Price Forbes & Partners
Energy Market Developments

July 2010

PRICE FORBES

The positive feedback received by the Energy team to the first edition of this publication has been greatly appreciated and has strengthened our resolve to make the Energy Review essential reading for everyone concerned with energy industry insurance and risk management matters.

Understandably the last few months have been dominated by issues surrounding the loss of the ‘Deepwater Horizon’ MODU, the 11 workers who died on 20th April 2010 and the subsequent massive pollution from the Macondo well. However, while the issues are likely to continue to engage attention, much else of significance has been occurring and is recorded in this edition.

At Price Forbes we were pleased with the success of our inaugural Energy Training Course in London which was run during the week of 14th June and attracted a truly international mix of delegates. A brief report is contained in this edition and in the near future we will let readers know of the dates of the next Course.

Inevitably questions surround the state of the oil and gas insurance market and what the future holds. Two potential influential matters – partly linked – are the outcome of the end of year renewal season when many insurers will discover what reinsurance they can buy (or afford), and what the 2010 Hurricane season will produce in insured and reinsured losses. Following the ‘Deepwater Horizon’ loss, the upstream market reaction has been - at least to date - perhaps more measured than past experiences might have suggested would be the case.

Despite market uncertainties, we continue to achieve optimum results for our clients based on clear underwriting information, good risk engineering, and adequate time allocated for marketing plus a planned pro-active approach.

Finally, we are delighted to announce that Price Forbes is expanding the business through the establishment of a Treaty Reinsurance Division, with Paul Bumpstead as Managing Director. Mr Bumpstead will focus on delivering Price Forbes’ Treaty Reinsurance offering to clients globally and brings over 40 years’ experience in Property and Liability reinsurance.

“Expanding our capabilities to include Treaty Reinsurance as part of our overall proposition to clients is a key priority for us and a major pillar of Price Forbes growth strategy,” said Michael Donegan, Chief Executive Officer, Price Forbes & Partners. *“ Having someone of Paul’s calibre and experience is testament to the emphasis we are placing in this area and I know that our clients will find Paul to be a valuable asset. We are delighted to welcome him on board.”*

Price Forbes Energy Insurance Course – June 2010

Monday 14th June saw the formal commencement of Price Forbes' inaugural Energy Course, which was held in the elegant rooms of 2 Carlton House Terrace in the heart of central London and overlooking the Mall leading to Buckingham Palace.

Over the five days of the Course, the delegates drawn from Egypt, Lebanon, Malaysia, Nigeria, Qatar, Sudan, UK and Vietnam were lectured and entertained by a wide range of experienced speakers with the group actively participating in the sessions.

Designed to provide an overview of oil and gas risks, their management, assessment, reduction, allocation and treatment (including insurance) the Course subjects included:

- Energy Industry Overview – History and Trends
- Oil and Gas Basics
- Risk Engineering
- Insurance development and its Practices and Principles
- Energy Industry Risks and their allocation
- Cost of Well Control Insurance
- Construction Insurance
- Operational Insurance
- Liability Insurance
- Marine Hull and P&I Insurance
- A Risk Manager's Reflections
- An Underwriters Viewpoint
- Energy Insurance Market Overview
- The Role of the Broker
- Claims Handling
- Loss Adjusting
- Valuations
- Political and Terrorism Risks
- Renewable Energy
- Case Study

Contributors included Underwriters, Brokers, Consultants, Valuers, Risk Manager, Loss Adjuster and a practical, open approach by all involved ensured a useful exchange of information and ideas. To balance - at least to some degree - the hard work, the delegates and contributors were given an evening taste of London including a trip on the London Eye followed by a Thames boat cruise and a Medieval Banquet at St. Katherine's Dock.

On Friday 18th June the Course concluded with a tour of Lloyd's and presentations to the delegates. Feedback from the delegates has been encouraging and the next running of the Course is already in planning. We will notify interested parties of the dates in due course. If you are interested in a place on the Course for yourself or one of your team please contact us and we will provide you with fuller details.

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Energy Casualties

20th April 2010 'Deepwater Horizon'/MC Block 252 (Update)

In our June issue we noted that BP had stated that the cost of the response to 31st May amounted to some USD990 million. By mid July the cost had grown to approximately USD3.5 billion, including the cost of the spill response, containment, relief well drilling, grants to the Gulf states, claims paid, and federal costs. BP does not offer an estimate of the final figure.

After an earlier failed 'top kill' attempt, a recently installed new sealing cap assembly (which replaced the lower marine riser package containment cap) over the failed blow-out preventer of the 'Deepwater Horizon' was undergoing extensive integrity testing and held out the prospect of a virtually complete cessation of the escape of oil; but not a permanent solution. The two relief wells are close to their target depths (the first relief well reached a depth of 17,864 feet on 18th July) and an interception and kill attempt from the first relief well is anticipated for the first half of August.

By mid July, the total volume of oil collected or flared by the containment systems was approximately 826,800 barrels. In respect to the surface spill response, as of 17th July work continues to collect and disperse oil that has reached the surface of the sea, to protect the shoreline of the Gulf, and to collect and clean up any oil that has reached shore. Approximately 43,100 personnel, more than 6,470 vessels and dozens of aircraft were engaged in the response. The total length of containment boom deployed as part of efforts to prevent oil from reaching the coast was some 680 miles.

While physical events in Block 252 are hopefully drawing to a conclusion, the ramifications of the incident continue. During recent weeks developments included:

- On 8th June UK Energy Secretary Chris Huhne said that the UK Government will increase its inspection of drilling rigs and monitoring of offshore compliance and asked a new oil industry group to report back on its findings on the UK's ability to prevent and respond to oil spills.

- On 16th June, following a meeting with President Obama, the BP Board announced an agreed package of measures to meet its obligations as a responsible party arising from the 'Deepwater Horizon' spill including the creation a USD20 billion claims fund. The fund does not represent a cap on BP liabilities, but will be available to satisfy legitimate claims.

- On 18th June Anadarko Petroleum Corporation, Houston said that: *"BP's behaviour and actions likely represent gross negligence or willful misconduct and thus affect the obligations of the parties under the operating agreement."* and *"Under the terms of the joint operating agreement (JOA) related to the Mississippi Canyon block 252 lease, BP, as operator, owed duties to its co-owners including Anadarko to perform the drilling of the well in a good and workmanlike manner and to comply with all applicable laws and regulations. The JOA also provides that BP is responsible to its co-owners for damages caused by its gross negligence or wilful misconduct. Importantly, any actions Anadarko may take under the agreement to protect its rights relative to BP's performance as operator in the drilling of the well will in no way shift any financial burden to the American taxpayer. We recognize that ultimately we have obligations under Federal law related to the oil spill, but will look to BP to continue to pay all legitimate claims as they have repeatedly stated that they will do."* BP said it strongly disagreed with these allegations.

- On 9th July came the news of what was believed to be the first deepwater MODU leaving the GoM as a result of the initial federal moratorium affecting drilling activity in more than 500 ft of water.

- On 21st June Secretary of the Interior

Deepwater Horizon listing and on fire, 0820 hours 21st April 2010. © US Coast Guard

Ken Salazar swore-in former Justice Department Inspector General Michael Bromwich to lead reforms that will strengthen oversight and policing of offshore oil and gas development. Bromwich will oversee the fundamental restructuring of the former Minerals Management Service, which was responsible for overseeing oil and gas development on the Outer Continental Shelf. A Secretarial Order signed by Salazar renamed the Minerals Management Service the Bureau of Ocean Energy Management, Regulation and Enforcement as it undergoes reorganisation and reform.

