

LLOYD'S MARKET ASSOCIATION



**CODE OF PRACTICE FOR DELIVERY
OF AN OIL, GAS & PETROCHEMICAL
RISK ENGINEERING SURVEY PROGRAMME**

ACKNOWLEDGEMENTS:

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DISCLAIMER:

Nothing in this Code of Practice, which is entirely voluntary, shall relieve any party of any legal obligations existing in the absence of this document and nothing contained in this Code of Practice shall take precedence over any provisions of any policy issued by a party who has chosen to adopt this Code of Practice.

In the event that the risk engineering service provider is unable to follow one or more of the particulars set out in this document, they should negotiate an acceptable alternative with the (Re)Insurer(s).

DOCUMENT REVISION HISTORY:

Version	Version Notes	Date of Revision
2015/001	Initial Publication	15/06/2015
2018/001	General Update including reference to findings in “An Analysis of Common Causes of Major Losses in the Onshore Oil, Gas & Petrochemical Industries - Implications for Insurance Risk Engineering Reviews”	19/12/2018
2024/001	Update to include new version of the above document	07/07/2025

FOREWORD

The primary purpose of insurance risk engineering is to allow (Re)Insurers to understand exposures and loss control features such that the (Re)Insurer can make an informed decision about the transfer of risk. (Re)Insurers would therefore consider themselves the primary (but not the only) customer. In addition, risk improvement is an important aspect of insurance risk engineering which is for the mutual benefit of (Re)Insurers and (Re)Insureds.

The risk engineering survey process and the subsequent market reports have remained essentially the same over a number of years and a review was undertaken in 2015 to refocus and modernise the approach in line with industry process safety developments and insurance loss experience.

This 2024 review has been carried out five years after the last issue, to update the documents in light of some shifting practices within the risk engineering community.

It is (Re)Insurers' belief that surveys should be planned and conducted in line with the following principles:

- A focus on process safety and loss prevention.
- An awareness of the common causes of losses in the industry.
- Inclusion of significant business interruption exposures in the scope of the survey, as these can constitute some 60-70% of the monetary value of losses.
- The importance of evidence-based risk engineering opinion.
- The effectiveness of implementation and compliance with site and best practice standards and procedures.
- Reporting of critical measures of process safety and loss prevention performance such as Process Safety Performance Indicators (PSPIs).
- The survey scope needs to be relevant to and cognisant of the terms of the insurance cover being purchased.

To that end, in 2015 three inter-related documents were developed to provide guidance on the development of survey programmes, conduct of surveys and key information to be included within market reports:

- Code of Practice for Delivery of an Oil, Gas & Petrochemical Risk Engineering Survey Programme (OG&P COPRES)
- Guidelines for the Conduct of Oil, Gas & Petrochemical Risk Engineering Surveys (OG&P GRES)
- Key Information Guidelines for Oil, Gas & Petrochemical Risk Engineering Survey Reports (OG&P IGRES)

During 2016, an analysis was conducted of common causes of major losses in the onshore oil, gas and petrochemical industries with a view that this would underpin the survey process

and subsequent market reports. “An Analysis of Common Causes of Major Losses in the Onshore Oil, Gas & Petrochemical Industries - Implications for Insurance Risk Engineering Surveys” was published in September 2016 with the intention to provide short updates as considered necessary. The 2018 review and update of the three risk engineering documents was intended to incorporate findings from the loss analysis study.

This review, in 2024, includes the findings from the recent update of the above document. In addition, the following document has also been published:

- Key Information Guidelines for Oil, Gas and Petrochemical Group-Wide Business Interruption Studies (OG&P IGBIS)

It is recommended that these guidance documents be adopted as far as practicable for the benefit of all involved parties.

Not only will the above approach provide the information requested by (Re)Insurers, it should also result in a more effective process for the (Re)Insured and will provide important process safety improvement opportunities.

It is recommended that where (Re)Insurer(s) wish to adopt the use of the Code of Practice, reference is made to LMA5339 & LMA5340 (Oil, Gas & Petrochemical Engineering Fees Clauses) under the “Broker Remuneration & Deductions” section of the Market Reform Contract.

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1. Purpose

- 1.1. The purpose of this document is to provide a basis for (Re)Insurer(s) to agree the scope of work for a risk engineering survey programme. It provides guidance for discussions between the Lead (Re)Insurer(s) and the engineering service provider (Broker, (Re)Insurer or Third Party) and sets (Re)Insurers' expectations on programme deliverables.

