# Have the Q1 losses already killed the 2025 Onshore Energy results?

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The Art & Science of Risk

# Agenda

# A Consistent and Long-term Underwriting Philosophy and Risk Appetite

## Strong risk appetite

-  **Refineries and upgraders**
-  **Petrochemical and polymers**
-  **Chemicals**
-  **Fertilisers**
-  **Gas processing**
-  **LNG**
-  **Tank farms**
-  **Pipelines**

# Onshore Energy

## Key highlights

Capacity of **300M (USD/EUR)**

**Written share up to 20%**

Recognized **leadership**

**40+ years** experience

**Unique team** primarily constituted of professionals from the energy sectors

# Onshore Energy Market Trends

**2024**

New Capacity available

Softening market

Very profitable year
(after 3 loss making years)

**Total loss activity = $1,417 Billion**

**2025**

Market capacity increasing

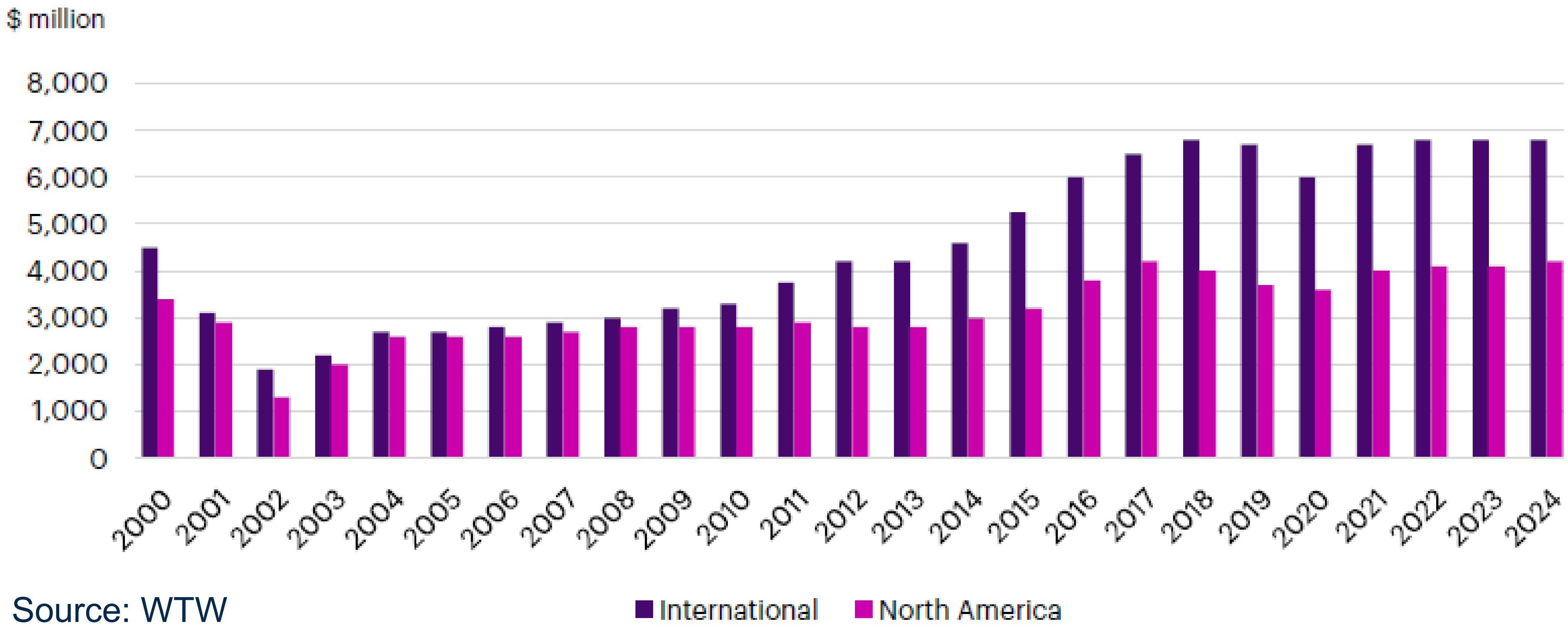
High competition for quality business and new premium

