



Control of Well Insurance

Who Is In Control?

The Broker's Perspective

Presented by Bob Daniels, Burke-Daniels, Co.



Who Is In Control?

Sometimes it's the Insured's,
sometimes it's even the Underwriters,
but most of the time,
it's the Brokers.



Proof from the past, the present, and in the
future...comingled like a good broker wording...

Making Wells Safe

What idiot
named this
Endorsement?

Still the hot topic for many offshore clients.
What have we learned?



Cost of Control Issues in 2008

- “Hurricane Hangover”
- Client “Needs”
- Broker’s Role
- Underwriter’s Job (SWOS)
- Resources



Creative & Helpful Brokers

(Not to mention compassionate, loving, trustworthy, kindhearted, etc. etc.)

A logical argument vs. a 'pick-up'

“...clarify current vague wordings, and...

to match underwriters' intent of cover...

eliminate inconsistencies or vagueness,

but not broaden the scope of coverage...”

Who Writes the Wordings?

1. Stand By Charges added, including “Waiting on Weather”
2. “New and Better” Making Wells Safe
3. Pipeline Repositioning Endorsement
4. Host Platform Endorsement
5. Statutory Survey Expenses

Pricing the COC Risk in 2008

Memo rating – Love it or leave it, use it or lose it...

But then, how would we compete, if not price?

How would you compete as underwriters?

COC Limits in 2008

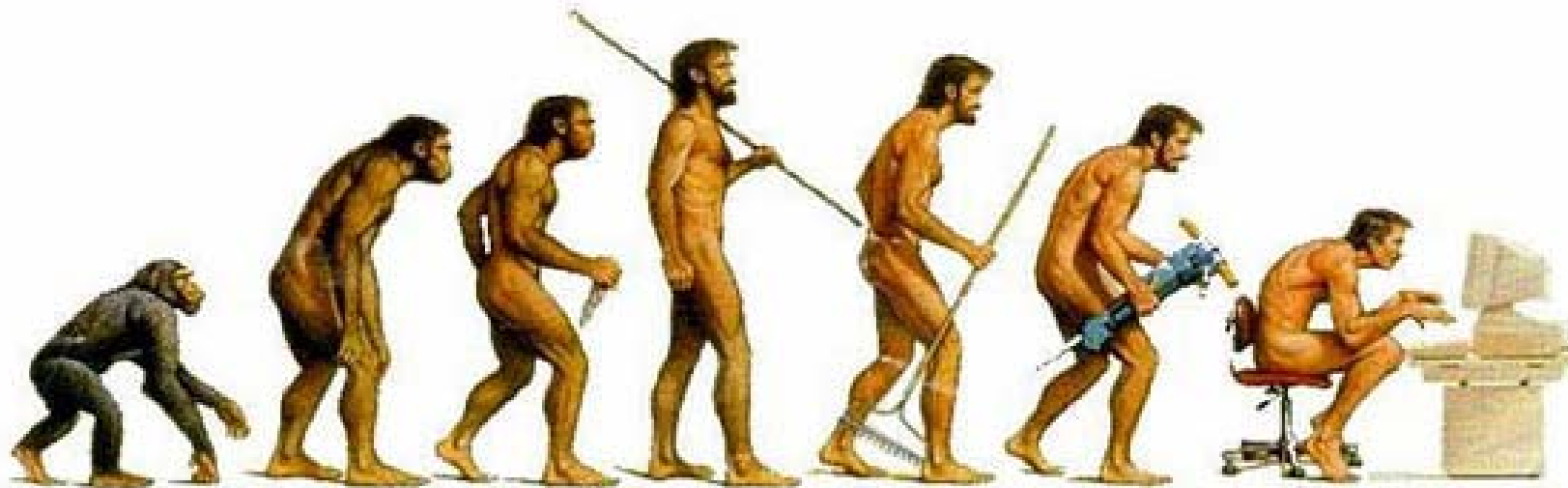
Three times the AFE my - - -.

“Attritional” losses....

Louisiana	March 2006: Land Drilling Well	\$8,902,552
Texas	November 2006: Land Drilling Well	\$3,481,125
Louisiana	June 2007: Barge Drilling Well	\$99,000,000 +
Texas	February 2008: Land Drilling Well	\$8,000,000
Texas	April 2008: Land Drilling Well	\$14,000,000
Texas	May 2008: Land Drilling Well	\$3,468,352
Louisiana	November 2007 Land Drilling Well	\$10,000,000 +
Louisiana	2008 Land Drilling Well	\$70,000,000 +
Texas	2008 Land Workover Well	\$10,000,000 +

Broker Control

New and better Broker wordings
evolve for the client...



Extended ROD / W

“Irrespective of any sensible exclusion to the contrary contained elsewhere in this insurance, underwriters hereon agree to pay whatever it costs to pick up whatever falls down in the Gulf of Mexico, for whoever owns it, whenever it falls, for whatever reason - Amen.”

Make Everything Safe and Sound

“In the event of a peril insured (or that the insured wishes were insured), Underwriters hereby agree to make everything insured hereunder “Safe and Sound” to the satisfaction of the insured, including tucking him in at night and telling nice stories until he falls asleep (*Optional for no a.p. - ‘humming your favorite song until you sleep clause’*)”

No Profit Commission

“As it is obvious Underwriters hereon aren’t terribly interested in long-term underwriting profit, in the event this insurance survives six months ‘loss free’ we will refund pro-rata of the net annual premium mid-term, without amending the expiration date or coverage hereunder.” (*Agree nil commissions returned clause*)

Conclusion

Is anyone really in control ?