2. Scope

- 2.1. This document provides a framework for the development of a risk engineering survey programme, defines the role of the Survey Team Leader and sets (Re)Insurers' expectations on invoicing. Reference is made to the LMA's OG&P GRES 2024/001 'GUIDELINES FOR THE CONDUCT OF OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEYS', OG&P IGRES 2024/001 'KEY INFORMATION GUIDELINES FOR OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEY REPORTS' and OG&P IGBIS 2024/001 'KEY INFORMATION GUIDELINES FOR OIL, GAS AND PETROCHEMICAL GROUP-WIDE BUSINESS INTERRUPTION STUDIES' where more detail is provided in these respective areas.
- 2.2. This document has been developed for onshore oil, gas & petrochemical assets.
- 2.3. This document has been developed by the Lloyd's Market Association (LMA) and hence is principally for reports produced for the London market, although this guidance could be adopted in other global markets.

3. Types of Survey

- 3.1. There are various types of survey which could make up a risk engineering survey programme. Some general comments regarding survey programme preparation should be noted. Firstly, the survey programme and scope should be agreed with the lead underwriter (as per Section 4.1). Focussed surveys should not be used as a replacement for the Standard Site Survey, nor as a reason for reducing the scope of this survey, but should be used alongside Recommendation Updates, where these are carried out in person rather than virtually.

During the COVID-19 pandemic the industry had to implement different ways of working. The perception of the market of virtual surveys is that while they were of varying degree of usefulness, they have their place in the risk engineering survey programme. However, it is proposed that the virtual survey should only be used as Recommendation Updates, introductory calls before the survey or as a post-survey review, allowing other members of the risk engineering panel that were not present on the survey to attend and ask questions of the insured.

For the purpose of this and other referenced documents, the following terminology and definitions are recommended:

Standard Site Survey

- 3.2. Broadly aligned with the current functional departmental review and site tours. Considered suitable for initial surveys and periodic updates but depth of review somewhat limited by the time available and breadth of topics.

It is accepted that this survey requires more site time, so organising engineers are strongly encouraged to share with the survey team factual information and any presentations that will be made by the site before the survey, allowing the meeting time available for each function to be used in more of a "Q&A" format rather than as presentation time.

The survey typically focuses on significant property damage exposures, but business interruption exposures should also be included. Note that site specific business interruption topics will still be addressed by the Standard Site Survey. The guidance referred to in Section 3.6 applies to group-wide studies of business interruption only.

There have been a number of attempts in recent years to deliver loss control workshops or knowledge transfer sessions to the insured during the survey. These are to be strongly encouraged, and the survey team should all be invited to participate.

Recommendation Update

- 3.3. Interim update focussing on plant and recommendation status. These may be done virtually

Focussed Site Survey

- 3.4. Intended to focus on identified areas of concern or topics of critical importance to the occupancy as derived from loss experience. These may include, as examples, process safety reviews, operational discipline, control of work or inspection processes, although this list is not exhaustive. Such a survey could be considered as part of a Recommendation Update.

Group Level (or Corporate) Process Safety Management Assessment

- 3.5. Where appropriate, a Group Level (or Corporate) process safety management (including asset integrity) assessment could be conducted involving Group Level process safety resource. Such an assessment could be conducted in conjunction with a Standard Site Survey or Recommendation Update.

Group Level (or Corporate) Business Interruption Study

- 3.6. Where the (Re)Insured is seeking business interruption (BI) cover for multiple locations with significant interdependency and/or where BI considerations are sufficiently complex, a BI study could be included within the risk engineering survey programme (assuming of course the BI study is shared with (Re)Insurers). Such a study would be

independent to the site surveys with access to relevant Group Level personnel but would use the site survey reports as a key input. Guidance on the requested content of BI studies are provided in the LMA's Key Information Guidelines for Oil, Gas & Petrochemical Group-Wide Business Interruption Studies (IGBIS).

4. Risk Engineering Survey Programme Development

- 4.1. A risk engineering survey programme proposal shall be developed by the risk engineering service provider in discussion with the Lead (Re)Insurer (or, in circumstances where the Lead Reinsurer is also the risk engineering service provider, with the second (Re)Insurer on the slip). An initial survey programme proposal should be provided within the risk submission and finalised with Lead (Re)Insurers (or, in circumstances where the Lead Reinsurer is also the risk engineering service provider, with the second (Re)Insurer on the slip) within 30 days of inception.
- 4.2. The necessity to conduct a site survey shall be based upon:
 - 4.2.1. The availability and quality of information from existing market survey reports (including the need for recommendation status updates).
 - 4.2.2. The risk profile of the assets, considering any current operational issues, inherent hazards, exposures and loss history.
 - 4.2.3. The installation of new process units or completion of other major works since the last survey.
- 4.3. Other risk engineering services such as property valuations, stand-alone engineering workshops, training programmes or consultancy work fall outside of the typical risk engineering survey scope of work and, as such, these activities will not be paid for unless specifically agreed by the Lead (Re)Insurer(s).
- 4.4. The proposed survey programme shall specify the types of survey, the (Re)Insured locations to be surveyed, approximate survey duration and shall include a budget cost for the programme broken down into the following elements:
 - 4.4.1. Time and day rate
 - (a) Survey Preparation
 - (b) Travel
 - (c) Survey
 - (d) Report Writing
 - 4.4.2. Cost
 - (a) Travel
 - (b) Expenses

