The Financial Impact of Losses in the Offshore Industry

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ABSTRACT

This paper will look at the financial losses of incidents over the past 15 years. What impact it had on the companies stock prices and return on investment. It will ask the question can insurance replace what has been lost. It will look into the need for due diligence in the area of mergers, assuming certain loss histories and the need to improve the area of due diligence to reduce the exposure for a catastrophic loss.

Recent items of concern are:

• Dropping and sinking of the Petronas deepwater platform in the Gulf of Mexico
• Dropping and sinking of the North Nemba platform off of Southeast Asia
• Fires and subsequent shutdown of the Tosco refinery in San Francisco
• Fire at the Chevron Richmond Refinery

Areas of potential impact are:

• Return on Investment
• Inability to invest in other capital project due to manpower constraints, and capital
• Loss of revenue given market factors such as the price of oil and other products
• Affect on the companies stock (short term and long term)