

"These clauses are purely illustrative. Different policy conditions may be agreed. The specimen clauses are available to any interested person upon request. In particular:
 (a) in relation to any clause which excludes losses from the cover, insurers may agree a separate insurance policy covering such losses or may extend the clause to cover such events;
 (b) in relation to clauses making cover of certain risks subject to specific conditions each insurer may alter the said conditions".

28/04/09



LONDON STANDARD PLATFORM FORM (2009)

THE ENERGY INSURANCE SCHEDULE AND GENERAL PROVISIONS, GENERAL DEFINITIONS,
 GENERAL EXCLUSIONS AND GENERAL CONDITIONS ALL APPLY TO THIS SECTION.

1. DECLARATIONS:

- A. **Insured**
- B. **Period of Insurance**
- C. **Insured values/limits of the Insurance**
 - (i) **Schedule of Property Insured**

| Item of Property Insured | Location | Insured value (100% interest) | Insured's percentage interest |
|--------------------------|----------|-------------------------------|-------------------------------|
| | | | |
| | | | |
| | | | |

The values stated in the Schedule represent an agreed value basis of valuation.

- (ii) **Additional limits applying to certain risks and/or coverages**

The following limits apply in addition to the insured values stated in the Schedule:

| Risk/Coverage | Additional Limit |
|---|--|
| Costs or expenses of averting or minimising loss or damage (Insuring Agreement 2.B.(ii)): | 25% of the applicable insured value, any one Occurrence, unless specifically scheduled otherwise |
| Wreckage or debris removal costs or expenses (Insuring Agreement 2.B.(iii)): | 25% of the applicable insured value, any one Occurrence, unless specifically scheduled otherwise |

However insurers' total liability for costs or expenses insured under Insuring Agreements 2.B.(ii) and 2.B.(iii) and for any other risks or coverage added by endorsement to this Section for which an additional limit is stated, shall not exceed 50% of the applicable insured value, any one Occurrence.

- (iii) **Sub-limits applying to certain risks and/or coverages**

The following limits are included within and not in addition to the insured values stated in the Schedule:

| Risk/Coverage | Sub-Limit |
|------------------------------------|---|
| Minor Works (Condition 4.F): | any one contract |
| Temporary Removal (Condition 4.G): | Up to 25% of the applicable insured value, any one Occurrence |

- D. **Deductible**

Each claim made by the Insured under this Section shall be reported and adjusted separately and from the amount of each claim the following sum(s) shall be deducted:

For the purpose of this clause each Occurrence shall be treated separately, but a sequence of losses or damage or costs or expenses arising from the same Occurrence shall be treated as one Occurrence.

- E. **Territorial limits**

- F. **Maximum acquisition amount (100% interest)**

or 100% of the current highest scheduled individual insured value, whichever is the least.

2. INSURING AGREEMENTS:

In consideration of the Insured having paid or agreed to pay the premium for this Section and subject to the General Provisions, General Definitions, General Exclusions, General Conditions, Schedules and Declarations of the Insurance Contract and to the following additional Insuring Agreements, Definitions, Conditions and Exclusions, this Section will:

- A. Indemnify the Insured for direct physical loss of or direct physical damage to the Property Insured:

- (i) which occurs during the period of insurance provided by this Section and which results from any cause which is not excluded from this Section.
- (ii) which occurs during the period of insurance provided by this Section and which is caused deliberately by any governmental authority, or any organisation instructed by such governmental authority, acting under the powers vested in it to prevent or mitigate a pollution, navigational or operational hazard or the threat of such hazard, provided that:
 - (a) such hazard or threat results directly from physical loss of or physical damage to the Property Insured by any cause which is not excluded from this Section, and
 - (b) such act of governmental authority or instructed organisation has not resulted from want of due diligence by the Insured or the owners, managers or operators of the Property Insured to prevent or mitigate such hazard or threat.
- (iii) which occurs during the period of insurance provided by this Section and which results from a defective part, faulty design, faulty materials, faulty or defective workmanship or latent defect, even though the fault or defect may have occurred prior to the attachment date of this Insurance.

In no case shall this Section provide coverage for any cost or expense incurred by reason of betterment or alteration in design.

B. Reimburse the Insured for:

- (i) general average, salvage and salvage charges incurred in respect of the Property Insured following an Occurrence during the period of insurance provided by this Section which results from any cause which is not excluded from this Section, adjusted or determined according to the law and practice governing this Insurance as stated in the General Conditions of the Contract.
- (ii) costs or expenses properly and reasonably incurred by the Insured or its servants and agents in taking such measures as may be reasonable for the purpose of averting or minimising physical loss of or physical damage to the Property Insured which would be recoverable under this Section. However, no acts of insurers or the Insured or its servants or agents in recovering, saving or preserving the Property Insured shall be considered as a waiver of abandonment or acceptance of abandonment.

