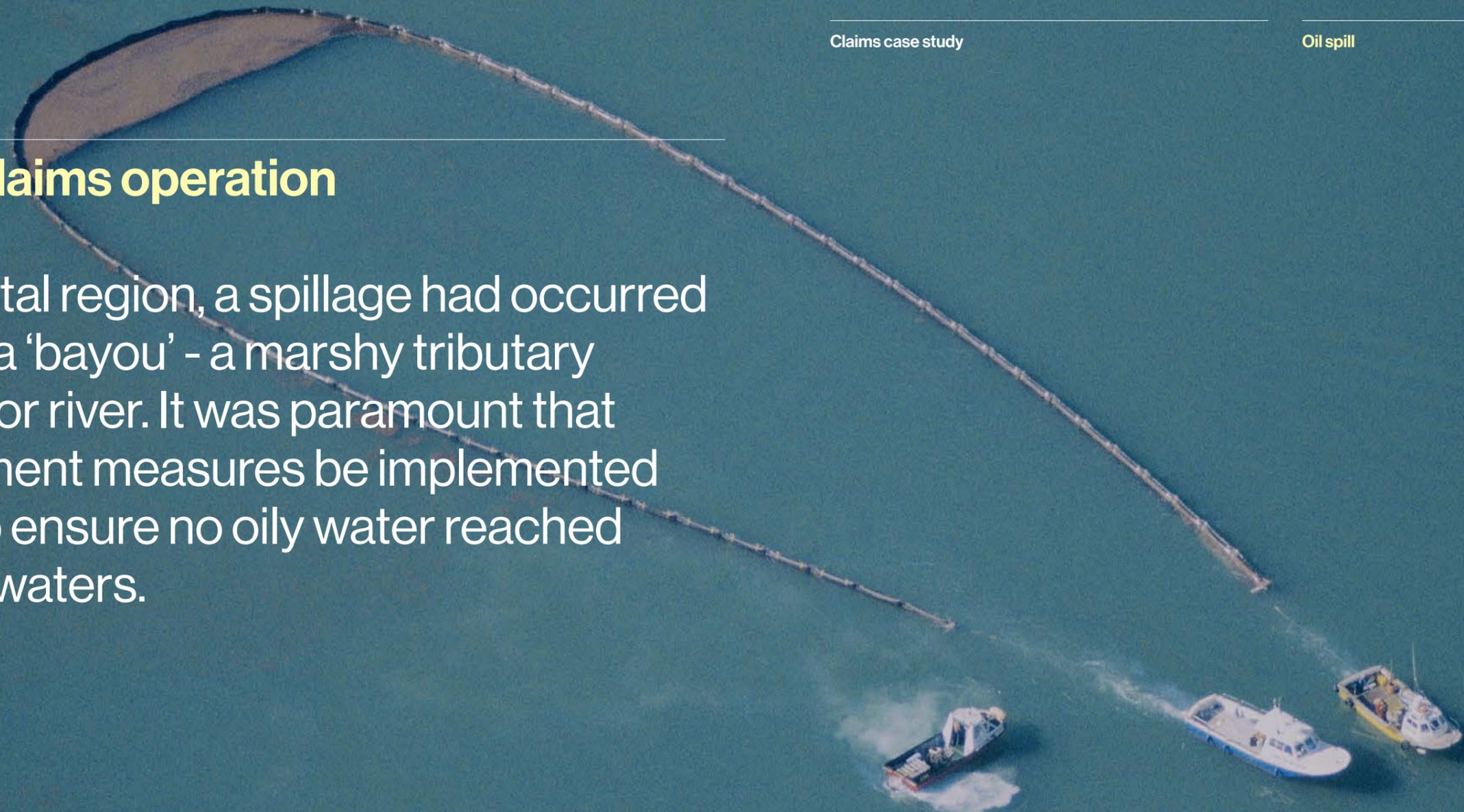


A slick claims operation

In a coastal region, a spillage had occurred close to a 'bayou' - a marshy tributary of a lake or river. It was paramount that containment measures be implemented swiftly to ensure no oily water reached the tidal waters.



