

Adjusting Claims in an Ever-Changing Landscape

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The Loss Adjuster

- The **ONLY** product of the entire Insurance Industry is the fast payment of Valid Claims
- Loss Adjusters are Independent Claim Specialists appointed & paid by (Re)Insurers to investigate usually complex, high-value and/or contentious claims
- Objective of the Loss Adjustment is the **fast & amicable settlement of the Claim between Insured & (Re)Insurers**

ENERGY &
CONSTRUCTION
(RE)INSURANCE
CONFERENCE 2025

Evolution of Power and Energy:
Insurance Solutions for a
Changing Landscape

Adjusting Claims in an
Ever-Changing Landscape



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Complexity of Energy Losses



Mobile self-service
(Example Car Damage)

On-demand field service

Third Party
Drone technology

Desk adjusting

Field adjusting

Catastrophic events

Large and complex losses

CLAIM COMPLEXITY

Energy Claims

High Quantum of Energy Claims

- Willis Energy Loss Database – 15,400 Energy Losses from 1972 (Excess of USD 1MM) equivalent to \$500b+
 - 900 Losses > \$100MM, 140 Losses > \$500MM & 35 Losses > \$1b
 - Numbers of claims reported plateauing at circa 450/year
 - Average loss amount = **\$33MM per claim & stable when corrected for inflation**
 - Average Downstream = \$53MM (Stable)
 - Average Power = \$25MM (Decreased from \$46.5MM in 1980s to \$16.4MM in 2020s)
 - Average Upstream = \$25.5MM (Stable) but Offshore Losses circa 5* higher than onshore
- Increased probability for \$3b+ losses with larger units & consolidation of operations (FPSO/FLNG explosion with subsea damage/control of Well + pollution, 'Mega' Refineries/PetChem complex with 24-month BI triggered)

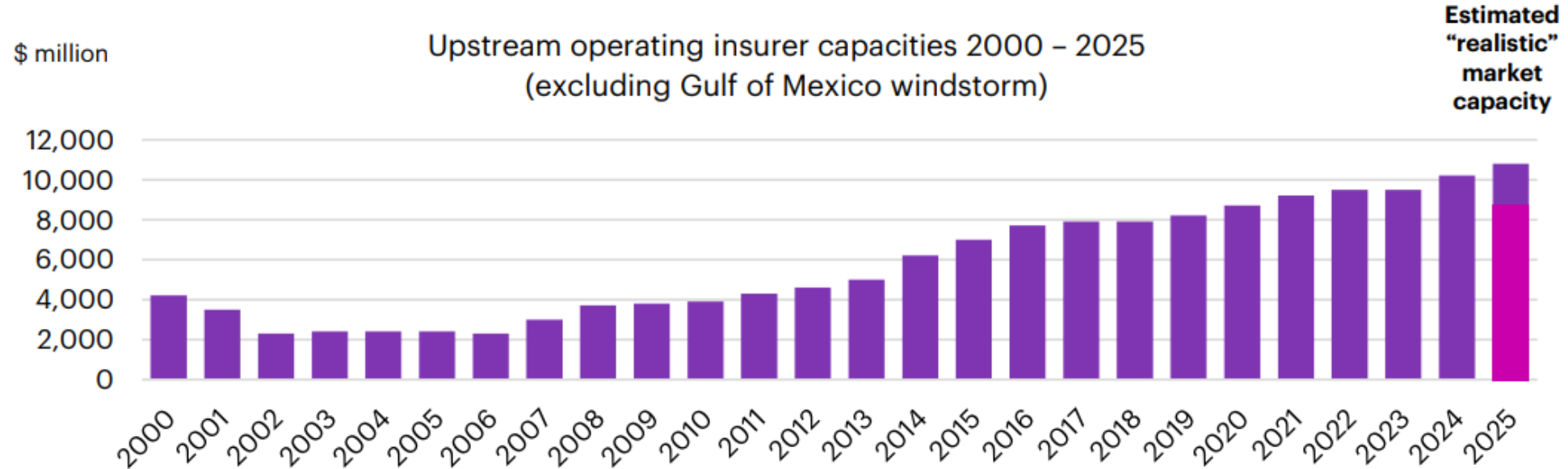
Increasing Claim Complexity

- Technically
 - Advanced technology, Increasing unit/plant size
 - Extreme operations (Deep Water, H₂S/CO₂, HPHT)
- Geographically
 - Frontier, remote & challenging environments (Arctic Drilling, Flood Areas...)
 - Increasing geopolitical instability, 'Nationalism', War/conflict zones
- Energy Insurance Placement
 - Joint ventures, National Oil Companies versus International Oil Companies
 - 'Patchwork' Policies with differential terms & conditions. Different Priorities