Rates still dropping

Competitive pricing in Middle East looking to grow market share

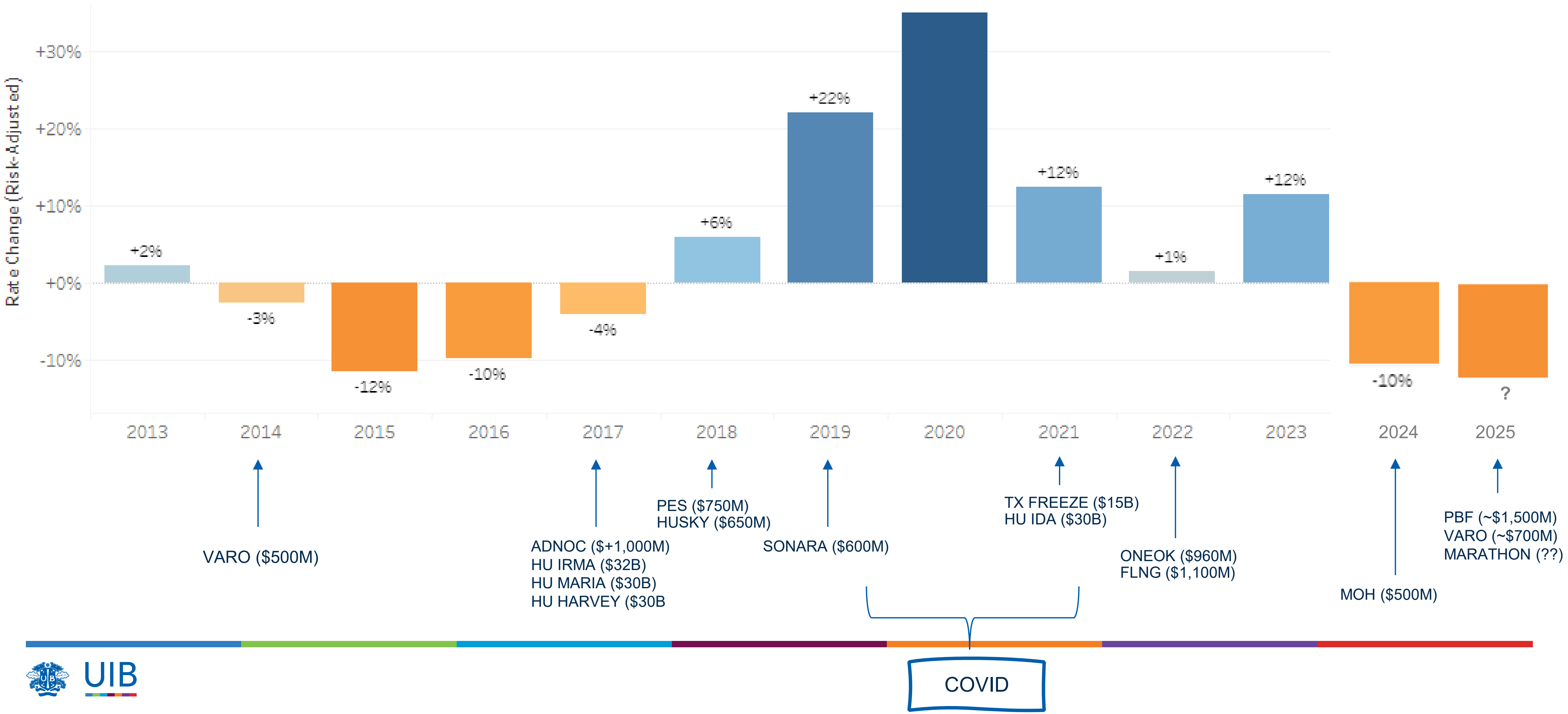
**Total loss activity just for Q1 = $+2,0 Billion**