- 4.5. A reasonable time shall be allowed for coordination of major multi-location risk engineering survey programmes.
- 4.6. The risk engineering survey programme should be made available to following markets as soon as finalised.

5. Pre-Survey Planning

- 5.1. Each survey should be planned and executed in line with LMA OG&P GRES 2024/001 'GUIDELINES FOR THE CONDUCT OF OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEYS'. The agenda shall be reviewed by (Re)Insurer engineers participating on the survey. (Re)Insurer(s) not participating on the survey may request to review the agenda before being finalised to ensure that any concerns they may have are addressed during the survey.
- 5.2. The finalised survey agenda should typically be developed and agreed by the survey participants not less than 30 days prior to the agreed survey date.

6. Survey Team Leader

- 6.1. The Lead (Re)Insurer(s) reserves the right to be involved in the selection of the survey team leader and/or to propose an alternative survey team leader if they deem it necessary. It is expected that the survey team leader be a suitably qualified, competent and experienced engineer.
- 6.2. The use of a Third Party survey team leader, i.e. an engineer not employed by either the Broker or a (Re)Insurer on the account, shall be agreed by the Lead (Re)Insurer(s) prior to their appointment.
- 6.3. The scope of work for the survey team leader shall include:
 - 6.3.1. Planning and preparation for the survey. Please see LMA's OG&P GRES 2024/001 for specific requirements with regard to survey planning.
 - 6.3.2. Leading the discussions with the (Re)Insured's site personnel during the survey.
 - 6.3.3. Meeting the objectives as set out in the agreed survey agenda.
 - 6.3.4. Collating information from discussions with the (Re)Insured's personnel and input from survey participants.
 - 6.3.5. Preparing the survey recommendations in discussion with the other survey participants.
 - 6.3.6. Issuing the survey recommendations to the survey participants for review and comment **prior** to issue to the (Re)Insured. Draft recommendations should be issued to survey participants for review within 7 days after completion of the survey. Survey participants should agree draft recommendations within 7 days of their submission by the survey team leader.

- 6.3.7. Promptly distributing all information provided by the (Re)Insured to survey participants.
 - 6.3.8. Issue a market engineering survey report which meets the standards expected by (Re)Insurer(s), as set out in the LMA's OG&P IGRES 2024/001 'KEY INFORMATION GUIDELINES FOR OIL, GAS & PETROCHEMICAL RISK ENGINEERING SURVEY REPORTS'.
- 6.4. The final report **must** be delivered to the market **within 90 days after completion of the survey and not less than 30 days prior to the renewal date** noted on the expiring insurance contract. Where these deadlines cannot be met for reasons outside the control of the survey team leader, a draft version of the report should be provided or an alternative timeframe can be agreed with the Lead (Re)Insurer(s).

7. Invoices

- 7.1. An invoice for the risk engineering survey costs shall be submitted, with a breakdown of costs (per site survey) as follows:
 - 7.1.1. Time and day rate
 - (a) Survey Preparation
 - (b) Travel
 - (c) Survey
 - (d) Report Writing
 - 7.1.2. Cost
 - (a) Travel
 - (b) Expenses
- 7.2. A reasonable time shall be allowed for coordination of major multi-location risk engineering survey programmes.
- 7.3. Account management activities shall not be considered as part of the survey preparation. Time for pre-risk survey visits for client discussions, gathering client information, attending client presentations or making presentations to the client, will be considered a brokerage or account management activity and the associated cost shall not be paid for by (Re)Insurers.
- 7.4. (Re)Insurer(s) reserve the right to request copies of receipts for expenses claimed.
- 7.5. Invoices shall be calculated based on expended half or full days.
- 7.6. (Re)Insurer(s) reserve the right to challenge payment for the risk engineering survey costs, if the agreed risk engineering survey report is not delivered to (Re)Insurer(s) within the timeframe agreed under 6.4, or if the report does not meet the standards expected by (Re)Insurer(s) as set out in the LMA's OG&P IGRES 2024/001.