... but Plenty Capacity to Cover Any Energy Risk

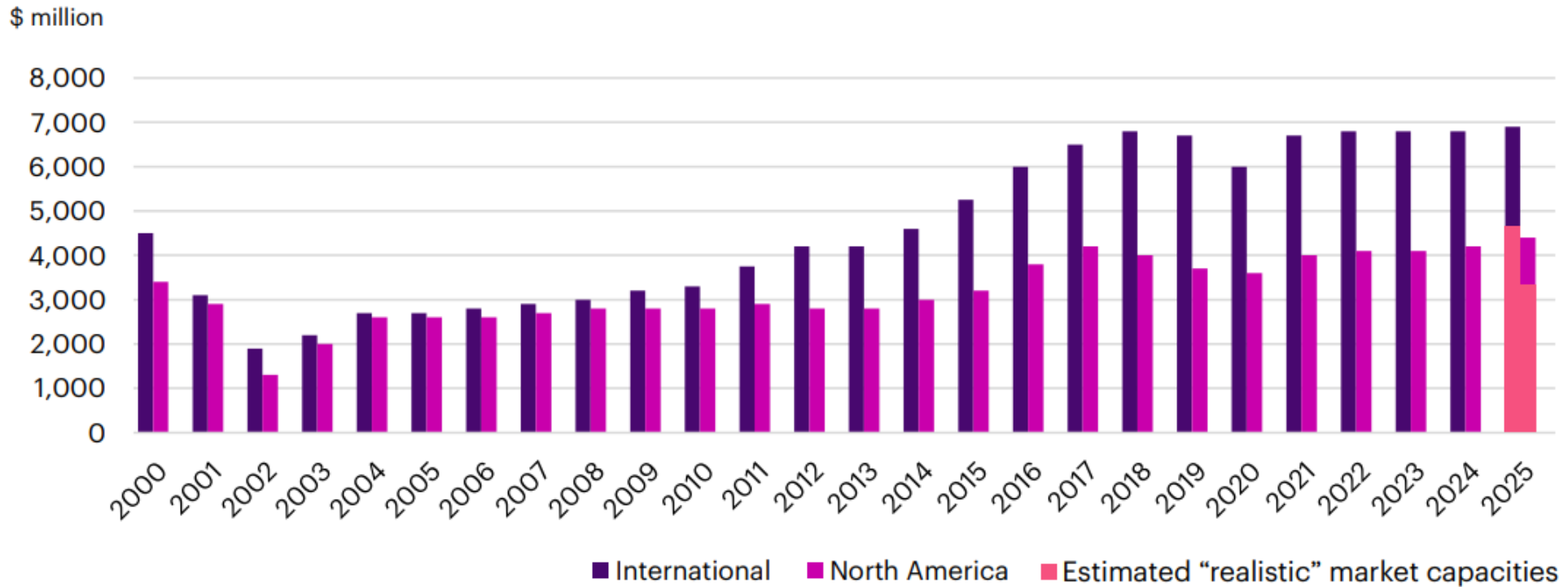
- Very competitive & softening Energy Market (based of supply & demand)
- Upstream capacity at all time high (\$10b)



Source: WTW

... but Plenty Capacity to Cover Any Energy Risk

- Very competitive & softening Energy Market (based of supply & demand)
- Downstream capacity plateauing at record level (\$7b)

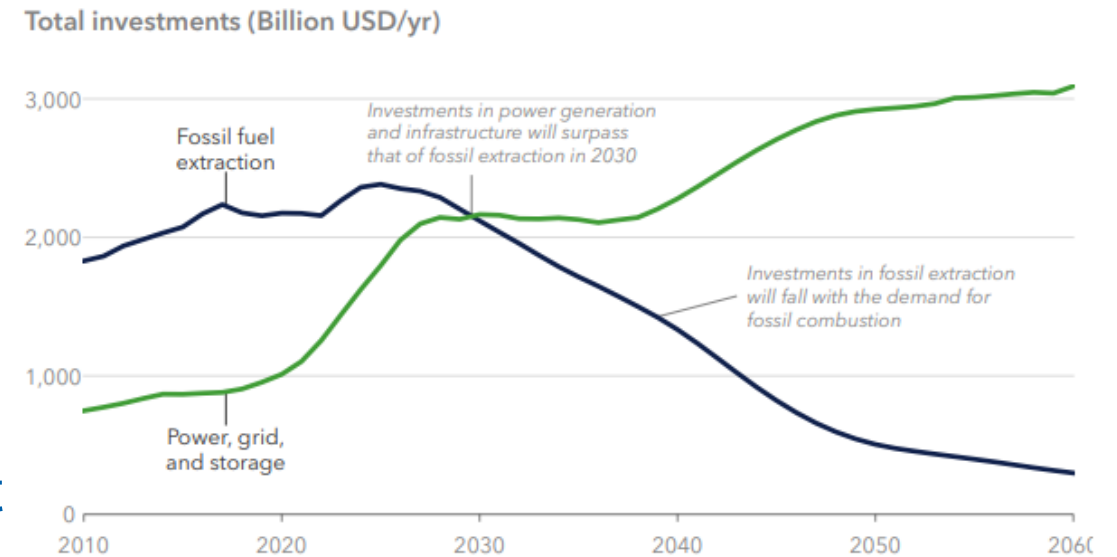


A 'New Landscape'