# Global Downstream Insurer capacities



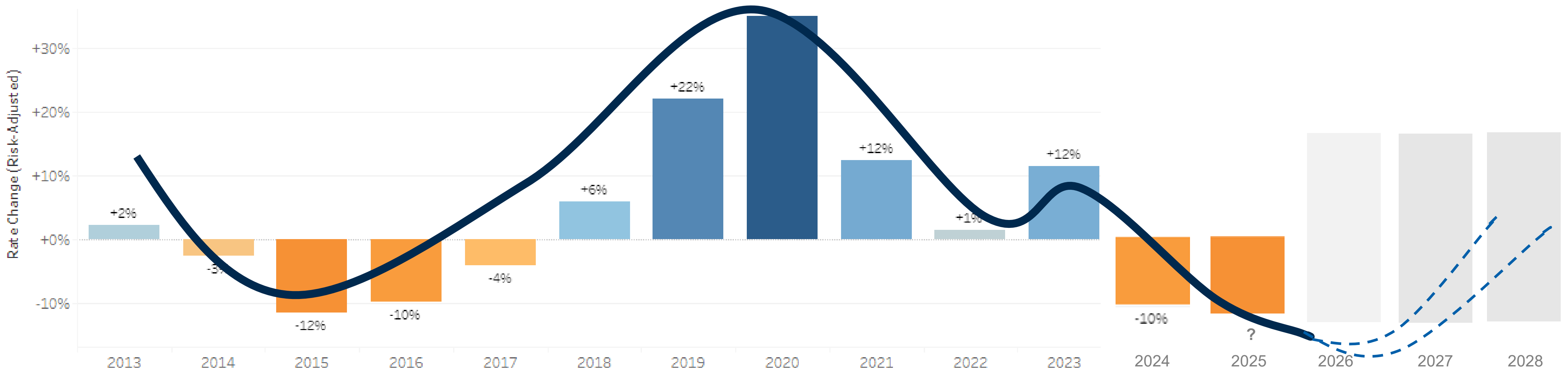

Source: WTW

# Onshore Energy Rate Cycle