In no event shall insurers be liable under this Insuring Agreement 2.B.(ii) for costs or expenses incurred by the Insured solely in complying with regulatory or state, provincial or federal governmental requirements or incurred by the Insured in complying with the warranty within Condition 4.D or the due diligence requirements within Condition 4.E.

Costs or expenses recoverable under this Insuring Agreement 2.B.(ii) are subject to the additional limit stated in Declaration 1.C.(ii).

- (iii) the costs or expenses of, or incidental to, the actual or attempted raising, removal or destruction of the wreckage or debris of the Property Insured including the provision of markings and warnings and other necessary costs or expenses incurred in recovering or safeguarding the wreckage or debris, provided that:
 - (a) the wreckage or debris is a direct result of physical loss or physical damage by any cause which is not excluded from this Section and which occurs during the period of insurance provided by this Section; and
 - (b) the removal of the wreckage or debris is compulsory by law or ordinance or is a contractual obligation, or the Insured may not or cannot, for reasons of practicability of the Insured's operations at the site in question, abandon the wreckage or debris.

Costs or expenses recoverable under this Insuring Agreement 2.B.(iii) are subject to the additional limit stated in Declaration 1.C.(ii).

3. DEFINITIONS:

A. Property Insured

Property Insured shall be defined as those facilities and/or platforms and/or pipelines stated in the Schedule of Property Insured within Declaration 1.C.(i) which are owned by or in the care, custody or control of the Insured for which the Insured is contractually liable or in which the Insured has an interest as co-venturer.

Each item of Property Insured stated in the said Schedule of Property Insured is deemed to be separately insured.

B. Onshore

Onshore shall be defined as the landward side of the high water mark around the coastline. The cut off point for pipelines is deemed to be the first landward fixed isolation valve.

4. CONDITIONS:

A. Measure of Recovery

Except as provided for in Declaration 1.C.(ii), in no event shall insurers' liability arising from any one Occurrence exceed the applicable insured value under this Section as stated in Declaration 1.C.(i) in respect of the items subject to claim in such Occurrence.

In the event of direct physical loss of or direct physical damage to Property Insured which is covered by this Section, the measure of recovery shall be as follows:

- (i) As respects Property Insured which is repaired or which is replaced in like kind or form at the place of loss (other than the property described in 4.A.(ii), 4.A.(iv) or 4.A.(v) below):

Whichever costs the least of:

- (a) repairing or replacing the Property Insured with materials or other property of like kind and quality to a condition equal to but not superior to or more extensive than its condition prior to the loss or damage, or
- (b) the applicable insured value of the Property Insured as stated in the Schedule of Property Insured within Declaration 1.C.(i).

- (ii) As respects Property Insured which is replaced other than in like kind or form at the place of loss or within the respective field development:

Whichever costs the least of:

- (a) the actual cost of replacement, inclusive of necessary modifications to the Property Insured within the field development to accommodate such replacement, or
- (b) the recoverable amount computed as in 4.A.(i) above.

- (iii) As respects Property Insured not repaired or replaced (other than the property described in 4.A.(iv) below):

The indemnity value immediately before the physical loss or physical damage, being the amount it would cost to repair or replace after deduction for depreciation, wear, tear and obsolescence. After a claim for Property Insured not repaired or replaced, the applicable limit of insurers' liability shall not be automatically reinstated but such claim shall reduce the amount of insurance available at the location concerned.

- (iv) As respects Property Insured consisting of electronic or magnetic information storage and/or processing media, computer data storage disks or tapes:

The cost of replacement blank media plus the cost of copying the data contained on such media, disks or tapes from backup or from originals of a previous generation. These costs will not include research and engineering nor any cost of recreating, gathering or assembling such data. If the media, disks or tapes are not repaired, replaced or restored, the measure of recovery shall be the cost of the blank media. In no circumstances shall this Section insure any amount pertaining to the value of such data to the Insured or any other party, even if such data cannot be recreated, gathered or assembled.

- (v) As respects any property in the care, custody or control of the Insured for which the Insured is contractually liable:

The liability assumed by the Insured under the terms of the applicable contract, less any trade or volume discount allowed, but in no circumstances exceeding what it would cost to repair or to replace the property with other property of like kind and quality to a condition equal to but not superior to or more extensive than its condition prior to the loss or damage.

Any claim paid under this Section shall not reduce the applicable insured value except in the event of:

- (1) an actual total loss or a constructive total loss, or
- (2) physical loss of or physical damage to Property Insured which is not repaired or replaced as described in 4.A.(iii) above.

B. Residual Value

In the event of an Occurrence giving rise to a claim recoverable within the provisions of this Section, the residual value of any equipment and/or materials used or purchased by the Insured in respect of such Occurrence shall inure to the benefit of insurers in the adjustment of such claim.