- The Stretched Supply Chain
- The Growing Predominance of Claim Time Element (BI, DSU, LOH, LOPI)
- The Challenges of Energy Transition
- The Talent Pool War
- The Lawyers

The (over) Stretched Supply Chain

- Significant delivery time for non-off-the-shelf equipment
 - Electric submersible pump: 12 months
 - Subsea umbilical: 18-22 months
 - Fertilizer catalyst tube: 12 months
 - Cryogenic heat exchanger: 40 months
- Deterioration post-Covid with no improvement
- Delays amplified for repairs (Claims) as not a priority for Manufacturers & Service Companies (Installation & repair vessels, rigs...)
- Negative impacting on claim Business Interruption quantum



The (over) Stretched Supply Chain

- Challenge for Claims Adjusting
 - Offer versus demand for equipment leading to cost inflation. Are Insured Values (still) accurate? Alternative suppliers/sources? Overhauled versus new?
 - Reasonable additional costs: Pay to jump the queue. Fast tracking to reduce Business Interruption
- No magic wand for Claim Adjustment
 - Pre-loss planning/contingencies for critical equipment
 - Early engagements between all parties
 - Transparent communication
 - Pragmatic & flexible approach

The Time Element of Claims (BI, DSU, LOH, LOPI)

- Increasing quantum shift from Physical Damage (PD) to Business Interruption (BI)
- BI represented 37% of Downstream PD/BI Losses in 1980s & **67% in 2020s**

Type	Cause	Country	PD \$	BI \$	Total \$
Gas plant	Fire + explosion/VCE	North America	225,000,000	1,231,200,000	1,456,200,000
Gas plant	Fire + explosion/VCE	North America	456,750,000	890,250,000	1,347,000,000
Refinery	Mechanical failure	Europe	40,000,000	639,800,000	679,800,000
Refinery	Fire + explosion/VCE	North America	75,000,000	495,500,000	570,500,000
Refinery	Fire + explosion/VCE	Europe	123,000,000	440,000,000	563,000,000
Petrochemical	Mechanical failure	Middle East	10,000,000	360,000,000	370,000,000
Gas plant	Fire no explosion	Middle East	13,600,000	228,440,000	242,040,000
Gas plant	Fire + explosion/VCE	North America	160,000,000	45,000,000	205,000,000
Tank farm/terminal	Unknown	Latin America	100,000,000	72,000,000	172,000,000
Refinery	Fire + explosion/VCE	Asia Pacific	28,000,000	122,500,000	150,500,000
Tank farm/terminal	Lightning + fire	Latin America	138,000,000	—	138,000,000
Chemical	Mechanical failure	North America	50,000,000	78,558,800	128,558,800
Gas plant	Heavy weather	North America	8,438,835	118,000,000	126,438,835
Pipeline	Impact	Asia Pacific	2,000,000	109,000,000	111,000,000
Chemical	Unknown	North America	3,100,000	103,500,000	106,600,000
Chemical	Contamination	North America	8,300,000	95,700,000	104,000,000
Petrochemical	Mechanical failure	Asia Pacific	59,500,000	43,800,000	103,300,000
Refinery	Fire no explosion	Europe	4,238,000	90,000,000	94,238,000
Pipeline	Ruptured pipeline	North America	11,000,000	80,000,000	91,000,000

The Time Element of Claims (BI, DSU, LOH, LOPI)

- Historically Downstream PD/BI trend
- Benign Physical Damage triggering significant Business Interruption

Downstream losses excess of \$50 million, 2024

Category	Cause	Location	PD \$	BI \$	Total \$
Chemical	Fire + explosion	North America	66,000,000	133,000,000	199,000,000
Petrochemical	Fire no explosion	North America	45,000,000	140,700,000	185,700,000
Petrochemical	Windstorm	North America	41,000,000	50,000,000	91,000,000
Gas plant	Mechanical failure	North America	20,000,000	70,600,000	90,600,000
Refinery	Fire + explosion/VCE	Europe	4,900,000	65,800,000	70,700,000
Petrochemical	Fire no explosion	North America	37,000,000	20,500,000	57,500,000