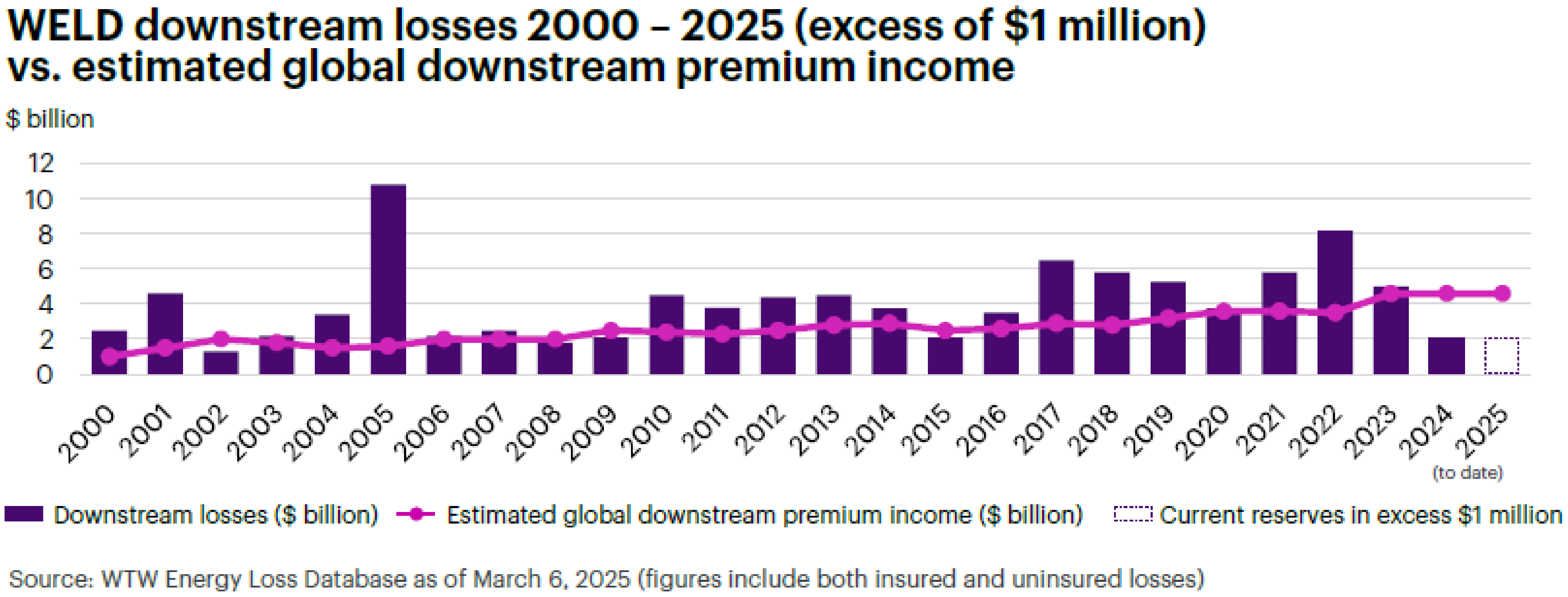



UIB

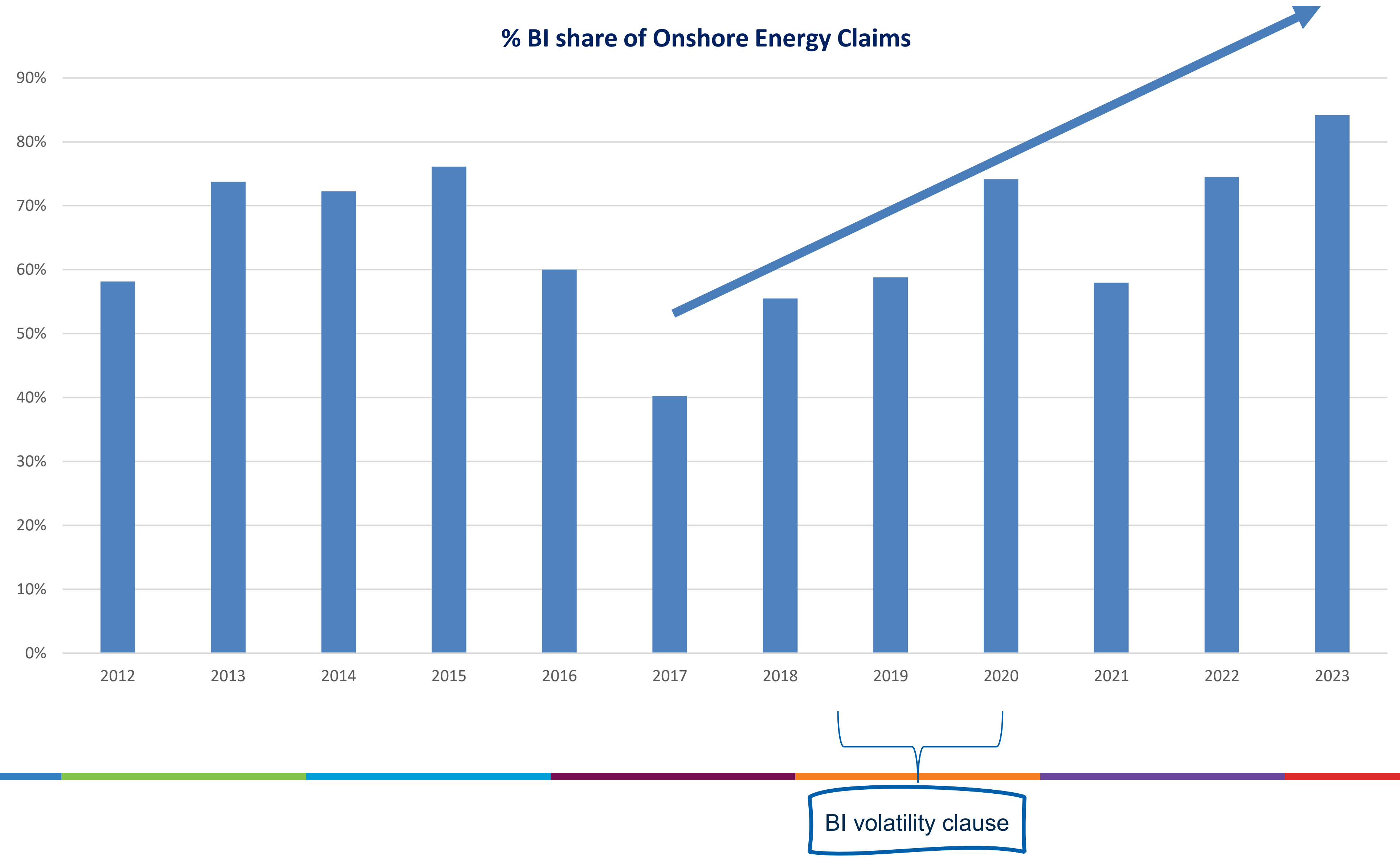
# Onshore Energy Rate Cycle



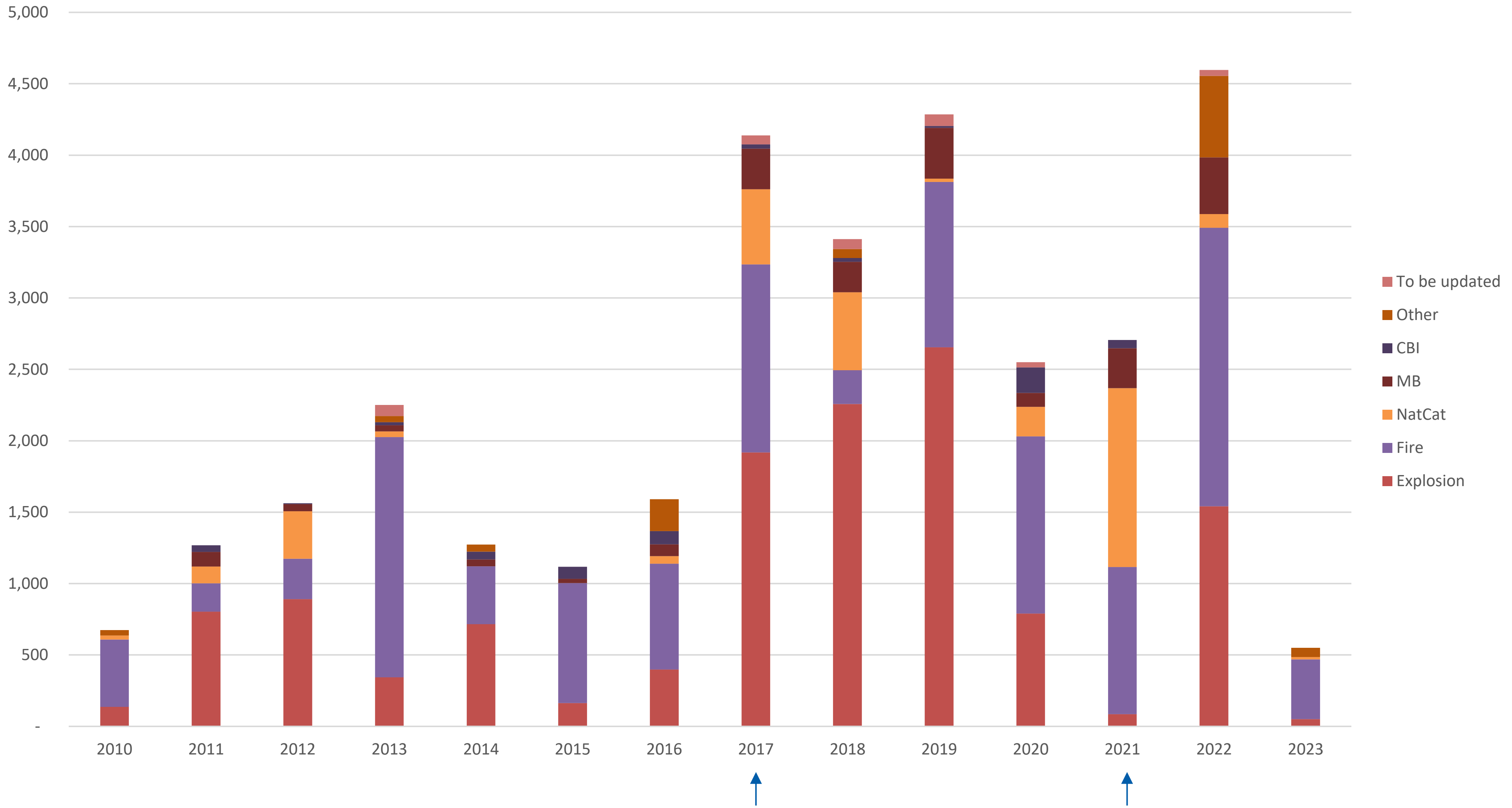