- On 22nd June U.S. District Court Judge Martin Feldman decided to lift the moratorium on deepwater offshore drilling in the GoM. On the same day Secretary of the Interior Ken Salazar said he would issue a new order shortly: *".... that eliminates any doubt that a moratorium is needed, appropriate, and within our authorities."*

- On 23rd June BP confirmed a new *"Gulf Coast Restoration Organization"* that saw Tony Hayward, Group Chief Executive, out of the 'front line'. Bob Dudley was appointed President and CEO of BP's Gulf Coast Restoration Organization. He was to report to Tony Hayward.

- By 1st July the number of law suits commenced in the US naming BP in relation to the incident (some also naming other parties) was thought to exceed 250.

- On 12th July Secretary of the Interior Ken Salazar directed the Bureau of Ocean Energy Management, Regulation and Enforcement to issue new suspensions of deepwater drilling on the Outer Continental Shelf (OCS), saying a pause was needed to ensure that oil and gas companies first implement adequate safety measures to reduce the risks associated with deepwater drilling operations and were prepared for blowouts and oil spills. The move following the successful legal challenge to the 30th May U.S. Department of the Interior directive to oil and gas lessees and operators on the OCS notifying them of requirements under a six month deepwater (meaning depths greater than 500 feet) drilling moratorium the Secretary of the Interior had ordered. The new suspensions apply to drilling operations that use subsea BOP or surface BOPs on floating facilities.

- BP said that by 16th July payments to residents and businesses of the Gulf Coast had reached USD201 million. More than 32,000 claimants have received one or more payments in the past 10 weeks. 114,000 claims have been submitted. BP has 36 claims offices open across the Gulf Coast.

- An unconfirmed press report claimed that BP was planning to raise USD50 billion through a combination of bank debt and bond and assets sales over the next two years. BP has previously confirmed a suspension of dividend payments and accelerated asset sales to some USD10 billion in 2010.

- The UK's Oil Spill Prevention and Response Advisory Group (OSPRAG) gave approval to its Technical Review Group to proceed with an engineering study to develop new design concepts for well capping and containment. The project forms part of the UK offshore oil and gas industry's review of its well control practices and assesses of its readiness to respond to a major oil spill, in light of the Macondo well loss.

- On 20th July Apache Corporation, US, announced it has agreed to acquire BP's various oil and gas interests in onshore USA, Egypt and Canada for USD7 billion with USD5 billion being advanced on 30th July 2010, ahead of the anticipated closing.

Fatal blowout at Iran onshore well

Around 0630 hours local time on 29 th May a fire occurred at well number 24 at the Naft Shahr oilfield, in Kermanshah province, Iran following a gas escape. Initial reports say that three people have been killed and 12 injured. The Naft Shahr oilfield is one of Iran's oldest fields and is in the region of the border with Iraq.

An unconfirmed report said that Chinese built drilling rig N-K118, owned by North Drilling Co. (NDC) - which operates as a subsidiary of the National Iranian Drilling Co. (NIDC) - had been drilling the well for the Iranian Central Oil Field Co. (ICOFC) for around 45 days and the rig has been seriously damaged or destroyed. A well control operation was in progress.

WesternZagros controls Kurdamir-1 well in Kurdistan, kill ops proceeding

On 31st May WesternZagros Resources Ltd. (*"an international natural resources company engaged in acquiring properties and exploring for, developing and producing crude oil and natural gas in Iraq"*) said that it has successfully and safely secured the Kurdamir-1 well, following the loss of well control reported on 15th May 2010. The risk of the damaged drill pipe failing and releasing hydrocarbons or hydrogen sulphide (H_2S) at the surface had been eliminated.

WesternZagros, through wholly-owned subsidiaries, holds a Production Sharing Contract with the Kurdistan Regional Government in the Kurdistan Region of Iraq. Kurdamir-1 is a wildcat exploration well located on the Kalar Bawanoor Block, in the Kurdistan Region, which WesternZagros is drilling with its co-venturers, the Kurdistan Regional Government and Talisman Energy Inc.

On 8th February 2010 WesternZagros provided an update on the progress made at the well, saying, inter alia, that the 8½ inch hole had been successfully drilled to a depth of 4,077m and had penetrated the Aaliji Seal and the Shiranish reservoir target and drilled into the Gulneri Seal where a high pressure zone was encountered. Adding that *"Currently, well control operations are underway to counter the high formation pressures encountered at the bottom of the hole".*

On 19th March the company announced that it has completed well control operations associated with the high formation pressures encountered at the bottom of the well. During well control operations, it was necessary to cement the drill string in the hole below the 9 5/8 inch casing shoe at 2,702m. Accordingly, WesternZagros was planning to sidetrack the well through the Aaliji and Shiranish formations, stopping before reaching the Gulneri formation, to allow Kurdamir-1 to be logged, cased and tested as planned. *"Although it took longer than desired to plug the stubborn high pressure zone in the Gulneri, we are glad to have that behind us,"* said Simon Hatfield, WesternZagros' CEO. *"We now look forward to sidetracking in order to test the promising oil and gas shows in the Aaliji and Shiranish formations."* WesternZagros said that it was pursuing an insurance claim related to the costs of both the well control and sidetracking operations.

On 13th April WesternZagros said that it had commenced drilling the sidetrack hole on the Kurdamir-1 well, which had reached 2,989m and planned to drill through the Aaliji interval to approximately 3,300m, and log the hole and run 7 inch casing at that point prior to drilling into the Shiranish reservoir. The expected total depth of the sidetrack hole was approximately 3,900m, which is above the high pressure Gulneri zone. Upon reaching total depth, WesternZagros intended to log the hole and run a 4 1/2 inch liner prior to commencing the cased hole testing program in the Shiranish and Upper Aaliji reservoirs.

On 7th May WesternZagros said it had drilled the sidetrack 8-½" hole, which is approximately 100m from the original wellbore, through the Upper Aaliji Formation into the Lower Aaliji Seal as planned to a depth of 3,214m, at which higher than anticipated pressures were encountered. A 7 inch casing liner was to be set just above this high pressure zone after stabilizing the well and running wireline logs to determine future well test intervals. Drilling would then continue through the Shiranish/ Kometan Formations to a total depth of approximately 3,800-3,900m as originally announced. Upon successfully reaching total depth, WesternZagros intended to run wireline logs in the hole and run a 4-1/2 inch liner prior to commencing a cased hole testing program in the reservoirs within the Kometan, Shiranish and Upper Aaliji Formations. The sidetrack operations had been impacted by delays in receiving supplies to the rig due to recent weather conditions, including volcanic ash over Europe that disrupted air cargo and heavy rains in the Kurdistan Region of Iraq that impeded road transportation. In regard to their insurance claim, WesternZagros said it continues to advance its insurance claim relating to both the control of well costs incurred in the original 8-1/2" hole section and the redrill costs associated with the sidetrack. WesternZagros had provided the first interim claim to its insurers, and was compiling other costs as they were paid in order to make subsequent claims.

On 17th May WesternZagros announced a deterioration in the position. It repeated that at the depth of 3,214m the Kurdamir-1 sidetrack hole encountered higher than anticipated pressures and WesternZagros had planned to set a 7-inch casing liner after stabilizing the well and running wireline logs. However, while attempting to stabilize the well, a section of the drill string failed, resulting in damage to the drilling mud circulation system and further hampering well control activities.