Source: WTW Energy Loss Database as of March 6, 2025 (figures include both insured and uninsured losses)

The Time Element of Claims (BI, DSU, LOH, LOPI)

- Time Element recently increasing for Upstream

Upstream losses excess of \$50 million, 2024

Category	Cause	Location	PD \$	BI \$	OEE \$	Total \$
MOPU	Unknown	Asia	175,000,000	—	—	175,000,000
Platform	Unknown	Europe	—	156,000,000	—	156,000,000
MOPU	Windstorm	Asia	151,228,900	—	—	151,228,900
Platform	Fire + explosion/VCE	Latin America	150,000,000	—	—	150,000,000
Rig	Faulty work/op error	Europe	108,500,000	23,000,000	—	131,500,000
Well	Blowout no fire	North America	—	—	130,000,000	130,000,000
MOPU	Heavy weather	Africa	93,000,000	20,000,000	—	113,000,000
Pipeline	Mechanical failure	Pacific	100,000,000	—	—	100,000,000
Vessel	Heavy Weather	Latin America	52,804,770	—	—	52,804,770
Rig	Misc	Africa	50,000,000	—	—	50,000,000

- ... and Renewable Energies (example Battery Storage)

The Time Element of Claims (BI, DSU, LOH, LOPI)

- Insured, (Re)Insurer & Broker challenges
 - Appropriate (BI) limits? Larger units & increased throughput, CBI sublimits?
 - Appropriate (BI) premium for exposure?
 - Insured appetite (or not) to buy BI? Too expensive until you need it
- Evaluate claim quantum: Increasing complexity requiring Forensic Accountants & Technical Experts
- Limit claim quantum: Support Insureds to restart operations ASAP (Alternative suppliers, POA ...)
- Manage Expectations: Full & Final Settlement might take years

The Energy Transition

- Extremely competitive environment operating at 'limited' margins & with technologies in permanent evolution (Wind turbine dimension, Floating windfarm...)
- Adjusting claims
 - Manufacturers not willing to information. Lack of knowledge sharing or Lessons Learn throughout Renewable Industry
 - Technical expertise gap
- Wording/Policy
 - Partially developed on back of Upstream Energy. Improving but still requiring clarity. Feeding back (Re)Insurer Claims departments & Brokers
 - Unknown territories (Incompatibility/obsolesce of serial modules, CCS 30-year liab.)

The Talent Pool

- 'War for Talents' (Loss Adjusting & Insurance Industry as a whole)
 - Aging workforce with limited succession planning
 - Perception of being a dated industry (Insurance) & non-politically correct industry (Energy) creating difficulties to attract younger generations
 - Shortage of technical skills
 - Claims/Adjusting 'poor boy' of Insurance Industry
- Train & Retain
 - New blood from underlying Lines of Business (Downstream, Upstream, Renewable)
 - Attractive packages & development, closing the gap with Underwriting
 - Develop Local Loss Adjuster to transfer knowledge & fast track attritional losses

The Talent Pool

- Is A.I. a partial solution to 'talent war'?
- A.I. mainly to gain efficiency
 - Summarize documents/reports
 - Reshape, reformat & translate
 - Repetitive task to reduce human errors
- Limited (r)evolution due to Energy Claim complexity. Limited productivity gain as rigorous control required
- **Every single claim is different & has its specificity**



The Lawyers

- Increase early involvement of Lawyers (magnified for US Insureds/Insurers)
 - Complexity of risk?
 - Complexity of covers/wordings?
 - ‘Erosion’ of exclusions (Corrosion, Defects, Class of Assets)
 - Lack of empowerment?
 - Lack of expertise?
- Amicable? Not
- Management Pressure on (thin) Margins? ~~Ex-gratia~~

Energy

Energy encompasses a variety of onshore and offshore property and liability products ranging from construction to exploration, production, refining and distribution.

Energy	2024	2023
Gross written premium (£m)	1,957	1,813
Accident year ratio (%)	94.3	91.1
Prior year movement (%)	–	(6.7)
Combined ratio (%)	94.3	84.4
Underwriting result (£m)	75	190

Conclusion

- Energy Claims are often **COSTLY** and **COMPLEX** & Require expertise to facilitate a **FAIR** resolution & settlement as **QUICKLY** as practically possible
- Loss Adjusters must adapt to a Changing & More Complex Claim Environment
 - Potential issues to be addressed as early as possible (No bad surprises)
 - Open communication between all parties is key
 - Constant reassessment of technical expertise is essential
- Transact only with professional, well rated, technical companies (Insurers, Brokers, Loss Adjuster, Experts) with **proven track record of handling Energy Claims**



Q&A



Thank You