# Loss history over the last 25 years



# Business Interruption remains the main component of onshore claims



# NatCat remains low for Onshore Energy Risks

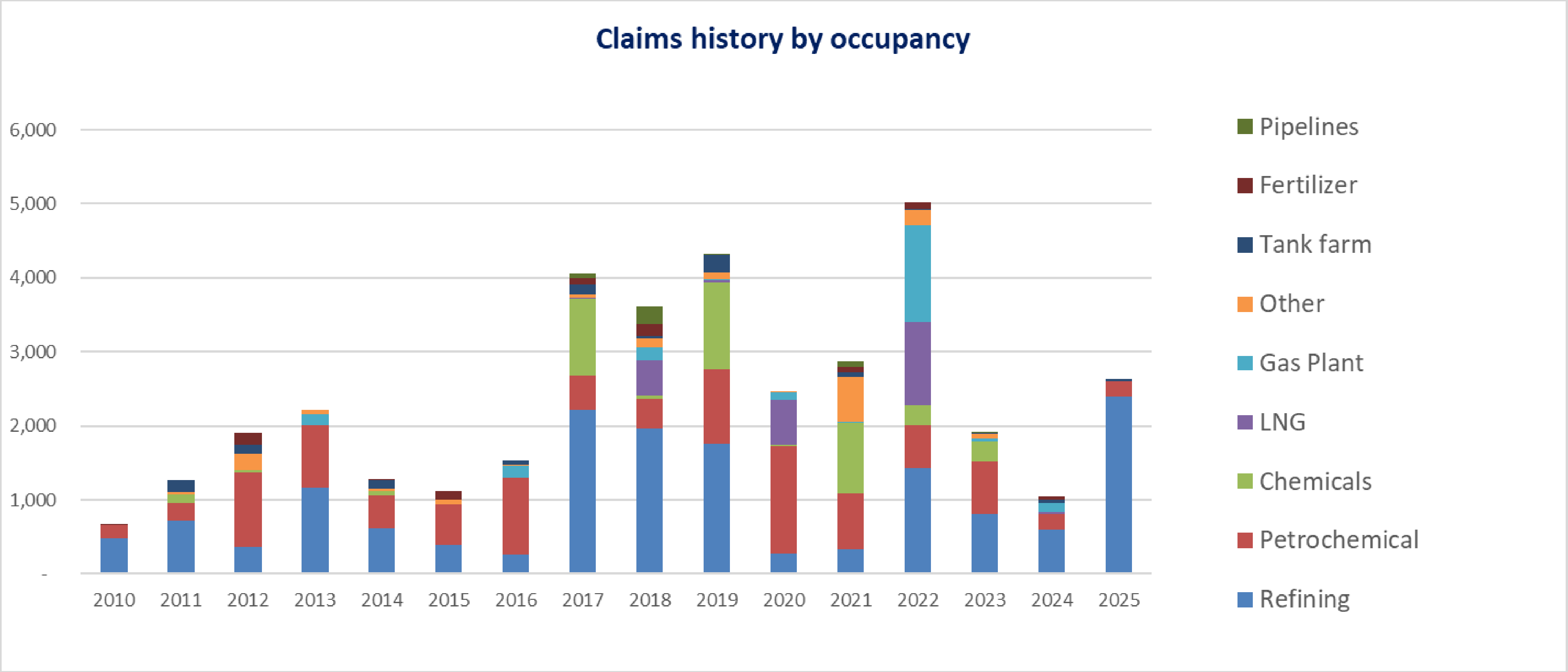



HU IRMA ($32B)
HU MARIA ($30B)
HU HARVEY ($30B

TX FREEZE ($15B)
HU IDA ($30B)

