

Joint Rig Committee

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To: Offshore Energy practitioners

JRC Upstream Energy Risks & COVID-19 Impact

In the current environment, Energy clients are being forced to take unprecedented actions and changes to their normal operations in response to the Covid-19 virus and the social distancing regulations prescribed by national and local governments. These are being made both to ensure that operations can continue to supply essential services whilst maintaining operations, environment, staff & contractor safety, and to respond to reducing product demand as global economic activity is reduced.

The following questions are suggested for Underwriters to consider when in communication with clients to ensure that where operational changes have been made, or are intended, at the insured's facilities, this is being conducted with due attention to managing the associated risk of such changes, both individually and cumulatively. The questions are applicable in regard to both single locations and large multi-location portfolios.

It may be necessary to amend the questions when discussing the situation with respect to upstream construction activity.

The [JR2019-008 Lay-up, Reactivation and Mooring Code of Practice and Scope of Work](#) is available for use in conjunction with the recently released [JR2020-019 JRC LULAS COVID-19 Endorsement](#) and [JR2020-020 RS COVID-19 Endorsement](#). These are available on the Technical Document tab of the JRC webpage (www.lmalloyds.com/joinrig) and via the Lloyd's Wordings Repository (www.LloydsWordings.com).

James Straker-Nesbit
Secretary

1. Facility Status

- 1.1. What has been the impact of the current situation on production rates and margins, and are any units operating at/or near minimum safe turndown rates?
- 1.2. What has been the impact on feedstock supply and product distribution? Has there been any change to either short- or long-term production storage?
- 1.3. What large CAPEX has been deferred?
- 1.4. Have any processing sections and facilities been temporarily shutdown? - Reference should be made to LMA 9142 Questionnaire Section 1 for extended shutdowns, i.e. >6 months.
- 1.5. If wells have been or will be shut-in, have two proven and independent barriers been used? If so, what measures have been taken?
- 1.6. Is there expected to be an amendment to the declared value of any facilities insured? What methodology for change has been used? In the event of significant change in valuation, Underwriters' attention is drawn to [JR2019-003 Upstream Property Values & Value Maintenance Guideline](#) available via the Technical Documents tab of the JRC webpage (www.lmalloyds.com/jointrig) and via the Lloyd's Wordings Repository (www.LloydsWordings.com).

2. Operations & Manning (Staff & Contractors)

- 2.1. What has been the impact on organisation, staffing and staff location?
- 2.2. What minimum safe staffing levels for short/medium-term operation (Operations / Maintenance / Inspection) have been agreed, and what action would be taken if these cannot be met?
- 2.3. What consideration has been given to monitoring and managing human fatigue under these circumstances?
- 2.4. What has been the impact on facility emergency response capability?

3. Maintenance

- 3.1. What essential maintenance actions have been deferred, and what impact will this have on safety critical equipment and testing?
- 3.2. How is planned major equipment maintenance and future turnarounds been scheduled? Are these being deferred or brought forward?
- 3.3. What impact has there been to availability and delivery of spares and equipment?

4. Inspection

- 4.1. What essential Inspection actions have to be deferred, and what impact will this have on the planned replacement of equipment and piping that was close to decommissioning?
- 4.2. What provision has been made to maintain monitoring of: online corrosion probes; corrosion inhibitor injection; and integrity operating windows?

5. Management of Change

- 5.1. How have the individual & cumulative impacts of Covid-19 been subject to risk assessment, mitigation and approval?
- 5.2. What third parties have been involved in supporting the changes made - OEMs, regulators, etc.?
- 5.3. How are existing Business Continuity Plans reflecting the effects of Covid-19, and being updated?
- 5.4. Are there any pre-agreed arrangements for contractors or other parties to be able to be called in without being subject to current COVID-19 related restrictions should there be an emergency?
- 5.5. What duration of impact has currently been planned for?
- 5.6. What steps have been taken to ensure the solvency of the Insured? What assurances can be given regarding such solvency?