WesternZagros activated its Emergency Response Teams both in Calgary and the Kurdistan Region of Iraq. Although there has been no release of hydrocarbons as a result of these events, hydrogen sulphide (H_2S) gas is present in the wellbore and the possibility exists for further equipment failure. WesternZagros therefore took the precaution of moving local inhabitants who are within its Emergency Planning Zone and all non-essential personnel to a safe location. WesternZagros has also engaged well service and control specialists Boots & Coots International Well Control, Inc., who were then mobilising personnel and equipment to the drilling site. It was expected that it will take at least thirty days to bring the well back under control.

When reporting on 31st May that it has secured the Kurdamir-1 well, the company said that specialists from Boots & Coots International Well Control Inc. together with personnel from WesternZagros and Talisman (Block K44) B.V. carried out this critical well control operation. The next phase was to install a snubbing unit (a hydraulic workover rig that enables well intervention to be safely performed while the well is under pressure). The objective was to recover the remaining drill string from the well and complete well kill operations. If these efforts were successful, logging and casing of the section drilled to date can then proceed.

WesternZagros then expected the well control activities to take at least another 15 days. If these efforts continued to be successful and the hole section could be cased, the Company intended to resume drilling and testing the well as originally planned.

WesternZagros said it was pursuing a claim under its insurance coverage for the well control activities. The policy has a total claim limit of USD75m gross.

As of 24th May, WesternZagros and its partners had incurred in excess of USD25m gross for well control and sidetracking activity. WesternZagros had received confirmation of coverage from the lead insurer, as well as approval for the first interim payment of USD5.7m. The Company continues to pursue approvals from the other insurers.

On 6th July WesternZagros said it has successfully retrieved the upper 450m portion of the parted drill string at the Kurdamir-1 well. Following thorough testing of the blow-out preventers, snubbing operations are now underway to recover the remaining 2,400m of drill string. This operation is expected to take approximately 20 days.

Total costs of Kurdamir-1 to 30th June 2010 are estimated to be USD91 million gross, with USD35 million related to the insurance claim. The Company continues to submit interim insurance claims related to the well control and sidetracking efforts at its Kurdamir-1 well.

One dead, several injured in East Texas pipeline explosion

On 7th June several people were injured and one killed when a high-pressure 36-inch diameter gas pipeline owned by Enterprise Products Partners L.P. exploded in Johnson Count, near Granbury, Texas, USA, about 40 miles southwest of Fort Worth. The dead worker was a member of the crew at the site who was operating the drilling equipment.

It appears that workers of Oklahoma-based contractor C&H Power Line struck the high-pressure 36-inch diameter gas pipeline while excavating a hole for a power pole. The company said it had previously filed the necessary notification and apparently this has been confirmed by Texas Railroad Commission officials who said they provided information concerning pipelines in the proposed area of work. Pipeline operator Enterprise Products Partners L.P. has said that it followed the required procedure of marking the location of the buried pipeline.

The Texas Railroad Commission - which regulates the state's pipelines - has commenced an investigation.

The damaged line is reported to be major east-west intrastate gas carrier running 395 miles from the Waha pipeline hub in West Texas to the Carthage hub in East Texas.

No leak on semi-sub Ocean Saratoga working on Taylor Energy wells

On 9th June Diamond Offshore Drilling Inc. confirmed that there have been no leaks of hydrocarbons from the semisubmersible drilling rig Ocean Saratoga. The rig is under contract to Taylor Energy Company and engaged in the process of plugging and abandoning wells damaged when a Taylor Energy production platform was toppled during Hurricane Ivan in 2004.

As previously announced by Taylor Energy, Taylor is continuing its ongoing well intervention programme, using the Diamond Ocean Saratoga, with full approval from Unified Command. The well intervention programme at Mississippi Canyon Block 20 is the result of the destruction of a production platform caused by a mudslide triggered by Hurricane Ivan. The platform was toppled by a subsurface mud slide triggered by storm surges with 100 foot waves.

As reported by Taylor Energy, the wells were covered by more than 100 feet of mud and sediment and only four wells were capable of production without pressure assistance. The associated surface sheen was minimal and never made landfall. As a result of deploying three subsurface containment domes and performing six successful well interventions, the initial average observed sheen volume of nine gallons per day has been substantially reduced.

Diamond Offshore said that unidentified aircraft took photographs that incorrectly reported an oil leak coming from the Ocean Saratoga. At the time of these photographs, Taylor Energy was actually conducting marine operations on site with a 180 foot dynamically positioned workboat for regularly scheduled subsea containment system drainage. The tanks mistakenly characterised as containing dispersants on the boat's deck, were actually tanks to store and transport the collected oil as it was pumped from the underwater storage system.

"The effort is continuing as directed by the Unified Command," said Will Pecue, President of Taylor Energy. "We have been working consistently and successfully with MMS and the U.S. Coast Guard to address the resulting environmental impacts of one of the ten most intense hurricanes ever recorded by the National Weather Service."

Chief Oil & Gas well blowout in West Virginia

A Marcellus shale gas well of privately owned, independent oil & gas company Chief Oil & Gas LLC blew out on 7 June outside Moundsville West Virginia, USA, injuring a number of workers and destroying the drilling rig. Well control specialists Wild Well Control are attending.

A circa 50-foot high gas flare is present, thought to be fuelled by a pocket of methane in the inactive Alexander Mine, reported to be owned by Consol Energy.

Seven rig workers - five working for Union Drilling and two working for subcontractor BJ Tubular Services - suffered burns. All were treated at the West Penn Burn Center in Pittsburgh and two remain hospitalised.

West Virginia Department of Environmental Protection and the Occupational Safety and Health Administration have commenced accident investigations.

Significant oil slick in Lake Maracaibo, Venezuela

P&I Club Skuld reported on 7th June that there was a significant oil slick in Lake Maracaibo, Venezuela.

Based on information received from its local correspondent, it was stated that in the last days a significant oil slick at the Maracaibo Lake has been reported, causing alarm among the population and the authorities. It has seriously affected fishing and birds and due to currents is moving from south to north. On 4th June 2010 state-run oil company PDVSA, Western Division, issued a formal statement informing *"that there have not been alterations on its operations that might had caused the recent outflow of hydrocarbon fluids in the Maracaibo Lake, western state of Zulia".*

According to a 5th June press report by the Bolivarian Press Agency, PDVSA activated a plan for collection of the oil that came out this week in the nearby areas of the navigation channel. Referring to the causes of the outflow the Minister of Energy and Petroleum, Mr. Rafael Ramírez, declared that *"we will determine its origin and its causes, to see if there was a leak. Remember that in the Lake there are 11,000 active wells, 45,000 kilometres of pipelines and between 60 and 70 years of exploitation, so it is something that can happen, so we will need to verify whether it is a leak, repair and solve all the damage"*.

A Regional Committee for Hydrocarbons

Spills with participation of PDVSA, Coastguard, Ministry of Environment and the maritime authority (INEA) has been set up, in order to initiate a formal investigation about the event. Also an investigation is being advanced by the agency in charge of the conservation of the lake (Iclam).

The slick was said to be close to the Bajo Grande terminal, for which reason ships navigating in the surrounding areas are advised to take extra precautions.

In mid June there were reports that an oil spill or spills in Lake Maracaibo has obliged PDVSA to anchor at least five US-bound tankers for cleaning after the hulls of the tankers, loaded at Bajo Grande terminal, became coated with oil.

