

# CODE OF PRACTICE FOR DELIVERY OF AN OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEY PROGRAMME

## **DISCLAIMER:**

Nothing in this Code of Practice, which is entirely voluntary, shall relieve any party of any legal obligations existing in the absence of this document and nothing contained in this Code of Practice shall take precedence over any provisions of any policy issued by a party who has chosen to adopt this Code of Practice.

In the event that the risk engineering service provider is unable to follow one or more of the particulars set out in this document, they should negotiate an acceptable alternative with the (Re)Insurer(s).

It is recommended that where (Re)Insurer(s) wish to adopt the use of the Code of Practice, reference is made to this under the "information" section of the Market Reform Contract, as it does not form part of the contract between the (Re)Insurer(s) and the (Re)Insured.

## 0. Purpose

- 0.1. The purpose of this document is to provide a basis for (Re)Insurer(s) to agree the scope of work for a risk engineering survey programme. It provides guidance for discussions between the Lead (Re)Insurer(s) and the engineering service provider (Broker, (Re)Insurer or Third Party), and sets (Re)Insurers' expectations on programme deliverables.

## 1. Pre-survey Planning

- 1.1. A risk engineering survey programme proposal shall be developed by the risk engineering service provider in discussion with Lead (Re)Insurers. The proposed survey programme shall specify the Insured locations to be surveyed, approximate survey duration and shall include a budget cost for the programme. The final proposal must be submitted to the Lead (Re)Insurers for review and approval prior to execution of the programme.
- 1.2. Stand-alone risk engineering services such as property valuations, engineering workshops, training programmes or consultancy work, fall outside of the typical risk engineering survey scope of work and as such these activities will not be paid for unless agreed by the Lead (Re)Insurer(s). Where business interruption (BI) cover is part of the policy terms and conditions, BI studies can be included in the engineering survey scope of work so long as the BI study is shared with (Re)Insurers.
- 1.3. The necessity to conduct a site survey shall be based upon:
  - 1.3.1. The availability and quality of information from existing market survey reports (including the need for recommendation status updates).
  - 1.3.2. The risk profile of the assets, considering any current operational issues, inherent hazards, exposures and loss history.
  - 1.3.3. The installation of new process units or completion of other major works, since the last survey.
- 1.4. The Lead (Re)Insurer(s) shall review and agree the schedule and format of each survey with the engineering service provider.
- 1.5. The survey agenda should be developed in line with LMA OG&P GRES 2015/001 'GUIDELINES FOR THE CONDUCT OF OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEYS'. The agenda shall be reviewed by (Re)Insurer engineers participating on the survey. (Re)Insurer(s) not participating on the survey may request to review the agenda before being finalised to ensure that any concerns they may have are addressed during the survey.
- 1.6. The finalised survey agenda should typically be developed and agreed by the survey participants not less than 30 days prior to the agreed survey date.
- 1.7. The use of a "Third Party" survey team leader, i.e. an engineer not employed by either the Broker or a (Re)Insurer on the account, shall be agreed by the Lead (Re)Insurer(s) prior to their appointment.

1.8. The Lead (Re)Insurer(s) reserves the right to request a copy of the C.V of the survey team leader and/or to propose an alternative survey team leader if they deem it necessary.

## **2. Survey Team Leader Scope of Work**

2.1. The scope of work for the survey team leader shall include:

2.1.1. Planning and preparation for the survey.

2.1.2. Leading the discussions with the (Re)Insured's site personnel during the survey.

2.1.3. Meeting the objectives as set out in the agreed survey agenda.

2.1.4. Collating information from discussions with the (Re)Insured's personnel and input from survey participants

2.1.5. Preparing the survey recommendations and issuing them to the survey participants for review prior to issue to the (Re)Insured. Draft recommendations should be issued to survey participants for review within 14 days after completion of the survey. Survey participants should agree draft recommendations within 7 days of their submission by the risk engineer leading the survey.

2.1.6. Promptly distributing all information provided by the Insured to survey participants.

2.1.7. Issue a market engineering survey report which meets the standards expected by (Re)Insurer(s), as set out in the LMA's OG&P IGRES 2015/001.

2.2. The report must be delivered to the market not less than 30 days prior to the renewal date noted on the expiring insurance contract, and within 90 days after completion of the survey. Where these deadlines cannot be met for reasons outside the control of the survey team leader (including, but not limited to, where the survey is not commissioned in good time), an alternative timeframe can be agreed with the Lead (Re)Insurer(s).

## **3. Invoices**

3.1. An invoice for the risk engineering survey costs shall be submitted as an official document on headed paper, with a breakdown of costs as per Table 1 below, unless an alternative submission format is agreed by exception by the Lead (Re)Insurer(s).

**Table 1**

	Activity	Nos. Days	Rates per day	Cost (GBP / USD)
TIME	Survey Preparation			
	Travel Time			
	Risk Survey			
	Report Writing			
EXPENSES	Travel Costs <sup>1</sup>	N/A	N/A	
	Expenses	N/A	N/A	
	<b>Total Amount Due</b>			

3.2. A reasonable time shall be allowed for coordination of survey preparation for major multi-location placements. However, account management activities shall not be considered as part of the survey preparation. Time for pre-risk survey visits for: client discussions, gathering client information, attending client presentations or making presentations to the client, will be considered a brokerage or account management activity and the associated cost shall not be paid for by (Re)Insurers.

3.3. (Re)Insurer(s) reserve the right to request copies of receipts for expenses claimed.

3.4. Invoices shall be calculated based on expended half or full days.

3.5. (Re)Insurer(s) reserve the right to challenge payment for the risk engineering survey costs, if the agreed risk engineering survey report is not delivered to (Re)Insurer(s) within the timeframe agreed under 2.2, or if the report does not meet the standards expected by (Re)Insurer(s) as set out in the LMA's OG&P IGRES 2015/001.

---

<sup>1</sup> Travel Costs shall be pro-rated where surveys are to be conducted for different accounts on the same trip.