

OIL & GAS

AOEC

Noble Denton Marine Services

Captain Jonathan F B Mills

16 September 2016

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AOEC 2016 - Agenda

- Introduction
- Captain Jonathan Mills
- DNV·GL Noble Denton Marine Services
Class & MWS?
- MWS – What they do and don't do
- MWS – Operational Role
- MWS – Advantages and Disadvantages
- Case Study – Lessons Learnt



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Introduction

- What challenges are there within the current market?
 - Oil Price
 - Soft Market
 - Over Supply in all areas
 - Stacking – Hot, Cold, Tepid? Orphaned Assets



- Marine Warranty as 'Add On' or 'Added Value' ?
- Education and understanding of the role of MWS
- A Case study with Lessons Learnt
- All must look at the difficulties that face the industry, particularly when price is increasingly challenged and specifications/standards are being reduced.

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Insurance Warranty:

Marine Insurance Act 1906

(1)A warranty, in the following sections relating to warranties, means a promissory warranty, that is to say, a warranty by which the assured undertakes that some particular thing shall or shall not be done, or that some condition shall be fulfilled, or whereby he affirms or negatives the existence of a particular state of facts.

(2)A warranty may be express or implied.

(3)A warranty, as above defined, is a condition which must be exactly complied with, whether it be material to the risk or not. If it be not so complied with, then, subject to any express provision in the policy, the insurer is discharged from liability as from the date of the breach of warranty, but without prejudice to any liability incurred by him before that date



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Why is there a need for an MWS?

- The Requirement for a Marine Warranty Surveyor (MWS) comes about when:
- An assured has high value equipment which is subject to marine risk
- The assured seeks insurance for that equipment, taking into account those risks
- The underwriter seeks comfort that the risks to which it is exposed are in accordance with acceptable standards
- A warranty is written into the policy wording, requiring the approval of some or all of the activities by a surveyor including issuing Certificate of Approvals (CoA) as required.



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What is the Role of the MWS -

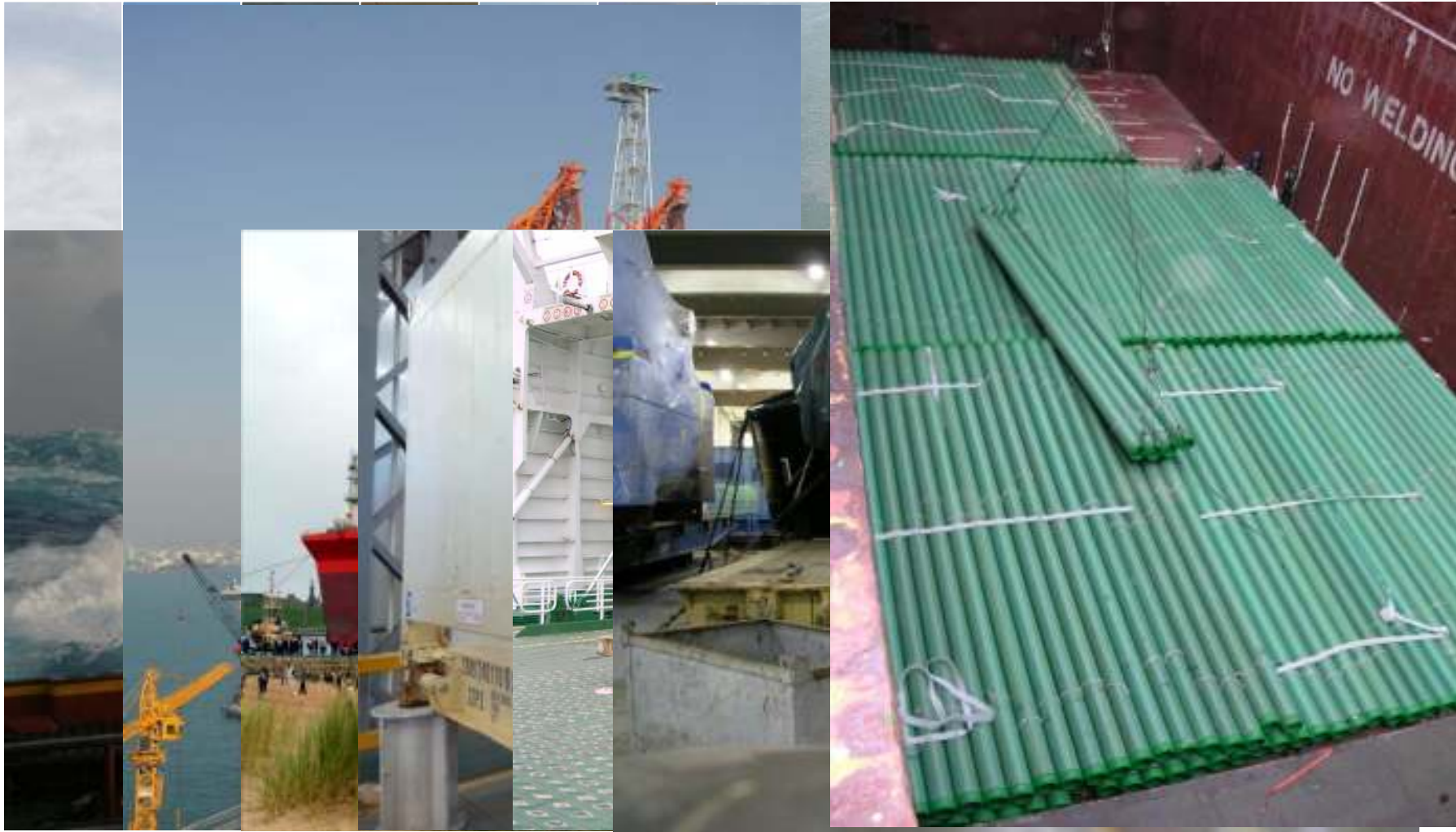
- The role of the Warranty Surveyor is to ensure that the marine operations are performed safely and reduce the probability of loss to an acceptably low level
- Protecting the Underwriters interests by ensuring that good industry practice and proper procedures are followed and preparations made before a critical marine operation
- Provide independent verification of procedures and design calculations
- Assist the operator achieve an incident free operation
- Ensure the application of appropriate standards and best practices
- Check design documentation and procedures to ensure compliance with such standards
- Inspection readiness of equipment for the intended operation, ensuring that all assumptions and boundaries given in the operational procedures are adhered to.
- Ensuring the weather forecast is within agreed and acceptable limits.
- Issue the CoA as required