C. Constructive Total Loss

There shall be no recovery for a constructive total loss under this Section unless the expense of recovering and repairing the Property Insured physically lost or physically damaged shall exceed the applicable insured value stated in the Schedule of Property Insured within Declaration 1.C.(i).

In no case shall insurers be liable for un-repaired damage in addition to a subsequent total loss sustained during the period of insurance provided by this Section.

The Insured shall not be prevented from recovering a constructive total loss under this Section by reason of any provision in any permit, license, government regulation or similar circumstances beyond the control of the Insured, which may prevent the Insured from abandoning the Property Insured to insurers.

In accordance with the foregoing, insurers waive notice of abandonment but notwithstanding anything to the contrary contained in this Section, insurers shall be placed in the same position as if notice of abandonment had been given by the Insured and declined in the customary manner by insurers.

D. Warranty

It is warranted that where the Insured is the operator or joint operator of any Property Insured where well drilling, deepening, servicing, work-over, completion or reconditioning operations are being performed, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on the surface casing or on the well head and installed and tested in accordance with usual practice.

When the Insured is a non-operator of any Property Insured where such operations are being performed, it will use its best endeavours to ensure that the operator complies with the warranty set out in this Condition 4.D.

E. Due Diligence

It is a condition precedent to insurers' liability under this Section that the Insured shall exercise due care and diligence in the conduct of all operations involving the Property Insured, utilising all safety practices in accordance with state and/or provincial and/or federal governmental rules and regulations and all equipment generally considered prudent for such operations and, in the event any hazardous condition develops with respect to the Property Insured, the Insured shall at its sole expense, make all reasonable efforts to prevent the occurrence of physical loss or physical damage insured under this Section.

F. Minor Works

The Property Insured is extended to include, up to the sub-limit stated in Declaration 1.C.(iii), minor alterations and/or additions and/or modifications to installations stated in the Schedule of Property Insured within Declaration 1.C.(i).

However in no case shall this Condition 4.F provide coverage for any sub-sea works.

Coverage under this Condition 4.F is subject to all of the provisions of this Section and shall only apply where the total estimated contract value of such minor works does not exceed the amount stated in Declaration 1.C.(iii) in respect of any one contract.

The coverage under this Condition 4.F will apply during any necessary landside fabrication of any part of any such installation and whilst such property is in incidental storage or in transit to or from the installation within the territorial limits stated in Declaration 1.E, but only where physical loss of or physical damage to such property occurs during the period of insurance provided by this Section.

This extended coverage is included within and shall not increase the total amount of insurance under this Section for the Property Insured.

G. Temporary Removal

This Section insures, up to the sub-limit stated in Declaration 1.C.(iii), property forming part of the scheduled Property Insured but separated from it whilst in temporary storage at, or in transit to or from, ports or other platforms or facilities within the territorial limits stated in Declaration 1.E during the period of insurance provided by this Section. This extended coverage is included within and shall not increase the total amount of insurance under this Section for such Property Insured.

The extension provided by this Condition 4.G does not apply to jackets and deck sections.

H. Acquisitions

- (i) This Section will insure additional property of the same or an essentially similar type, nature and occupation to that already insured by this Section and within the same locality as the existing Property Insured, which may be acquired or otherwise become at the risk of the Insured during the period of insurance provided by this Section, but only when all of the following additional conditions have been met:

- (a) the total values of the additional property at the date of acquisition or becoming at risk must not exceed the maximum acquisition amount stated in Declaration 1.F; and
- (b) values and details of such property must be reported to insurers as soon as practicable after the date of acquisition by or becoming at the risk of the Insured, but in no event more than 30 days after such date; and
- (c) the Insured must pay any additional premium determined by insurers to be due following receipt of the report stated in clause (b) of this Condition 4.H.

- (ii) No coverage will be provided by this Condition 4.H for any acquisition or additional property which does not meet the criteria described in clause (i) of this Condition 4.H without the prior written agreement of insurers and payment of any additional premium due.