UIB

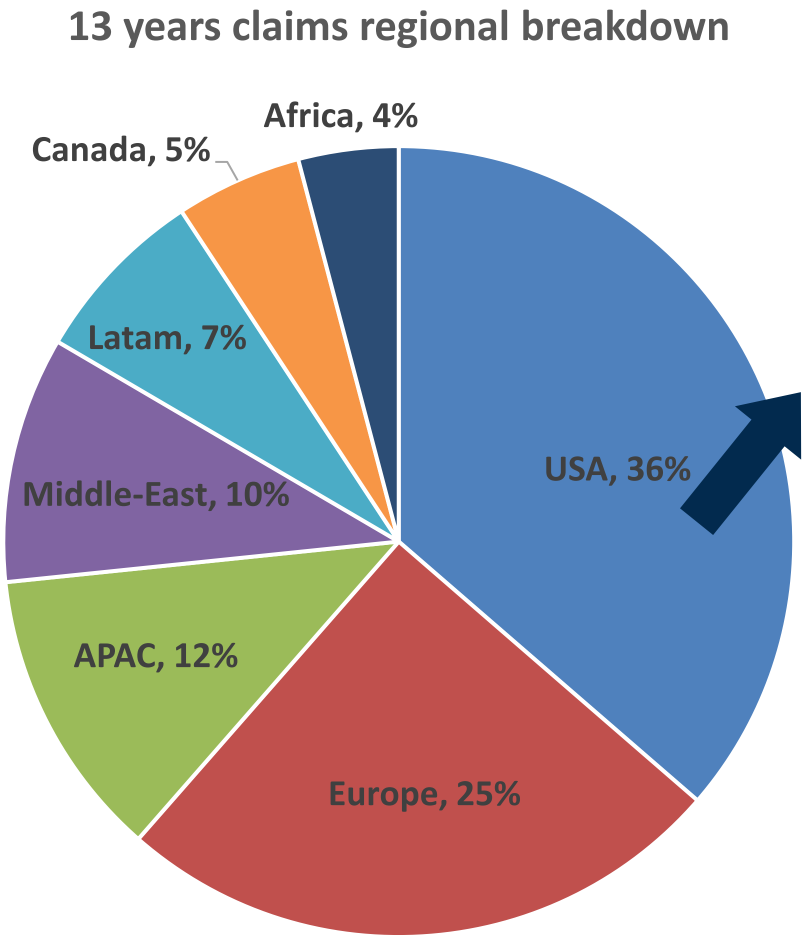
# Claims History by Occupancy




ONEOK (GAS PLANT)
FLNG (LNG)

PBF (REFINING)
VARO (REFINING)
MARATHON (REFINING)

# Breakdown by region of risk



# Largest losses within the past 12 months

**USA**
**(February 2025)**
**$1.5 Billion**

**Germany**
**(January 2025)**
**$ 700 Million**

**Greece**
**(September 2024)**
**$ 550 Million**

- 3 largest insured losses attributed to refineries
- Affecting facilities of all sizes and ownership structures
- Largely attributed Time Element coverages (50% to 80%)

## Causes / Key factors

- Human Factor due to fatigue or insufficient training
- Undetected corrosion
- Ineffective change management processes

## California, USA – February 2025

**Occupancy:** Refinery

**Plant status**: Normal Operation

**Peril**: Explosion and pool fire.

**Est. $ 1,500 Million**

(25% Property Damage / 75% Business Interruption)

# Greece – September 2024

**Occupancy:** Refinery

**Plant status**: Normal Operation

**Peril**: Jet and pool fire.

**Event description:** Rupture of LPG piping between column overhead and air fin cooler. This resulted in a jet fire and impingement on other pipelines in the rack, which resulted in further LOPC and pool fire underneath.

**Event cause:** Corrosion and fracture of pipe weld heat affected zone. Damage mechanism was likely due to wet H2S damage.

**Aggravating factor** : Highly congested structure contributed to the large footprint and multiple equipment impacted

**Est. $ 550 Million**

(27% Property Damage / 73% Business Interruption)

# Germany – January 2025

**Occupancy:** Conversion refinery

**Plant status**: Likely during routine operation, during absorbent replacement process.

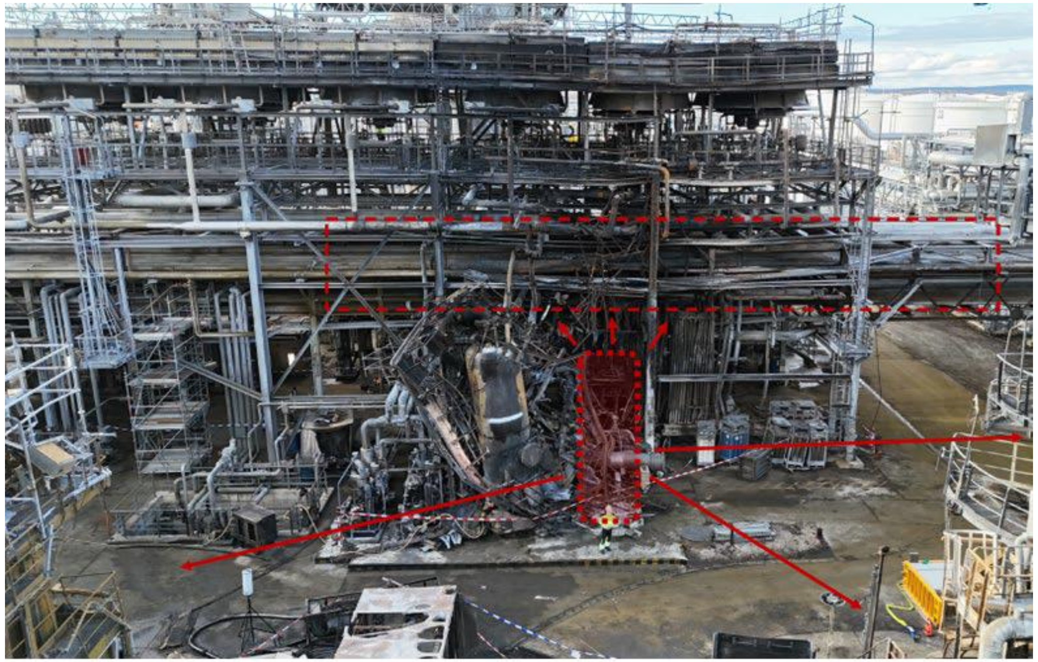
**Peril**: Explosion and fire.