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MWS Scope of Work (SoW)

- The SoW is agreed with Client/Underwriters and is then incorporated into the warranty
 - This is submitted to the MWS via Kick-Off Meeting with client
 - Define the MWS Project Roles and Responsibilities
 - Agree timelines if appropriate
 - Mark-up Document Register
 - Identify which operations will require a Certificate of Approval (CoA)
 - To issue a CoA for the location if appropriate
 - To review the proposed marine operations are they robust?
 - To attend, if appropriate, the move & installation and issue the CoA for the move/tow following the completion of pre-move/tow checks

Some of the Activities Covered by MWS



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Heavy Lift



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What does the MWS normally do?

- Assist the assured to define the MWS scope of work
- Perform **document review** against design basis and applicable guidelines
- MWS *may* perform **independent analysis** to verify critical results
- MWS will normally assess the **suitability of vessels** in advance of any operation
- MWS will normally **attend on site** during the operation to:
 - Verify all preparations are complete
 - MWS will submit any additional recommendations to assured's representative
- MWS will issue a **Certificate of Approval** to the assured's representative when:
 - All preparations are complete
 - All equipment has been inspected
 - All parties confirm readiness and actual and forecast weather are suitable
- CoA may not be issued or be withdrawn if:
 - Inadequate procedures or equipment
 - Failure to follow procedures and conditions

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What does the MWS not do?

- MWS is not directly responsible for **interpreting the terms of the Warranty**
- MWS has **no executive authority** on the project
- **Approve their own work**
- Perform detailed **integrity assessments** (observed external conditions only)
- Provide a **general statement of seaworthiness**
- Provide **internal quality assurance / verification function** to assured
- Assured is responsible for **reporting incidents to the Underwriters**