On 30th June, Ramiro Ramirez Environmental Director of state-run PDVSA's is reported to have said that *"While there has been a moderate impact caused by a few small leaks, the situation is under control"*. He apparently claimed that the leaks occurred at five flow stations in the Urdaneta field, however the circumstances of the incidents are unclear. *"In no more than four weeks the clean-up operation will be completed in the affected areas"*. Ramirez gave no indication of the extent of the spill or the quantity of oil recovered.

Some parties believe that over several years maintenance and routine repair work has been an issue in respect of the circa 45,000 km of pipelines and 10,000+ active wells in Lake Maracaibo.

Offshore Malaysia pipeline leak

On 9th July Malaysia's state-owned energy company Petroliam Nasional Bhd (Petronas) was reported to have shut down oil platforms and production pipelines offshore eastern peninsular Malaysia after a sheen of oil was seen in adjacent waters. The affected facilities, some 240 km offshore Malaysia, are operated by Petronas Carigali, ExxonMobil E&P Malaysia and Newfield Peninsular Malaysia.

Emergency response and oil spill teams were mobilised to the area and were undertaking cleaning and investigation.

On 10th July Petronas said that a production pipeline of Newfield was the source of the leak and *"Initial visual inspection results indicate the pipeline has been damaged by activities of an unidentified marine vessel unrelated to Newfield's operations"*. Repair work on the damaged pipeline was in progress. The Petronas Carigali and ExxonMobil production pipelines resumed operation on 10th July.

Newfield reported to Malaysian authorities on 9th July that the Belumut to Tinggi pipeline had been shut in on 6th July due to a report of a possible leak. The oil sheen had been noted along the general line of the pipeline from Newfield's East Belumut-A Platform to Tinggi Platform.

Critical report on 3rd June Clearfield County gas blowout

On 13th July the Pennsylvania Department of Environmental Protection (DEP) issued a news release concerning the 3rd June 2010 natural gas well blowout in Clearfield County. The DEP said that according to an independent investigation it released on 13th July untrained personnel and the failure to use proper well control procedures were the principal causes of the 3rd June natural gas well blowout.

DEP Secretary John Hanger said the blowout, which allowed natural gas and wastewater to escape from the well uncontrollably for 16 hours, was the result of failures by the well's operator, EOG Resources. The company and its contractor, C.C. Forbes LLC, lost control of the well while performing post-fracturing well cleanout activities.

"The blowout in Clearfield County was caused by EOG Resources and its failure to have proper barriers in place. This incident was preventable and should never have occurred," said Hanger, who added that EOG Resources has been ordered to take nine corrective actions; C.C. Forbes ordered to take six corrective actions and both companies were fined more than USD400,000, collectively.

Following a 40-day suspension of operations in Pennsylvania, EOG Resources and C.C. Forbes were permitted to resume all well completion activities. EOG Resources, formerly known as Enron Oil & Gas Co., operates approximately 297 active wells in Pennsylvania, 139 of which are in the Marcellus Shale formation.

DEP said that the report was compiled by John Vittitow, whom it hired *"to conduct a thorough and independent investigation into all aspects of EOG's drilling operation based on his respected reputation in the industry as an experienced petroleum engineer. The investigation was conducted alongside, but independently of, DEP's investigation."*

DEP Secretary Hanger said *"Make no mistake, this could have been a catastrophic incident. "Had the gas blowing out of this well ignited, the human cost would have been tragic, and had an explosion allowed this well to discharge wastewater for days or weeks, the environmental damage would have been significant."*

The fines assessed to EOG Resources and C.C. Forbes - for USD353,400 and USD46,600 respectively - will cover the cost of DEP's response to the incident and the investigation. In addition to the financial penalties, DEP ordered EOG Resources to implement practices and take nine corrective actions to avoid a repeat of this incident. C.C. Forbes was ordered to implement similar practices and to take six corrective actions.

Gullfaks C production resuming after May 2010 well problem

Production had been shut down on Statoil-operated production platform Gullfaks C in the Norwegian sector of the North Sea since a 19th May well incident occurred. Activities on board have been concentrated on plugging the C-06 well systematically from the bottom and up. (We reported the incident in our last issue). Statoil has said that the incident entailed change in pressure and loss of drill fluid, which resulted in the loss of one barrier in the well. There was also uncertainty about the integrity of the remaining barrier. Statoil decided therefore to shut down production.

On 14th July Statoil reported that production is resuming. *"We've now installed three cement plugs and one mechanical plug in the well,"* says Rune Gaasø, acting head of Gullfaks drilling and well operations. *"This isolates the well from the reservoir and a high-pressure zone in the Shetland/Lista formation. The barriers are now intact, and we have given the green light for normalisation."*

A hole has been identified in a casing at a depth of 1,400m. The well is stable and has no leaks. *"We're now going to work to seal the hole before we temporarily abandon the well and facilitate re-use of the well slot,"* says Gaasø.

In the work to put the barriers in place in the well Statoil has used methods with the lowest possible risk of escalating the situation, with good support from various specialist entities in the company, as well as from contractors and external partners.

Statoil said that the Gullfaks organisation has prepared a detailed start-up plan which is more extensive than is normal after a planned maintenance turnaround, for instance. Acting operations vice president Helge Kjell Rørnes is happy that the barriers are now intact and that the platform is approaching normalisation. He said *"The situation has been demanding and has involved many people. Our work has taken time but spending time making completely sure that we're taking the correct measures was the right thing to do."*

Statoil has appointed an investigation team to examine the incident of 19th May. On the basis of the team's report the company will be able to draw relevant lessons about making well constructions more robust.

Fire damaged Tesoro refinery at Anacortes down for several months more

A fire at Tesoro Corporation's Anacortes, Washington, USA refinery on 2nd April resulted in the deaths of nine workers and on 11th June a spokesman for the US company said that the refinery would remain closed down until at least September.

On 1st June Tesoro had said that internal and external investigations were ongoing at the refinery and the company could not predict when operations will resume; however, before the refinery can be restarted the investigations must reach a point when they could re-enter the site to clean and make repairs.

The latest news is that the testing programme on the primary item of evidence, the heat exchanger (which has removed from the refinery), recently began. The CSB's investigation is expected to extend into 2011. The heat exchanger for the naphtha unit had ruptured and released hydrocarbons, which subsequently ignited.

This longer than anticipated shutdown period is believed not to have a direct financial impact as Tesoro has business interruption insurance, in addition to loss and damage coverage.

Pollution from onshore pipeline in Utah

On the evening of 11th June there was a fracture of a 10 inch-diameter pipeline carrying crude oil from western Colorado and eastern Utah, USA to a Chevron refinery, near Salt Lake City, Utah. The fracture occurred on the south side of Red Butte Creek and some 20,000 gallons escaped into the creek stream.

Operation of a pipeline shutoff valve some seven miles upstream stopped the leak after oil in the line drained. The stream was dammed in an attempt to avoid further downstream pollution. Absorbent booms and dams were put in place in an attempt to contain the spill, but some oil was reported to have leaked to the Jordan River.

Leak at Troll shuts in production

Production was suspended from several Norwegian sector installations following what was described as a *"small gas leak"* at the Statoil operated Troll A platform on 29th June. A Statoil spokesman confirmed a gas leak was reported at Troll A at 0530 GMT and production had subsequently been shut-in. In January 2010 there was a temporary suspension of production at the field following a gas leak.

Fatal fire at Lindsey oil refinery

On 29th June at 1057hrs GMT a fire occurred at Total's Lindsey Oil Refinery, near Immingham, in North Lincolnshire, shortly followed by a small explosion.