5. EXCLUSIONS:

Notwithstanding anything to the contrary which may be contained in this Section:

A. Insurers shall have no liability under this Section in respect of:

- (i) loss or damage which first commenced prior to the inception date of this Section;
- (ii) loss, damage, cost or expense caused by or arising from any Named Windstorm in the U.S. Gulf or the Gulf of Mexico;
- (iii) loss, damage, cost or expense caused by or arising from earthquake or volcanic eruption, or fire and/or explosion and/or tidal wave and/or tsunami and/or seaquake consequent upon earthquake or volcanic eruption;
- (iv) loss, damage, cost or expense caused by or arising from drilling a relief well for the purpose of controlling or attempting to control fire, blowout or cratering associated with another platform or unit unless:
 - (a) immediate notice is given to insurers of such operations, and
 - (b) insurers agree to insure the Property Insured during such operations, and
 - (c) the Insured pays or agrees to pay any additional premium determined by insurers to be due;
- (v) any claim for monies, materials or property expended or sacrificed in controlling or attempting to control blowout or cratering or in fighting fire associated with blowout;
- (vi) loss, damage, cost or expense caused by or arising from delay, detention, loss of market, loss of use or any other consequential loss;
- (vii)
 - (a) wear and tear, gradual deterioration, "scouring" (being defined as a gradual washing away of the seabed), the abrasive action of sea and shingle, metal fatigue, expansion or contraction due to change in temperature, rusting, oxidation, electrolytic action or any other gradually operating cause; or
 - (b) machinery breakdown; or
 - (c) subsidence; or
 - (d) corrosion.

However, if fire or explosion results, then any direct physical loss or physical damage arising directly from that fire or explosion shall not be excluded by this Exclusion 5.A.(vii);

- (viii) the cost of modifying, repairing or replacing any defective part, faulty design, faulty materials, faulty or defective workmanship or latent defect;
- (ix) loss of or damage to dynamos, exciters, lamps, motors, switches and/or other electrical appliances and devices caused by electrical injury or disturbance, unless physical loss or physical damage is caused by any peril not otherwise excluded from this Section originating outside the electrical equipment specified in this Exclusion 5.A.(ix), but the foregoing shall not be deemed to exclude claims for physical loss of or physical damage to the Property Insured otherwise recoverable under this Section resulting from fire;
- (x) loss, damage, cost or expense caused by or resulting from or arising out of:
 - (a) interference by strikers or locked-out workers; or
 - (b) political or labour disturbances, riots or civil commotions, or
 - (c) confiscation or expropriation or nationalization or deprivation or requisition, or
 - (d) any delay caused by any of the conditions stated in (a), (b) or (c) above;
- (xi) any infidelity or any dishonesty or fraud on the part of the Insured or any officer, employee, servant or agent of the Insured;
- (xii) any unexplained loss, mysterious disappearance, metering differences or loss or shortage disclosed solely upon taking inventory;
- (xiii) fines, liquidated damages, damages for breach of contract or for late or non-completion of orders or penalties of whatever nature;
- (xiv) liabilities to third parties, except:
 - (a) to the extent liability for removal of wreckage or debris of the Property Insured is covered by Insuring Agreement 2.B.(iii); and
 - (b) such contractual liability as is described in Definition 3.A;
- (xv) the repositioning of any pipeline, flowline or riser that has not been physically lost or physically damaged but which has to be repositioned in order to continue or resume operations;
- (xvi) loss, damage, cost or expense in respect of any blockage of any pipeline, flowline or riser, howsoever arising, whether such blockage is partial or total, temporary or permanent, and whether or not it comprises, causes or leads to physical loss of or physical damage to any property (including pipelines, flowlines or risers) the risks to which are otherwise insured by this Section. Notwithstanding the foregoing but subject to all other provisions of this Insurance, this Section will indemnify the Insured for:
 - (a) the expense of repairing or replacing pipelines, flowlines or risers damaged or blocked as a result of an actual total loss or a constructive total loss of Property Insured which occurs during the period of insurance provided by this Section and which results from any cause which is not excluded from this Section; and
 - (b) the pipeline, flowline or riser being deformed as a direct result of accidental physical damage to the exterior of the pipeline, flowline or riser which occurs during the period of insurance provided by this Section as a result of any cause which is not excluded from this Section and which in turn results in blockage, but there shall be no liability under this Section in respect of the expense to remedy such blockage;
- (xvii) scraping, coating or painting any pipeline insured under this Section unless the scraping, coating or painting is necessary as a direct result of physical loss of or physical damage to the pipeline which occurs during the period of insurance provided by this Section and which results from any cause which is not excluded from this Section.

- B. This Insurance does not insure:
- (i) drilling or servicing rigs, including drill pipe and drill collars and all other components forming part of a drilling or servicing rig;
 - (ii) any property located Onshore unless insurers have specifically agreed to insure such property and it is stated in the Schedule of Property Insured within Declaration 1.C or such property is covered under Condition 4.F and/or Condition 4.G;
 - (iii) wells or holes;
 - (iv) drilling mud, cement, chemicals or fuel actually in use;
 - (v) casing, tubing and all other property in a well below the mud return line;
 - (vi) unrefined oil or gas or other crude products;
 - (vii) blueprints, plans, specifications or records, personal effects of employees or others.
- C. In no event shall insurers have any liability under this Section for betterment or any increased cost of repair or reconstruction by reason of any law, ordinance, regulation, permit or license regulating construction or repair.
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