First Impressions



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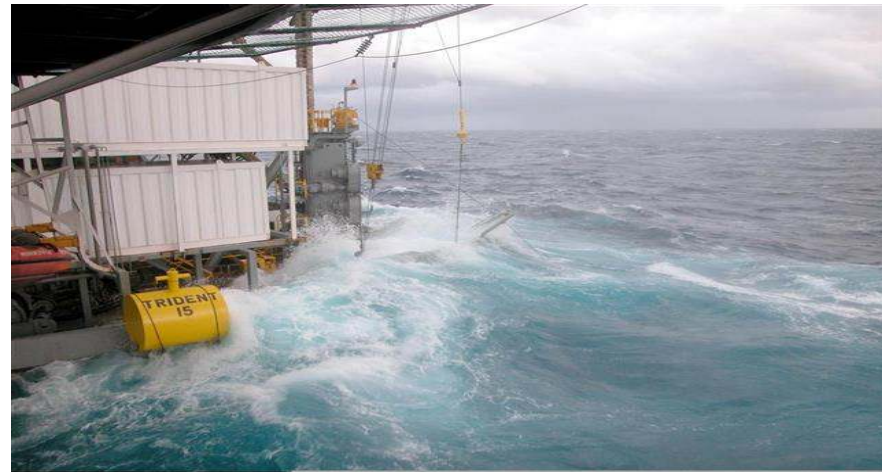
General

Weather



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- Accurate, continual and reliable weather forecasts from a reputable weather forecasting company
- Local anomalies
- Weather Routing – good and bad
- Watertight Integrity
- Shelter Areas and Safe Ports



General

- HRU's & Liferaft Service Dates – Correct Installation
- Crane Certification
- Engine Room & Steering Gear bilges
- Housekeeping
- Oxy/Acetylene Cylinders
- Fire Hoses



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General

- Stability
- Sea fastenings
- Securing
- Certification
- Tow Vessels – suitability
- Route Plans, Passage Plans, Ports of Refuge, Weather Routing