More than 50 fire fighters attended the incident and two people were treated for minor injuries. Black smoke was visible five miles away. The incident was contained, and an investigation into the cause commenced.

Total has confirmed that a 24 year old man who was working close to the distillation unit which caught fire and exploded was subsequently found to have been killed.

Ten days earlier, at 1120hrs on 19th June there was a fatality at the refinery when an employee of AMEC - contractors working on a scheduled maintenance shutdown – died. Police attended and concluded that the death was non-work related.

Buncefield Oil Storage Depot fire and explosion - £9.5m fines on 5 companies

On 16th July the UK's Health & Safety Executive issued a news release concerning the conclusion of the legal actions brought against various parties prosecuted in respect of their involvement in the incident. The release read as follows:

QUOTE

Five companies have been ordered to pay £9.5 million for their part in the 2005 fire and explosion at the Buncefield Oil Storage Depot, in Hertfordshire.

The £1.3 million in fines for the pollution caused are a record in the UK. The £3 million fines for Total are the second highest to be handed down for safety offences.

Concluding a four-month trial at St Albans Crown Court, Mr Justice Calvert-Smith said the companies had shown *"a slackness, inefficiency and a more or less complacent attitude to safety."*

The prosecution of Total UK Ltd, British Pipeline Agency Ltd (BPA), Hertfordshire Oil Storage Ltd (HOSL), TAV Engineering Ltd (TAV) and Motherwell Control Systems 2003 Ltd, followed the most complex investigation ever conducted by the Health and Safety Executive and Environment Agency.

The painstaking investigation uncovered a series of serious failings that led to thousands of gallons of petrol being released in a large vapour cloud.

The resulting explosion registered at 2.4 on the Richter scale, injured 43 people, and destroyed nearby businesses. The environmental impacts of the disaster are still evident today.

The cost of dealing with the disaster has been estimated at more than £1billion, making it the most costly industrial incident in the UK.

Kevin Myers, HSE's Deputy Chief Executive, said:

"Incidents like the explosion at Buncefield are exceptionally rare. However, society rightly demands the highest of standards from the high hazard industries. Businesses in this sector must manage the risks they create effectively because when things go wrong, the consequences are severe and can destroy lives and shatter local communities.

Major hazard industries must learn the lessons of events like this. From the Board room down companies must ask themselves these questions: do we understand what could go wrong; do we know what our systems are to prevent this happening; and are we getting the right information to assure us they are working effectively."

Howard Davidson, Thames Director at the Environment Agency, said:

"As a result of a successful investigation and prosecution, five companies have today been held to account for their failures.

The Buncefield blast shattered the local community and left a long-term legacy of pollution. It has already involved a five-year clean up operation by the oil companies involved and the Environment Agency will be a presence around the site for many years to come.

There should be no doubt that we will always seek to prosecute those who cause serious pollution and damage the environment for future generations."

The following sentences were handed down:

- Oil giant Total UK Limited pleaded guilty to three offences and was fined £3.6 million (£3million for safety; £600,000 for pollution) and ordered to pay costs of £2.6 million.
- Supply company British Pipeline Agency Ltd pleaded guilty to two offences and was fined £300,000 for environmental offences and ordered to pay costs of £480,000.
- Hertfordshire Oil Storage Ltd was found guilty of two offences and fined £1.4 million (£1million for safety; £450,000 for pollution) with costs of £1 million.
- TAV Engineering Ltd, which designed a crucial safety switch that failed, was found guilty of one offence, fined £1,000 and ordered to pay £500 costs.
- Installation and maintenance company Motherwell Control Systems 2003 Ltd fined £1,000 and ordered to pay costs of £500 after being found guilty of one offence.

UNQUOTE

Background

Around 0530hrs on 11th December 2005, an industrial petrol storage tank operated by HOSL started to overflow, in part due to a failure of two critical safety systems - an internal fuel levels gauge and the independent cut off switch.

By 0600hrs, more than 250,000 litres of petrol spilled out of the tank and formed a highly flammable vapour cloud, which spread over 190m². When it ignited it caused the biggest explosion in peacetime Britain. The fire tore through 23 fuel tanks on site and burned for five days. The resulting plume of smoke could be seen from space.

Special barriers designed to prevent run off of fuel and fire-fighting chemicals also failed, leading to significant pollution to the surrounding area and the groundwater under the site.

Insurance News

On 1st June Gard announced that, at the meeting of the Board of Directors held on 31st May 2010 it was decided to return USD40m to the mutual members of the Club by reducing the deferred call for 2009 from 25% to 10% of the advanced call. *"2009 was a good year for the group"* said Claes Isacson, CEO. *"Both the insurance operations and investments contributed to a strong result of USD240 million for the year. Gard's premium policy is to be fair - and as predictable as possible - with members and offer P&I insurance at rates which ensure that the club has adequately rated insurance portfolios. When the results and capital position allow, the insurance cost for the mutual members will be reduced below the estimated total call."* After the reduction in deferred call, Gard will have USD638m in free reserves.

Chubb has received approval from the Lloyd's Franchise Board to establish a new Syndicate, Chubb 1882, which will commence underwriting shortly for re/insurances incepting on or after 1st July 2010. The syndicate will be managed by a newly created Lloyd's managing agency, Chubb Managing Agent Limited and active underwriter is Rob Cage, previously head of Chubb's UK commercial business. Stamp capacity for the balance of the year is a relatively modest £41.5m.

On 3rd June Allied World Assurance Company Holdings, Ltd, Bermuda announced that it received approval from Lloyd's to establish a new syndicate. Syndicate 2232, with the pseudonym AWH, will be fully operational and writing business effective 30th June 2010. Syndicate 2232 will be managed by Capita Managing Agency Limited, a subsidiary of The Capita Group PLC, which is authorized by the FSA in the UK. The active underwriter will be Darren Powell, currently Senior V.P. and manager of International Property at Allied World Assurance Company (Reinsurance) Limited in London. The syndicate will offer select product lines, which include international property, general casualty, professional lines and international treaty, targeted at key territories such as countries in Latin America and the Asia Pacific region. Syndicate 2232's primary purpose is to enhance Allied World's international platform and capabilities.

On 14th June Chaucer Syndicate 1084 is to announce the formation of a strategic energy alliance with well control company Boots & Coots and two international insurance brokers, Mexbrit and Global Special Risks (GSR), part of Willis Group's Faber Dumas wholesale broking operation. The new product will provide Control of Well coverage for land-based drilling, workover, producing and shut-in wells for oil and gas lease operators and non-operators in Latin America.

On 22nd June, the UK Government announced, as one of the measures in its "emergency budget", an increase in the rate of insurance premium tax (IPT) from 5% to 6%.

According to a report in a UK newspaper, Russian-backed private equity firm Pamplona Capital Management has withdrawn its application to the Financial Services Authority (FSA) for approval to increase its 9.99% interest in Lloyd's underwriting group Chaucer. It was previously reported that a regulatory statement of 23rd October appearing on Chaucer Holdings PLC's website appeared to confirm that, after a delay of several months, the FSA had approved Pamplona increasing its holding in Chaucer Holdings from 9.9% to 16.27%. It transpired that while Pamplona had announced on 14th May that it was interested in acquiring a 29.9% stake in Chaucer, the FSA's position was not settled. The full story is unclear. Assuming the latest report is correct, there must be a question over what Pamplona intends to do with its present stake.