Key facts:

Lead insurer:	Barbican
Broker:	Roberts Armytage & Partners
Class of business:	Energy
Time taken to settle claim:	6 days
Time taken to pay client:	9 days
Claim settlement:	USD\$465,000

A rapid response

When Barbican Insurance Group received notification of a claim relating to the clean-up of an oil spill, the claims team was in no doubt that speed was of the essence.

There are few incidents that require a more rapid response than an oil spill. On 18 July 2016, an oil leak was spotted in a flow line at a saltwater disposal facility owned by an oil and gas company. Immediately, the firm implemented its spill management plan to contain the leak and an extensive clean-up operation was quickly in full swing.

The clean-up gets underway

The leak was relatively small – estimated initially at 10-20 barrels – and quick action ensured that it was sealed within hours. However, the key concern was its location. The facility was in a coastal region, and the spillage had occurred close to a 'bayou' – a marshy tributary of a lake or river. It was paramount that containment measures be implemented swiftly to ensure no oily water reached the tidal waters.

The firm's environmental clean-up response company was on-site that same day, carrying out containment and preliminary clean-up work. The marshy grassland surrounding the location and the spill's proximity to a large ditch created a challenging task that required a range of cleaning equipment (e.g. vac truck, squeegees and wash hoses). By 20 July, some 100 barrels of oil and water mixture had been removed from the site.

The progress of this oil/water was monitored through the use of a drone to provide detailed visual information, an air boat was used to support the containment process and multiple measures implemented at all entry points to the bayou to prevent contamination. Intermediate booms were also introduced to stop any potential run-off, should the region be hit by heavy rain.

The customer was in regular contact with all parties involved in the operation, conducting three meetings each day during the initial stages, and sourcing information from onsite staff, the crew of the air boat and the drone. Regulatory agencies were also involved at every stage.

Initial notification

An operation of this scale which involves specialist skills and demands quick implementation is both a complex and costly undertaking.

On 21 July, US-based wholesale broker Worldwide Facilities received notification of the oil spill from the claims broker at McGriff, Seibels & Williams. McGriff informed Roberts Armytage & Partners (RAP), a specialist energy and marine broker based in London and at Lloyd's, who advised the Barbican claims team of the loss. That same day, Barbican appointed a US loss adjusting firm, Lloyd Warwick, who were on-site shortly afterwards to assess the loss.

The source of the leak was a hammer union – a connection mechanism used to join pipework – which had failed. While this could be replaced, it raised the potential that the root cause could be some form of latent defect in the product. An engineer was appointed, but no evidence of a manufacturing defect was found which removed the risk of subrogation.

Paying the claim

Speed of payment was critical to the success of the clean-up operation in order to match vendor payment terms. Given the nature of the incident, it was clear that this process would be extensive, resource intensive and lengthy to ensure the affected area could be returned to its normal state without delay. It was vital, particularly given current testing conditions within the energy industry, that not only payment, but coverage was reviewed. With all parties working diligently, coverage for the incident itself was positively affirmed within a matter of days.

Barbican received the first payment request from RAP on behalf of the oil and gas company on 27 July. Based on the initial report provided by the loss adjuster and detailed information provided by the broker, the claims team agreed the payment that same day and within three working days the initial funds had been transferred.

As the clean-up operation progressed, Barbican received further payment requests. In each case, the claims team – liaising closely with the broker – was able to process each payment within a very short space of time. The settlement totalled \$465,000.

The efficiency of the Lloyd's claims system ensured a speedy response each time, which in turn meant that the clean-up operation could proceed on schedule, and that the affected area and all of the flora and fauna it contained could be preserved, without a trace of the spillage remaining.

A case of cooperation

At every stage in the response to this incident, close collaboration between all parties was key to quick and effective action from the offset. At each stage in the claims process, communication lines between the customer, brokers and insurer were fully open. The Barbican claims team received numerous status updates from McGriff and RAP who were in regular contact with the customer through Worldwide. This constant flow of critical information meant that the speed of the claims settlement process never faltered, and both the financial and environmental impacts of a potentially disastrous spillage were minimised.

That's the Lloyd's standard.