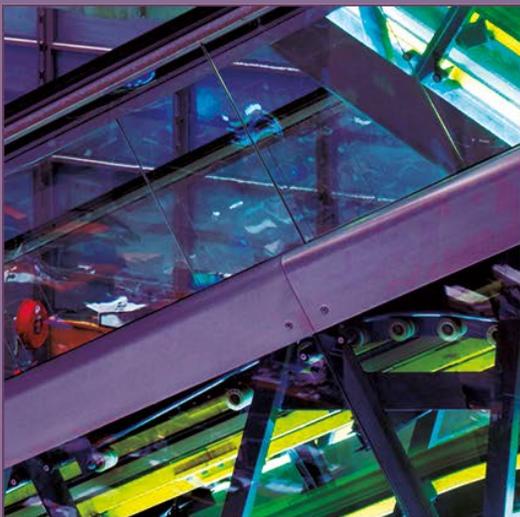




# ENERGY RISKS & COVID-19 IMPACT RISK ENGINEERING QUESTIONS

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INSIGHT CONSENSUS INFLUENCE

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This document was originally developed by the LMA Onshore Energy Business Panel Engineering Sub-Group.

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## INTRODUCTION

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 facility, environment, staff & contractor safety, and to respond to reducing product demand as global economic activity is reduced.

The following Risk Engineering questions are therefore suggested to 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.

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## **1. Facility Status**

- 1.1. What has been the impact of the current situation on production rates, 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?
- 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.

## **2. Operations & Manning (Staff & Contractors)**

- 2.1. What has been the impact on organization, staffing and staff location?
- 2.2. What minimum facility 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 been deferred, and what impact will this have on the planned replacement of equipment and piping that was close to retirement?
- 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, licensors etc.?
- 5.3. How are existing Business Continuity Plans reflecting the effects of Covid-19, and being updated?
- 5.4. What duration of impact has currently been planned for?