Marsh & McLennan Cos. Inc.'s Mercer L.L.C. consulting unit recently agreed a USD500 million settlement of a legal action brought against it by the Alaska Retirement Management Board that held Mercer negligently responsible for significant unfunded liabilities. The deal was said to be in Mercer's best interests given the uncertainties associated with a jury trial in Juneau, Alaska. Claimed damages were not less than USD2.8 billion. Mercer denied liability; its insurance will provide USD100 million.

On 29th June international speciality P/C insurer and reinsurer, Catlin Group Limited, Bermuda announced that it intends to form a reinsurance company in Switzerland to significantly expand the European-based reinsurance business underwritten by the Group.

Rating agency Standard & Poor's has assigned an Insurer Financial Strength rating of 'A' to Ping An Property & Casualty Insurance Company of China Ltd with a Stable Outlook.

Ratings agency Standard and Poor's has downgraded the Insurer Financial Strength and counterparty credit ratings of Groupama, France to 'A-' from 'A'.

Rating agency A.M. Best Co. has assigned a financial strength rating of 'A-' (Excellent) and an issuer credit rating of 'a-' to Kuwait Reinsurance Company K.S.C., Kuwait. The outlook assigned to both ratings is stable.

Ironshore International Ltd. has announced that the Ironshore Environmental Insurance division will provide coverages on a global basis through its Pembroke Lloyd's Syndicate 4000, providing a suite of programmes to protect companies against adverse environmental and pollutant-related incidents and liabilities on a global basis. Programme coverages include a broad-spectrum of environmental risk exposures, including general liability, contractor pollution liability, site incident response, as well as professional liability.

On 1st July Torus completed the 4th May announced acquisition of Glacier Insurance AG from the Glacier Group. The Liechtenstein-headquartered specialty insurer, which has branch offices in Zurich, Cologne and London, will be renamed Torus Insurance (Europe) AG. Torus said that the acquisition will provide customers and brokers with enhanced products and capacity, which considerably accelerates Torus' growth strategy in Europe following the recent establishment of Torus offices in Amsterdam and Paris.

On 1st July Allianz China General Insurance Co Ltd officially commenced operations in Guangdong province, China. Regulator the China Insurance Regulatory Commission (CIRC) previously gave permission for the previous Allianz Insurance Company Guangzhou branch operation - established in early 2003 - to be converted into a P/C subsidiary.

First Mercury Financial Corporation's principal insurance subsidiary, First Mercury Insurance Company, is acquiring Valiant Insurance Group, Inc. from Bermuda-based Ariel Holdings Ltd. for an amount equal to Valiant's tangible book value, which is anticipated to be approximately USD55 million at closing, anticipated to be in 4Q2010. The transaction is subject to customary closing conditions and regulatory approvals.

On 6th July the Qatar Financial Centre said that in an important step towards realising Qatar's aspirations to become a regional hub for insurance services, the QFC Regulatory Authority has released a Consultation Paper on a series of proposals designed to develop the QFC as a base for captives and includes related proposals for protected cell companies and insurance intermediaries' regimes. The proposals reflect the objectives of the Regulatory Authority to further the QFC's development as a leading financial and business centre in the Middle East, while ensuring the QFC continues to implement and enforce high international regulatory standards. QFC said that what has come to be known as the 'self-insurance' industry – that includes 'captive' insurance vehicles - is projected to see strong growth in the region, driven by increased interest in alternative means of transferring risk and insuring high capital value ventures.

On 12th July ACE USA, the U.S.-based retail operating division of the ACE Group, announced the formation of a specialised underwriting unit to meet the insurance needs of the rapidly developing renewable energy sector. The Renewable Energy Unit - part of the ACE Casualty Risk Division - will introduce *"one stop shopping"* with a coordinated package of ACE P/C products tailored to the needs of renewable energy companies. Darren Small has joined ACE USA as V.P., National Renewable Energy Underwriting Manager, to lead the newly-formed unit. Small, based in Chicago, Illinois, reports to John D. Moore, V.P. and National Energy Underwriting Manager, ACE Custom Casualty. Small will have overall underwriting authority for the entire ACE renewable energy book of business.

On 13th July Claims adjuster Cunningham Lindsey Group Limited announced the completion of four *"strategic acquisitions"* in Europe. In Germany, Cunningham Lindsey has acquired 100% of Zorn Ingenieur Gesellschaft (ZUG). In Spain, Cunningham Lindsey has acquired 100% of Oterin S.A. In France, Cunningham Lindsey has acquired the balance of the equity it did not already own in Cunningham Lindsey Est, headquartered in Metz, France and Cunningham Lindsey France also acquired the remaining 20% minority holding in LDM Expertises and now owns 100%. These two acquisitions complete the integration of Cunningham Lindsey France, which now combines the former operations of Cunningham Lindsey and GAB Robins Francexpert.

Reportedly, Aon US (probably not for the first time) is directing its global operations to use Aon entities as wholesalers into London and elsewhere. Many major risks, including energy accounts, produced by Aon as retailers enter the London market through 'rival' brokers such as JLT/Lloyd & Partners and R K Harrison.

On 19th July New York City-headquartered the Navigators Group, Inc. announced that its wholly-owned syndicate, Navigators Syndicate 1221 at Lloyd's, is the latest to co-locate with Lloyd's in Rio de Janeiro by appointing a local representative. Lloyd's has Admitted Reinsurer status in Brazil and had its official opening there in April 2009.

News of Insurance People

Michael Weesbach has been appointed casualty manager in Cologne, Germany for Liberty International Underwriters Europe, reporting to **Wolfgang Weis**, executive officer for Northern Europe and Cologne branch manager.

It is reported that **Jack Stephenson** a managing director at Guy Carpenter's marine & energy division in London is to join Aon Benfield's marine & energy reinsurance team in London.

Richard Smart has been appointed deputy underwriter of the casualty division of Argo International, the Lloyd's subsidiary of Argo Group International Holdings. He was most recently with Newline Underwriting Management for five years and earlier held underwriting roles at Denham Syndicate Management Limited and BP Theakston & Others.

Barnabus Hurst-Bannister, chairman of Travelers Syndicate Management Ltd, has been elected the new chairman of the Lloyd's Market Association, replacing **Paul Jardine**, chief operating officer of Catlin Group, who has stepped down after three years in the role. **Bob Stuchbery**, chief executive of Chaucer Holdings, has been elected deputy chairman and elected to the LMA board, as have **David Ibeson**, chief executive of Catlin Underwriting Agencies Ltd, and **David Harris**, managing director of Amlin Underwriting Ltd. Hurst-Bannister will continue in his role as chairman of the London Market Group.

Roger Brunner has been appointed head of the Casualty group for Zurich North America Commercial Specialty Products business unit. He has been with the insurer since 1997, most recently as chief operating officer for General Insurance Proposition Development, building Zurich's global capabilities.

Michael Fujii has retired from the position of global chief executive of insurance operations for Endurance Specialty Holdings Ltd. Bermuda, which he joined in 2004 and then led the establishment of the company's US insurance business.

Dan Jones - previously a non-executive director on the Beazley plc board since 2006 - is to take charge of Beazley's strategic broker relations program. In his new role, Jones, who will join the company's executive committee, will focus on deepening relationships with key business producers around the world.

Effective 10th August, **W. Tobin Whamond**, executive V.P. and CFO of Houston-based HCC Insurance Holdings Inc., will become chief operating officer, and **Brad T. Irick**, who joined HCC on 10th May as an executive V.P., will become CFO.

