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## LIU's Exploration & Production Office Offers Clients a Technical Approach to Understanding Their Risk

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First-hand knowledge of the underwriting risks facing offshore platforms in the Gulf of Mexico has helped Liberty International Underwriters (LIU) gain a commanding market presence in the oil and gas industry. A division of the financially strong and highly rated Liberty Mutual Group, LIU ([www.libertyiu.com](http://www.libertyiu.com)), has been underwriting offshore energy risks since 1999.

Following the devastation of Hurricanes Katrina and Rita in the Gulf of Mexico, LIU made the decision to relocate its underwriting and claims professionals to an office in Houston, Texas, to get closer to its client base. LIU then added an on-staff engineer with a background in designing offshore platforms, to provide clients with a more technically based risk review of their assets. Having an engineer on-site provides a knowledgeable presence and allows LIU to assist clients and brokers with a better understanding of the regulations coming from the Minerals Management Service (MMS), the federal agency of the U.S. government responsible for overseeing oil and gas platforms.

"We're creating value-added partnerships at the risk review phase," says Christopher Pluchino, head of U.S. Exploration & Production at LIU. "No other carrier provides this same level of engineering capability specific to offshore platforms. Our in-house knowledge supports our confidence in our ability to underwrite and manage risk in the offshore oil and gas industry."

LIU works with brokers, risk managers and risk engineers to gather the data needed to properly evaluate a platform's windstorm risk.

"Following hurricanes Katrina and Rita, the market approach to risk assessment has been to evaluate offshore platforms in the Gulf of Mexico based solely on age," explains Pluchino. "Our evaluation process considers several additional design elements, such as framing pattern, deck height, platform orientation and structure type, to name a few. Our approach is to review the same elements in our underwriting that operators consider when designing and installing platforms. We then use this knowledge to design insurance programs that achieve true risk differentiation and are more representative of our clients' actual risk profile. Clients can take confidence in

the fact that their risk has been underwritten by a company that understands their business, and can tailor an insurance product specific to their unique asset base."

LIU endorses the idea of a standard format to evaluate offshore assets – the platforms, pipelines and wells typically covered by an insurance policy – in order to properly assess risk and ensure that proper insurance placement is achievable. Risk managers typically create a schedule to identify the platforms they're looking to protect using an Excel spreadsheet format.

"Even after Katrina and Rita, the market is still relying on a multitude of formats to schedule an assured's assets. A more consistent scheduling format would allow the market to be better prepared to provide insureds with more accurate coverage, while allowing underwriters the ability to make more timely decisions," says Pluchino. "A better way to evaluate these risks may be to use a standard scheduling format such as the MMS' Offshore Structural & Technical Support (OSTS) Inspection Report, which contains the platform identification data that distinguishes one platform from another. We're currently undertaking a process to help brokers understand the OSTs report, which would then give them the ability to request more appropriate information from their clients."

LIU is taking advantage of industry events, such as the upcoming Offshore Technology Conference in Houston, May 5-8, to promote the use of OSTs reports.

"At the underwriting level, the use of a standard scheduling format would lessen pressure on brokers by helping to identify which asset was intended to be insured and lead to a quicker turnaround for the entire process of placing coverage and generating an effective policy. It will also help identify and prevent potential errors and omissions before a major catastrophic event occurs," stresses Pluchino.

"We believe our ability to position key resources in a vital hub for the oil and gas industry allows us to provide our clients with a more effective insurance solution, combined with a local presence that they can rely upon," he says.

For more information on LIU's Exploration & Production services, contact Pluchino at 713-470-5802, or email him at [chris.pluchino@libertyiu.com](mailto:chris.pluchino@libertyiu.com).