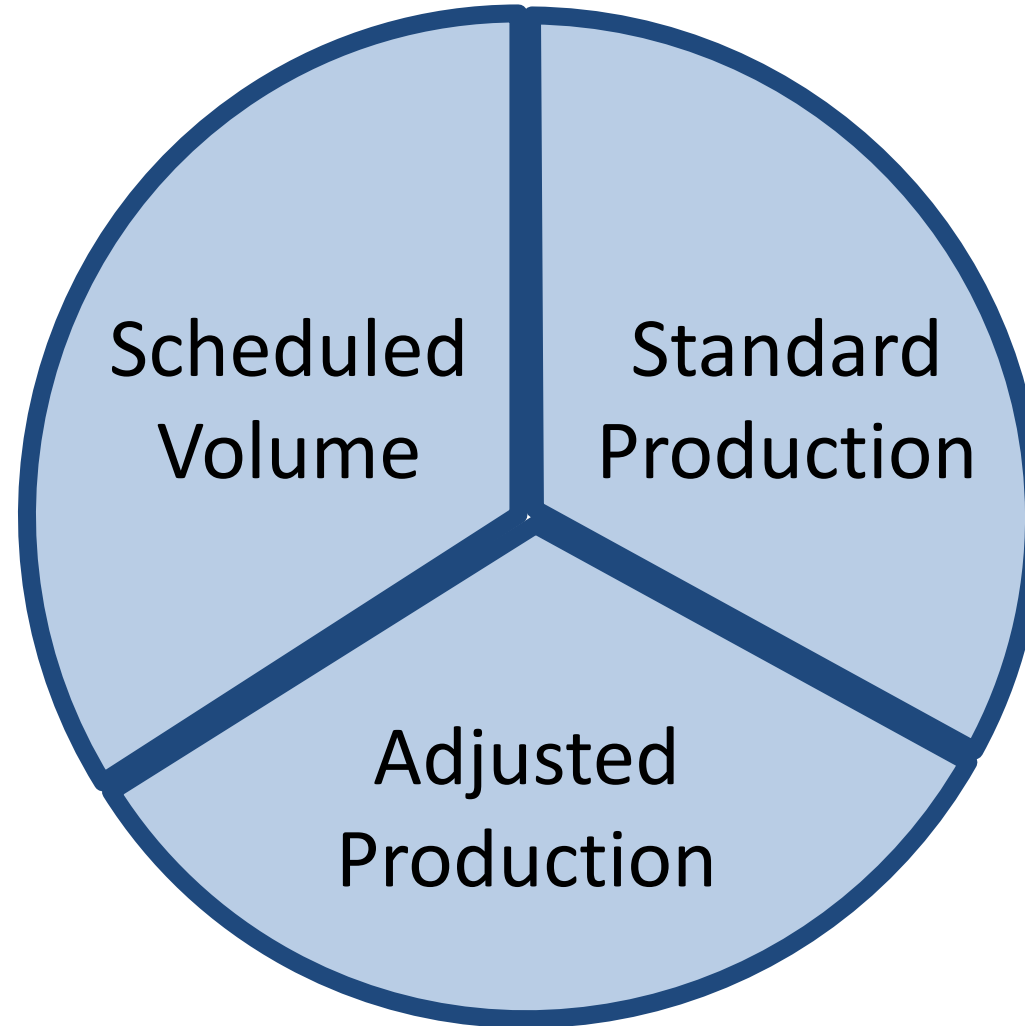


Volume ~~at~~ X Price ~~X~~ Days = \$\$\$

# Volume







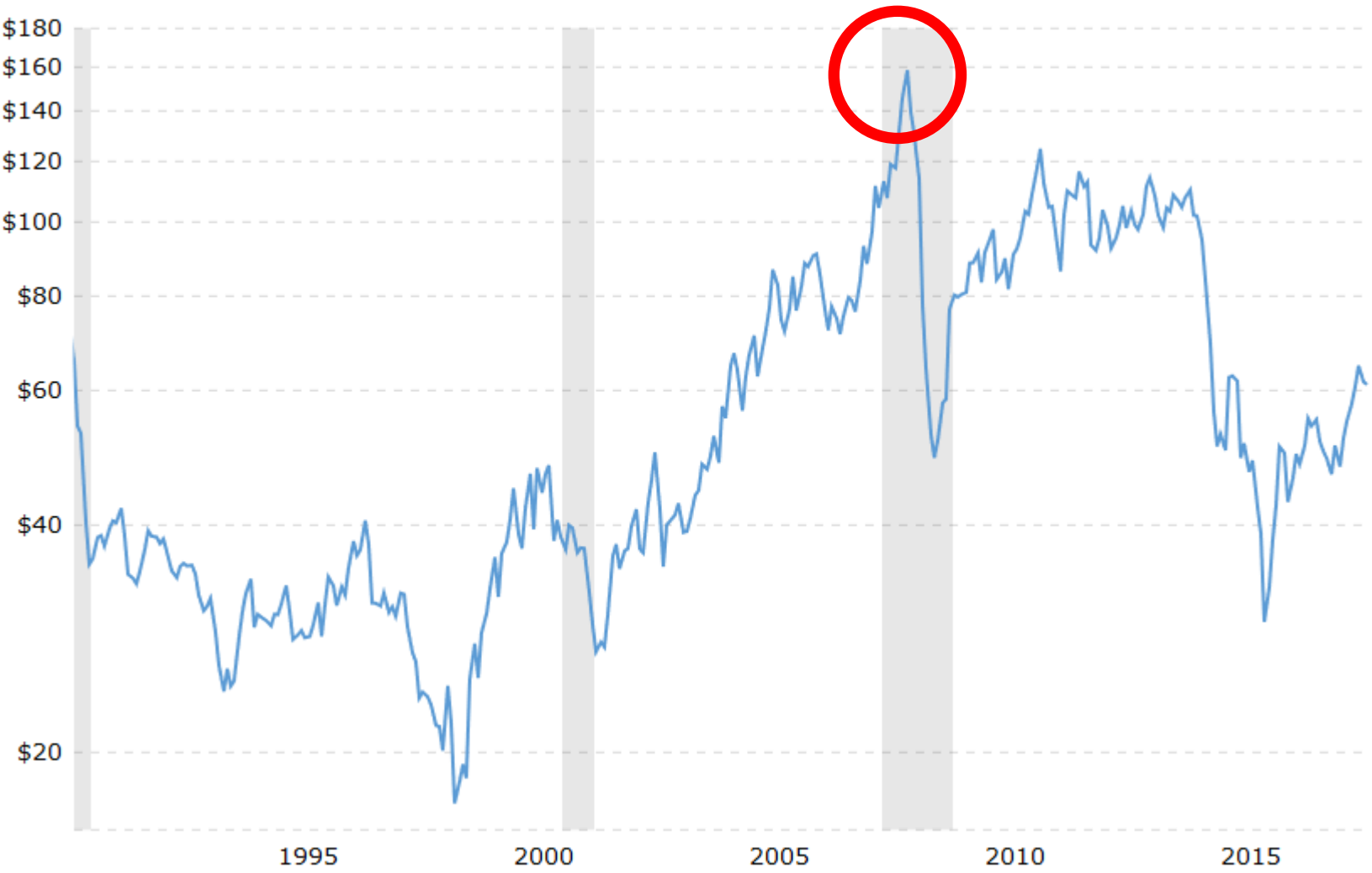
But...

“the Oil’s still in the ground”  
(Aka: Lost or Deferred)

Volume x Price x Days = \$\$\$

# Price





# Increased Cost of Working

Volume x Price x Days = \$\$\$

Days

# Waiting Period





# Waiting Period



# Recovery Period





## Food for Thought...

- Is there scope to refine the way Volume is declared or scheduled?
- Deductible / Waiting Period

## Some Final Points to Remember

- LOPI is not a “Policy of Indemnity”
- Partial Losses trickier than Total Shutdowns
- UNIT PRICE OIL PRICE

# LOPI: Complexity.Clarified.

Gary Mawditt  
March 8, 2018

**ANY QUESTIONS?**