Sharon Schiappa has joined excess and surplus lines broker Maclean, Oddy & Associates Inc., based in Houston, as vice president and producer. Schiappa has more than 25 years of marine and energy insurance experience, most recently with Marsh and earlier with other brokers and agencies including McGriff, Seibels & Williams, John L. Wortham, Anco, Wetzel and Johnson & Higgins. Maclean, Oddy & Associates is a unit of Willis Group's third-party wholesale insurance brokerage operation Faber & Dumas.

Marine claims and risk assessment specialist Braemar Marine Inc - part of the Braemar Shipping Services Group - has announced an expansion of its operations in London and Singapore through further personnel appointments. **Chris Lunda**, former V.P. of Braemar Marine in the USA who joined the company in 2009 at its start up, will assume a new role in Singapore as Managing Director of Operations and Development for the Far East. **Brian Cushing**, recently with Braemar Falconer in London, joined Braemar Marine on 1st March to head up its European operations, working in conjunction with the company's Far East, US and Brazilian offices. Also joining the UK operation in June is marine consultant **Allan Ashby**. Braemar Marine's operation in the US has been expanded by the addition of **Capt. David** Ryan who joined the team in Seattle in February 2010, and by **Chris Jenkins** who has joined the company's Atlanta Head Office.

Global risk and reinsurance specialist Guy Carpenter & Company, LLC has appointed **Bill Kennedy** as Global CEO of Analytics, Capital Markets, Specialty Practices and Advisory, effective 1st July.

He will report to **Peter Zaffino**, President and CEO of Guy Carpenter, and will join the company's Executive Committee. Kennedy was previously President and Chief Investment Officer of Century Atlantic Capital Management, LP, which he founded in 2008. He has also held various executive positions over the prior 15 years, including Global Director of Research at Citigroup Global Markets and Co-Director of Research at Nikko Citi.

Robert Hooper, previously with Houston Casualty, has joined the Houston team of loss adjusters AquaTerra.

Effective 1st July, Liberty Mutual Group has promoted **David H. Long** to the position of president. Long, with Liberty Mutual for 25 years, is presently executive V.P., Liberty Mutual Group, and president of Liberty International. He will continue to lead Liberty Mutual's International business unit. **Edmund F. Kelly** will continue in his role as Liberty Mutual Group's chairman and CEO but steps down as president.

Global Special Risks (GSR), the wholesale insurance broker and managing general agent of Willis' subsidiary, London-based Faber & Dumas, has appointed **Selena Halasz**, previously with the Energy Practice Group at Aon Reed Stenhouse, to head its newly established office in Calgary, Alberta, Canada. Halasz has nine years of oil and gas insurance experience and, prior to Aon Reed Stenhouse, was an underwriter for upstream oil and gas risks at the Energy Insurance Reciprocal (formerly Canadian Petroleum Insurance Exchange), and later a broker with Willis Canada focusing on oil and gas production and energy services accounts.

Ivor Edwards, previously lead partner of the corporate insurance team at Addleshaw Goddard, is joining law firm Clyde & Co's London corporate insurance team.

On 9th June international speciality property/casualty re/insurer Catlin Group Limited, Bermuda announced that **Andreas Weber** has been appointed Group Treasurer, based in Zurich, Switzerland. He will join Catlin in July and will report to **Benjamin Meuli**, Catlin's Chief Financial Officer. Weber was most recently Managing Director and Head of Corporate Finance at Swiss Reinsurance Company.

Francis Mackie, previously a partner with Dewey & LeBoeuf in London, has joined law firm Edwards Angell Palmer & Dodge (EAPD) as partner.

Hardy Underwriting Bermuda Limited has announced that **Richard Lim Ngak Kwan** has been appointed to head up Hardy's proposed new underwriting venture in Asia.

Paul Dowling has been appointed chief underwriting officer of commercial lines, at CNA Europe and **John Taylor** has been appointed specialty lines chief underwriting officer. Dowling joined CNA Europe in 2009 year to head its renewable energy and construction practice. In his new role, he is responsible for renewable energy, technology, marine, property/casualty and group PA & business travel lines and risk control engineering. CNA Europe has promoted **Paul Maidment**, with than 36 years' experience, to head of distribution and marketing with his remit now including Europe. All three appointees report to chief executive **John Hennessy**.

Lloyd's has announced that **Paul Jardine** from Catlin Syndicate Limited will become a Deputy Chairman of The Council of Lloyd's following **Ewen Gilmour**'s retirement from the position earlier this month.

Subject to regulatory approval, **Rolf Tolle** is to join the board of Beazley Furlonge Ltd the Lloyd's managing agency that forms part of Beazley plc. Tolle retired as franchise performance director at Lloyd's last December after seven years in the role.

Hiscox Bermuda has promoted **Krystalle Tobin**, previously financial controller and treasurer, to the position of chief financial officer based in Hamilton and reporting into Hiscox Bermuda chief executive **Charles Dupplin**.

Andreas Ofner, previously a facultative construction underwriter for SCOR, has been appointed senior underwriter by Liberty International for its construction business, based in Paris and reporting to **Didier Robin**, Liberty's vice-president for energy and construction in continental Europe. He is responsible for developing a portfolio of French construction business, in addition working with other Liberty Europe offices on construction projects.

Managing general agent/underwriter specialising in renewable power GCube Insurance Services has appointed **Tim Kinsella** senior vice president, working out of the company's East Coast office in New York City. Kinsella – previously Senior V.P. of advanced energy solutions at AIG's Chartis Global Marine and Energy a division, will focus on developing and implementing sales strategies for the expanding solar energy sector in North America as well as other emerging clean technology segments.

Effective 1st July, global independent insurance broker network BrokersLink has appointed **Leonard J. Battifarano** as its CEO. Battifarano was most recently with Chartis International where he was a Senior V.P. with responsibilities including Director of all global broker and broker network relationships, Chief Marketing Officer of the Commercial Insurance Company and President of Chartis International's Office of the Customer.

Insurance broking group UIB has appointed **Keith Anderson** to the UIB Holdings Group board as group finance director. He was previously CFO of Willis Global Specialties.

David Heard is heading new liability underwriting unit in Trust Re, designed to meet the increasing demand for liability cover in the Afro-Asian region. The unit will write PI, general, products and employers liability for limits up to USD5 million.

On 16th June Canopius Group Limited announced a number of promotions at its Lloyd's platform Canopius Managing Agents Limited (CMA), following a review of its senior management organisation. **Stephen Manning**, Chief Operating Officer, is appointed Managing Director reporting to **Michael Watson**, CEO of CMA, with responsibility for all Agency functions other than underwriting and reinsurance purchasing, which remain the responsibility of **Jim Giordano** as Underwriting Director. **Gaynore Moss**, Chief Actuary, joins the Board of CMA and assumes additional responsibility for Risk and Compliance. **Michael East**, Head of Claims, is appointed Head of Operations and will be responsible for overseeing claims and underwriting services. **Richard Bradley**, Finance Director, will assume the additional responsibility of the IT function with effect from 1st September 2010.

Mike MacColl, previously Marine and Energy Claims Manager for the Talbot syndicate 1183 at Lloyd's, has been appointed senior hull underwriter at Talbot Underwriting Ltd. He has more than twenty years experience in the London marine insurance market, the last two with Talbot.

Newly created Lloyd's managing agency Chubb Managing Agent Limited, managers of the new Lloyd's syndicate Chubb 1882, has appointed **Christopher Smith** as chief operating officer of the syndicate, based in London and reporting to **Michael Casella**, CEO of Chubb Insurance Company of Europe SE.

