



“And you think you know your wordings.....”

Tim Taylor
Barlow Lyde & Gilbert LLP



"It's all here in the fine print. You're not covered against huffing and puffing."

A Few Questions?

- How well do we know:
- Q1. our wordings?
- Q2. where disputes will be decided?
- Q3. how disputes will be decided?

Offshore oil business



- Unique industry
- Oil is found in difficult places
- Technically challenging
- Politically and geographically challenging
- Very expensive

Which means?



- Significant demand for insurance capacity
- Need for flexibility
- Huge exposures
- Pressure from brokers for local conditions
- Modern industry

What happens?



- Insurance contracts sometimes not properly reviewed
- Selection of a jurisdiction without any developed law
- Selection of law and jurisdiction overlooked
- Mismatch between local fronting policy and reinsurance

Consequences

- Very unpredictable results
- Inability to price correctly
- Inability to reserve accurately
- Significant increased exposure

Is there a better way?

- Does it really matter?
- Is there a choice?

Common assumptions

- All foreign laws are the same

Problems



- Conferral of benefits on third parties
- Exclusion clauses
- Good faith
- Measure of indemnity/valued policies
- Time bar

Personal Favourites



A Legal Odyssey...



England

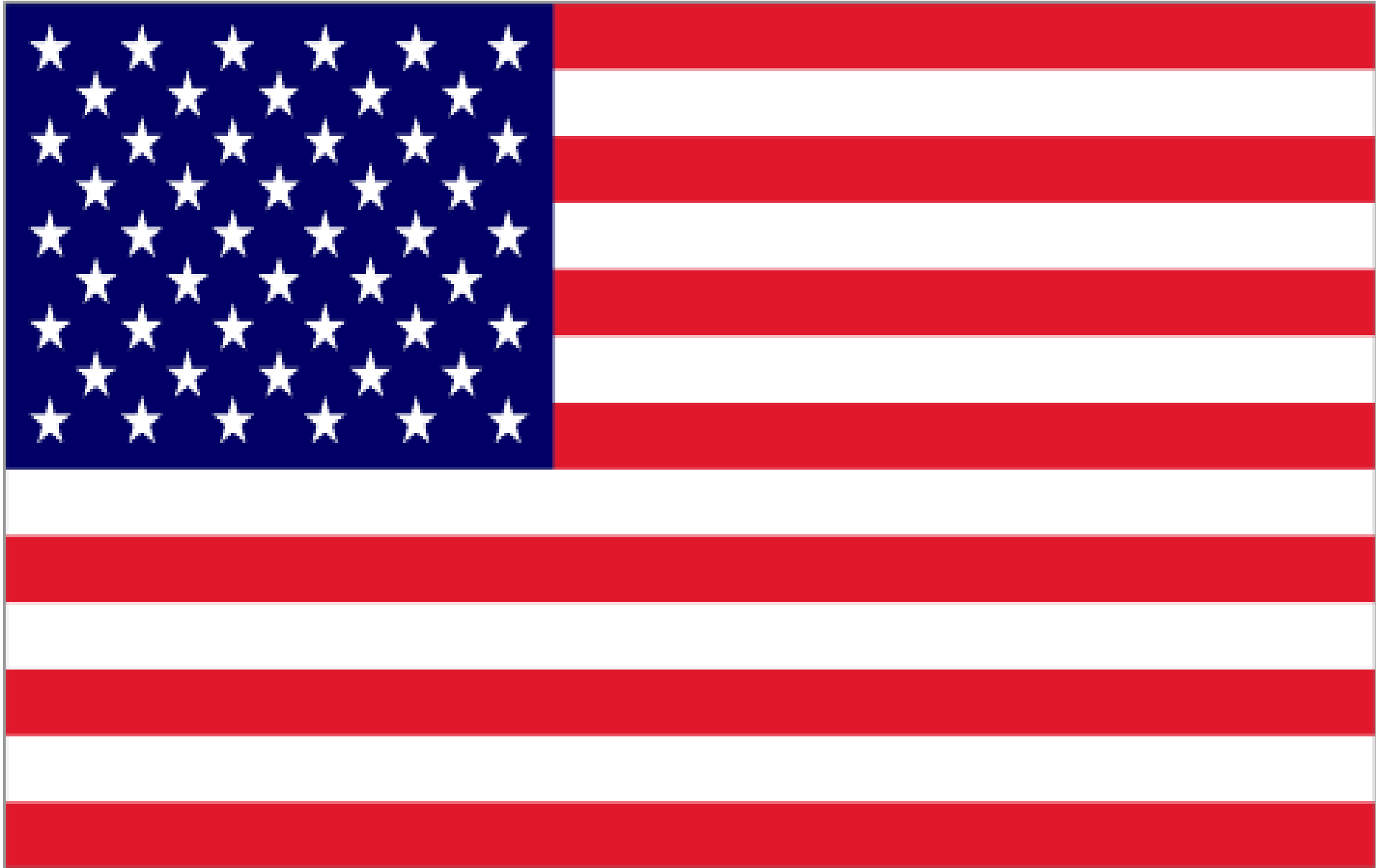


Royal Courts of Justice



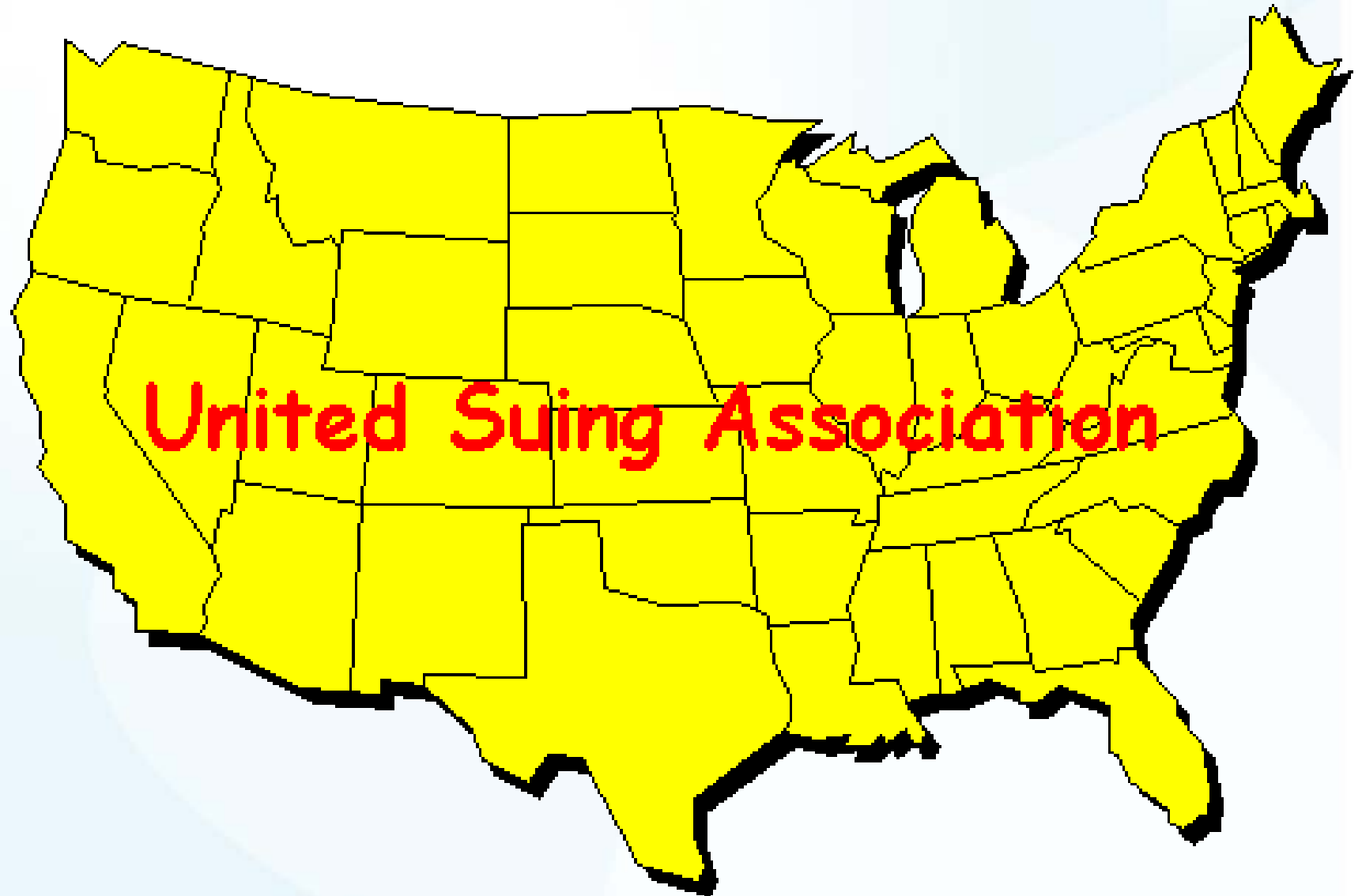


USA



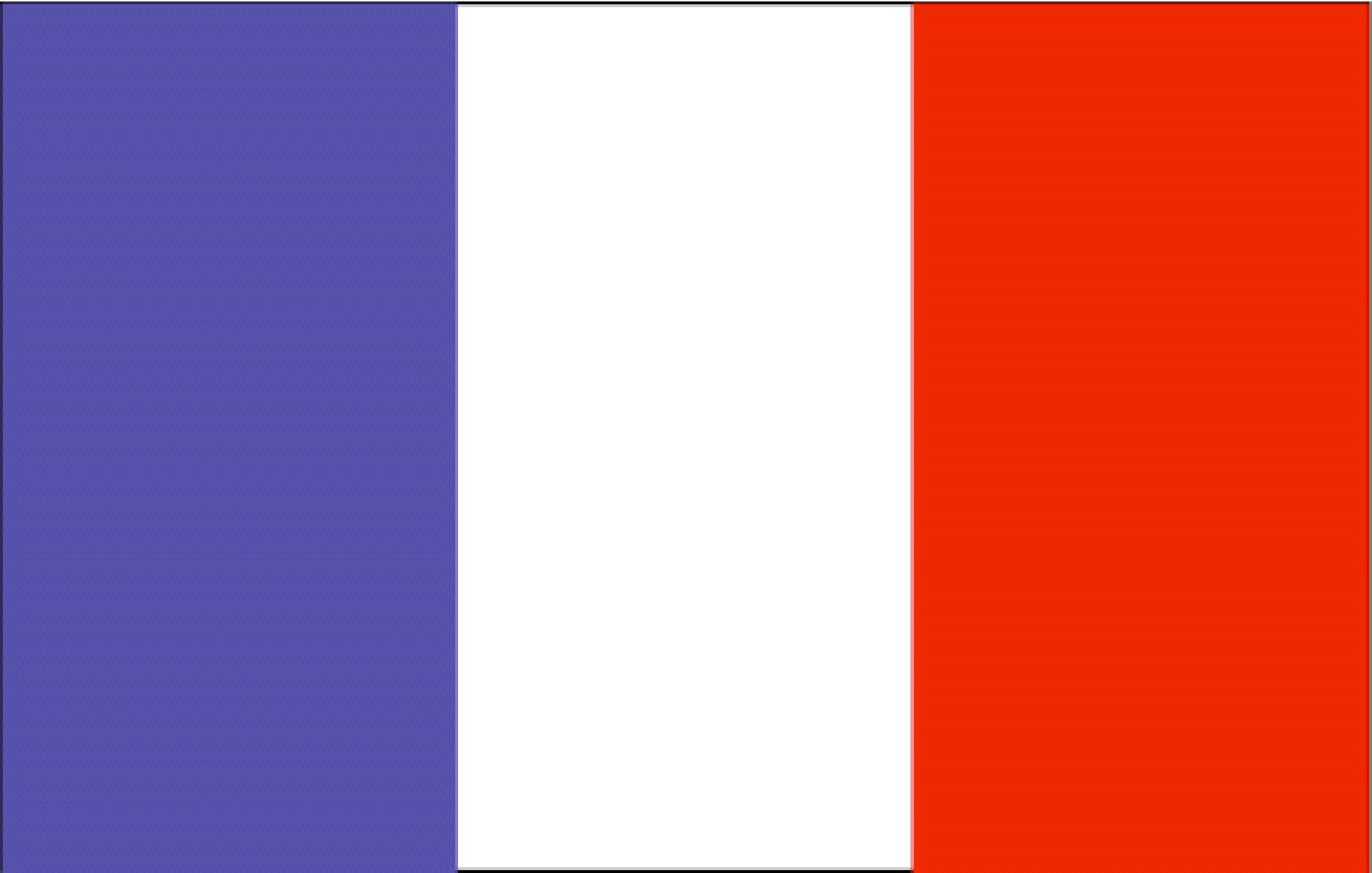






United Suing Association

