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IUMI 2013 Mobile Offshore Drilling Unit Statistics - Analysis

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Industry trends which have been in place for the past number of years continued in 2012. That is, increased day rates, increased rig utilization rates, especially in the Gulf of Mexico, and an overall increase in the worldwide mobile offshore drilling unit fleet. Rigs under construction continue a rate not seen since the early 1980's. The offshore exploration and production industry is booming, in large part due to deep-water drilling, which has opened up vast new areas to exploration. The demand for deep-water-capable rigs is strong and is fueling the rise in day rates and the construction boom. The early 1980's experienced a similar boom due to the opening up of the North Sea as a major production area and the then rising price of oil due to disruption in the Mid-East supply. Loss activity in 2012 was below average, indicating once again that the offshore sector is marked by large swings in both the frequency and severity of claims. In summary, the offshore industry is healthy. The combination of firm oil price and technological advances is enabling the industry to continue to break barriers in terms of complex projects. The underwriting environment is good. The one ever-present challenge to underwriters is to maintain underwriting discipline, since one below average loss year does not make up for the enormous underwriting deficits of the recent past.