Effective 6th July, Willis Group Holdings has appointed **Michael K. Neborak** as Executive V.P. and Group Chief Financial Officer, reporting to Joe Plumeri, Chairman and CEO. Neborak will serve as a member of Willis' Executive Committee. He will be based in New York, and will also work out of the Group's Executive Offices in London, with responsibility for all of Willis' global finance functions.

Effective 12th July, **Matthew Yeldham**, previously head of international insurance at Aspen and active underwriter at the company's Lloyd's syndicate, will join Aegis London as head of Casualty, reporting to **David Croom-Johnson**. Yeldham will become a director of the company.

Catlin Group Limited, Bermuda has said that **Michael Harper** – appointed Senior Independent Director in July 2005 - has resigned from the Group's Board of Directors effective 1st July due to the demands of his other commitments. **Bruce Carnegie-Brown** has been appointed a Non-Executive Director with effect from 1st August; he will be subject to election by shareholders at the Company's 2011 AGM.

Bernie Fung, chairman and CEO of Aon Asia Pacific in Hong Kong since 1997, died on 27th May. From 1994 to 1997, Fung served as CEO of Inchcape Insurance Brokers in Asia, which joined Aon in 1997. Previously he was in charge of Aon's Canadian retail brokering operations, and also served as global managing director of Aon's risk management operations. He leaves behind his wife Sandy and two daughters.

Olivier Descombes, Regional Head, Africa & Middle East, Asia in the Oil, Gas and Petrochemical division of specialist insurer Infrassure Ltd, Switzerland, is understood to be joining CV Starr in Paris to head up technical lines. Decombes joined Infrassure in 2005 from Schlumberger where was was world-wide business development manager, based in Houston, Texas.

Nicola Harvey, group risk director at Christie's, has been appointed chairman of the UK's Association of Insurance and Risk Management (AIRMIC) in succession to **Paul Howard**.

Stuart Burchell, previously working for Ascot Underwriting based in Spain, has joined Parhelion Underwriting Ltd as Renewable Energy Underwriter. Parhelion describes itself as a specialty risk and insurance company focused on carbon trading markets, climate change risks, renewable energy and emission reduction projects.

Kevin Pallett and **Geoff Crisp** have joined Aspen Insurance UK with the objective of launching a range of new insurance and risk management products for the UK market during early 2011. Between them Pallett and Crisp have more than 60 years experience and in 2000 founded Fusion Insurance Services Limited.

Louise Neville, previously with Talbot Underwriting for some ten years, has joined W R Berkley's Lloyd's syndicate 1967 as head of marine.

Willis Energy has announced that **Mark Oakley** has agreed to join Willis as head of its Energy team in Houston, Texas. Oakley - who will join as soon as he fulfils his current obligations - will join the Willis Energy Global Executive Team, reporting to Willis Energy CEO **Alistair Rivers**.

Kiln Asia, which has offices in Hong Kong and Singapore, has appointed **Roman Reut** - previously Marine Leader South East Asia at RSA Group in Singapore - to the position of Marine Hull underwriter in Singapore where he will develop a regional hull account.

Charles Taylor adjusting, London has announced the appointment of **Eric Capewell** as the Director of its new operation in Geneva - Charles Taylor adjusting (Switzerland).

Effective 1st September, **Holger Schaefer** – previously London-based global head of market management for Allianz Global Corporate & Specialty (AGCS) – has been appointed head of AGCS's Australian operations, succeeding **Stefan Feldmann** who is leaving the German-headquartered Allianz Group. **Philipp Cremer**, presently UK head of market management, will become global head of market management, based in London.

We previously reported that Nick Drury had resigned from ACE in London where he was energy claim manager. His left the company on 30th June and has established The Energy Claims Resource Office (TECRO Ltd - www.tecro.eu) operational from 5th July. TECRO offers an independent and bespoke Energy claims handling resource for those writing Energy business in the London insurance market. Graeme Dean will be joining the company in September 2010.

Renewable energy specialist George Pooley, previously with McLarens Young International, has joined loss adjusters Cunningham Lindsey International in London.

Starr Technical Risks Agency has established a specialist renewable energy division (renewable risks were previously underwritten by Starr Tech's power generation and utilities team). **Ronald Berler** - previously global business development leader at XL Insurance, coordinating services and products for the energy industry and earlier at IRI (now part of Swiss Re) for 30 years – has joined Starr Tech to head the new renewable energy division as vice-president and manager.

Reportedly **Martin Pepper**, placing director and head of broking for marine, aviation and space business lines since 2003 and long time employee of specialist reinsurance broker Walsham Brothers and Company in London, is to become head of Guy Carpenter's London-based marine and energy practice in mid August.

As a consequence of a difference of views between him and CEO **Robert Benmosche**, **Harvey Golub** has resigned as chairman of American International Group Inc. He is succeeded by **Robert S. Miller**.

International general insurance and reinsurance group Brit Insurance has appoint **Tom Taylor**, until recently Liability Underwriting Manager in Commercial Underwriting at RSA, as Liability Portfolio Management Underwriter in its London office, reporting to **Jamie McNab**, UK Portfolio Manager for Liability.

Sean Dalton, previously with Travelers Insurance Company, has been appointed head of marine for North America by Zurich Global Corporate and will be based in the insurers New York office.

Steve Hearn, Executive Chairman of Glencairn Limited and CEO of Faber & Dumas (all parts of the Willis Group) has been appointed chairman of Willis Facultative.

Reportedly **Neil Flatman**, previously non-marine head of property underwriting and **Paul Cullum**, previously head of open market property underwriting, have left Markel International.

On 15th July 2010 the Association of British Insurers confirmed that **Kerrie Kelly** is stepping down from her role as Director General to return to Australia for personal reasons. **Maggie Craig**, Director of Life and Savings at the ABI, will serve as acting-Director General while a permanent replacement for Ms Kelly is found.

ACE UK has appointed **Matthew Shaw** as President, ACE Global Markets and Active Underwriter for Lloyd's Syndicate 2488. Additionally, subject to the necessary approvals, he will become a member of the Board for both ACE European Group Limited and ACE Underwriting Agencies Limited. He will continue to report to Richard Pryce as President ACE UK.

Houston, Texas-headquartered HCC Insurance Holdings, Inc. has appointed **Thibaud Hervy** and **Philippe Vezio** as joint CEO's of its HCC Global international operations, replacing **R. Matthew Fairfield** who has resigned. From the Barcelona headquarters, they will oversee all of HCC Global's international business for HCC Global's Barcelona, London, and Miami offices.

Christian Kelly has joined London-headquartered Davies Arnold Cooper from Cozen O'Connor, and has been appointed a partner within the Insurance department of the law firm.

On 12th July PartnerRe Ltd., Bermuda announced three executive management changes. **Emmanuel Clarke** will become CEO, PartnerRe Global effective 1st September 2010. **Bill Babcock**,currently Group Finance Director, will become Executive V.P., CFO, PartnerRe Ltd. effective 1st October 2010. **Marvin Pestcoe** has been appointed CEO, PartnerRe Capital Markets Group effective 1st October 2010. All three executives will report to **Costas Miranthis**, COO, PartnerRe Ltd., and become members of PartnerRe's Group Executive Committee. The Company previously announced that **Costas Miranthis** will succeed **Patrick Thiele** as CEO of PartnerRe Ltd. effective 1st January 2011 and the decision of **Albert Benchimol**, Executive Vice President, CFO, PartnerRe Ltd. and CEO, Capital Markets Group, to leave the Company.

If you have any questions, suggestions or comments please get in touch with one of the following, or your usual Energy division contact

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