France







Argentina





Beyond the law



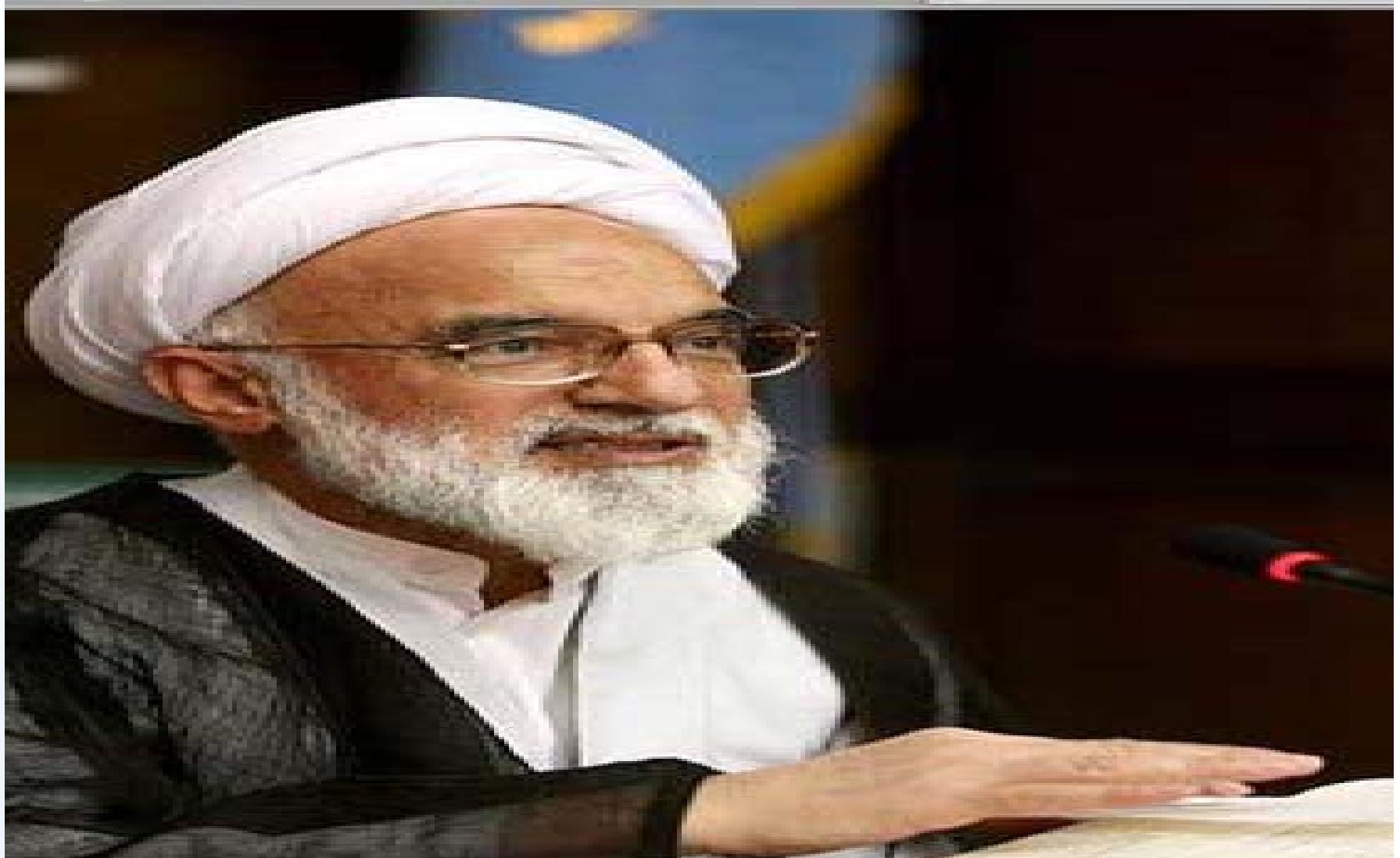


Iran



Court House





Yemen







Qatar





ADR techniques vary



Recent Experience



- Iran
- Indonesia
- Qatar
- Yemen
- Congo
- Angola
- Pakistan
- Mexico



- **Current Travel Warnings**
- **Travel Warnings** are issued to describe long-term, protracted conditions that make a country dangerous or unstable. **The countries listed below meet those criteria.**

Current travel warnings



Congo, Democratic Republic of the 09/01/2009
Mali 08/31/2009
Eritrea 08/28/2009
Central African Republic 08/19/2009
Israel, the West Bank and Gaza 08/14/2009
Kenya 07/24/2009
Afghanistan 07/23/2009
Burundi 07/22/2009
Nigeria 07/17/2009
Haiti 07/17/2009