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General

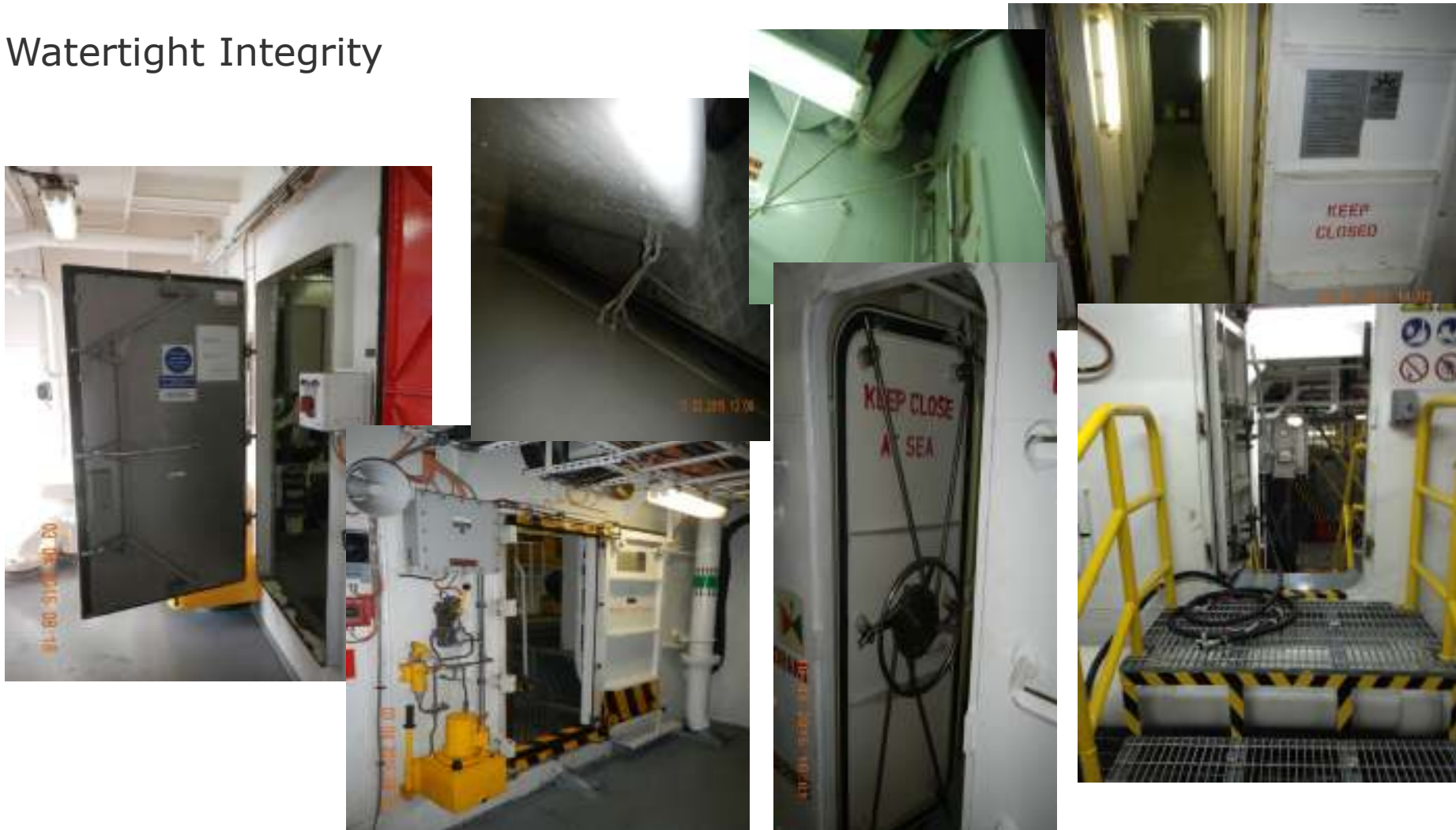
Escape Hatches



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Noble Denton Marine Services

Watertight Integrity



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MWS Issues

- Lack of properly agreed marine criteria
- Inexperienced Project Teams – no marine input
- New contractors with little experience
- Sophisticated calculations not peer reviewed or QA
- Contracts which encourage time saving rather than safety
- Long distance tows of complex structures
- Short infield tows - fatigue
- A low value object can cause a lot of damage to the high value it falls on
- Structural fatigue on long sea voyages



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How can the MWS 'Add Value'

- By involving the MWS early in the process – the earlier MWS is involved the more they can contribute (design basis, better understanding of the risk leading to more informed decisions)
- By providing sufficient time for the MWS to review documents & comment and reissue – document control
- By attendance at HAZID/HAZOP studies – these are often the best place to challenge inadequate procedures or poor assumptions in a constructive environment.
- The added value of MWS increases with client understanding of the role
- The MWS has had the benefit of attending many projects at their critical stages. They are therefore well placed to bring the benefit of that experience to the client.



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MWS as the Independent Arbiter

- Classification Societies were originally formed to support the insurance market but now not enough talking
- Four major requirements
 - 1. Scope of Work – early engagement of the MWS
 - 2. Communication throughout with timely document reviews
 - 3. Kick Off Meeting
 - 4. Transparency
- CoA – recommendations if any should be tangible
- Gut Feeling



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Lessons Learnt

- When used well 'Lessons Learnt' can contribute to the overall success of projects by re-using and building on approaches that have worked well and avoiding the repetition of previous mistakes.
- Lessons learned can also represent valuable intellectual property, deepen the relationship between suppliers and customers, and generally provide a competitive advantage.
- A disciplined approach to lessons learned can make an important difference to cost, quality and time.

Lessons Learnt



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Lessons Learnt

▪ **Project Management**

- MWS Project Plan
- Project Risk Assessment & Risk Register
- Marine Operations Contingency Plans
- Shipyard Contingency Plans
- ERP – a single, easy to use document (x5)



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Lessons Learnt

- **Project Control**

- MWS Document Control
- MWS involvement in the Kick Off Meeting
- Monthly Progress Reports
- Project Information
- Education and Understanding



- MWS Scope of Work - Early Engagement of the MWS
- Clear lines of communication between all parties
- Transparency
- Education - understanding of the role of the MWS

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Conclusion

- Marine expertise and insight for the project – project team may have little ‘in-house’ marine expertise
- Protects interests of the Assured as well as Insurers
- Help to minimise risk of both insured and uninsured losses and thereby keep project on schedule
- Should be brought in at an early stage on the project to review practicality of marine operations
- Weather limitations of vessels / operation – MWS well placed to judge
- Global and regional perspective of marine risk helps inform decision making
- Lessons learned feedback after project completion
- Kick Off meeting between MWS & Assured (and potentially u/w engineer) helps to ensure SoW appropriate
- Eyes and Ears of remote and possibly, inexperienced, clients who need to ensure that their risk is minimised.
- Recognise and capitalise on opportunities to expedite the project

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Thank you

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