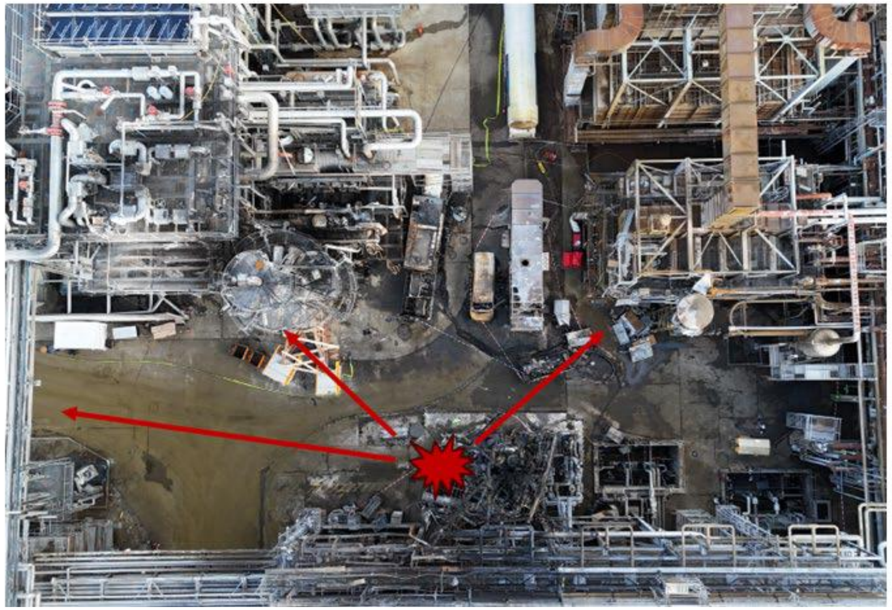
**Event description:** Explosion of sulphur guard bed/polisher in the naphtha hydrotreating unit during absorbent replacement process. The vessel explosion forces and fragments resulted in damages to surrounding process units, with ensuring fire.

**Event cause:** Nitrogen (3rd party source) used for pre-purging was inadvertently introduced in liquid form. The rapid evaporation and expansion of nitrogen gases resulted in the explosion of the sulphur guard bed.

**Est. $ 700 Million**

(20% Property Damage / 80% Business Interruption)





# And more attritional losses…

**Fire / June 14th : Marathon Petroleum 631,000 bpd Refinery, Texas City (Texas, USA)**

**Fire / May 5th : Valero 145,000 bpd Refinery, Benicia (California, USA)**

**Fire / May 7th : Hunt Refining 50,000 bpd Refinery, Tuscaloosa (Alabama, USA)**

….

**Hurricane season 2025**
**NOT OVER yet**



# Just last week !

**Fire / October 7th : Dow Petrochemical plant, Freeport (Texas, USA)**

**Explosion / October 7th : ONEOK Gas Plant, Mont Belvieu (Texas, USA)**

**Explosion / October 5th : CITGO 460,000 bpd Refinery, Lake Charles (Louisiana, USA)**

**Fire / October 3rd : Chevron 285,000 bpd Refinery, El Segundo (California, USA)**

# Common grounds and Takeaways

For the last 12 months : $ +4 Bn Loss vs. ~$ 4 Bn Premium

Will 2025 be a loss making year ? Market turning point ?

What is going on in the North America ??

- Still a profitable business to write ?
- Risk Quality concerns / Safety culture / Skill issues ?

Last losses impacting almost ONLY REFINING BUSINESS

Aging plants / CAPEX issues ?

Too much pressure on production margins in a too volatile business ?

Expectations on Training, Safety Culture, Process Safety Management (PSM) not at the right level ?

# What’s next / How should the Market react ?

- Maintain discipline on Volatility management in order to limit business (high intensity) interruption losses
- Long-Term Agreement to strenghthen relationship, and assure stability and security
- Keep close insured / (re)insurer relationship and transparent dialog
- Help in simplifying placements
- Offer better renewal terms to well-engineered placements with large premium and robust risk information
- Risk Engineering has a key role to play.
  Informed decisions taken by (re)insurers based on solid data

# Q&A

# Thank You