Iran 07/01/2009
Sri Lanka 06/26/2009

Yemen 06/26/2009
Saudi Arabia 06/26/2009
Uzbekistan 06/16/2009
Iraq 06/15/2009
Pakistan 06/12/2009
Chad 06/02/2009
Nepal 05/22/2009
Lebanon 05/13/2009
Georgia 04/09/2009
Sudan 04/08/2009
Colombia 03/25/2009
Algeria 03/04/2009
Syria 02/12/2009
Philippines 01/27/2009
Cote d'Ivoire 12/15/2008
Somalia 11/15/2008

Source: United States Department of State

- Iran
- Indonesia
- Qatar
- Yemen
- Congo
- Angola
- Pakistan
- Mexico

- Iranian Law
- Iran Insurance Act March 1937
- Article 36

“The time limit for suits arising out of insurance shall be two years, commencing from the date of occurrence of the event forming the basis of the claim”
- Articles 4, 156 and 158

“All laws and regulations must be based on Islamic laws”

Islamic (Sharia) Principles



- Application very common in Gulf States
- Broad principles of equity and fairness
- No system of binding precedent
- Result
 - Where is the contract certainty?

- Policy Exclusions
- Two requirements of French Insurance Code

- Was it signed by the policyholder or unambiguously accepted by the policyholder?
- If not, unenforceable

Article L 112-3



- Exclusions must be written in French to be enforceable





What Can Be Done?



- Become expert on all foreign laws
- Do you really need to agree local law?
- Do you know how your case will be decided?
- Avoid the obvious difficult jurisdictions
- Reinsurance may not help

The moral of the story is ...



“And you think you know your
(Belgian) chocolates

