

**THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED
RULES FOR ESTABLISHMENT OF FINANCIAL RESPONSIBILITY**

Each Operator shall submit to The Offshore Pollution Liability Association Limited (hereinafter referred to as ‘the Association’) evidence acceptable to the Association of financial responsibility to meet obligations to Claimants assumed under Clause IV of the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time (hereinafter referred to as ‘OPOL’).

Evidence of financial responsibility may be provided by any one or a combination of (i) insurance; (ii) guarantee; or (iii) self-insurance, as described below.

Evidence of financial responsibility (including the Forms referred to below and any notices to be given to the Association in connection therewith) shall be sent by email (as a pdf, tif or similar uneditable attachment) to admin@opol.org.uk.

Submission by the Operator to the Association of the relevant Form specified below will constitute a confirmation and undertaking on the part of the Operator that it has verified evidence of financial responsibility in respect of all other interests, if any, in a venture.

Evidence acceptable to the Association of financial responsibility must be submitted by a Party to OPOL to the Association before:

- (i) it, by agreement with other Persons, has been authorized to, and does, manage, conduct and control the operation of an Offshore Facility, subject to the terms and conditions of said agreement; or
- (ii) it manages, conducts and controls the operation of an Offshore Facility in which only it has an interest,

and where evidence of financial responsibility provided to the Association is limited in time or is terminated, either:

- (a) further evidence acceptable to the Association shall be submitted prior to such expiry or termination (save that Forms FR-1, FR-1G, FR-2 and FR-2G may be submitted at

any time up to 14 days after such expiry or termination, provided that the insurance policy evidenced by such a form is effective from such expiry or termination); or

- (b) such Party shall provide to the Association prior to such expiry or termination a certificate, in such form as the Association may require and signed by an officer of the Party, certifying that with effect from no later than such expiry or termination such Party will not be an Operator.

OPOL will not apply to any Offshore Facility where the Operator of that Offshore Facility has not provided evidence of financial responsibility in accordance with OPOL and/or the Association's Rules.

(1) Insurance (Form FR-1, FR-1G, FR-2 or FR-2G)

Verification of insurance from an insurance company (Form FR-1) or an insurance broker or agent (Form FR-2), in each case being an insurance company, insurance broker or agent acceptable to the Association, for an amount of not less than U.S.\$250,000,000 any one incident and U.S.\$500,000,000 in the annual aggregate (and Operators which are part of the same Group of companies may, for so long as they are part of the same Group, use Form FR-1G or Form FR-2G which allows for the annual aggregate limit of U.S. \$500,000,000 to apply as an aggregate for all Operators in the same Group) (subject to any reduction permitted by the Association to take account of any additional evidence of financial responsibility provided by the Operator to the satisfaction of the Association); provided however that such annual insurance aggregate shall not operate as a limitation of liability under OPOL. A maximum deductible of U.S.\$10,000,000 in respect of any one occurrence will be permitted by the Association.

The Association may, following an Incident in respect of any Offshore Facility of which a Member is an Operator, require that Member (together with each of the other Members listed in Form FR-1G or Form FR-2G, as relevant, where such form has been submitted as evidence of financial responsibility) to re-establish the annual aggregate limit of U.S.\$500,000,000, whether by way of reinstatement or otherwise, in order to ensure that compliance with Clause II.C.1 of OPOL is being maintained.

The Operator shall:

- (a) notify the Association promptly in writing if it becomes aware that its insurer(s) no longer satisfy(ies) the credit or financial strength rating requirement set out in the Form FR-1 or FR-2 (or Form FR-1G or FR-2G), as relevant;
- (b) promptly after becoming so aware either (i) procure that such insurer is replaced with an insurer which satisfies such credit or financial strength rating requirement or (ii) procure that replacement financial responsibility is effected in accordance with OPOL and these Rules;
- (c) promptly provide evidence of the same in writing to the Association by submitting a new Form FR-1 or FR-2 (or Form FR-1G or FR-2G), as relevant, or other evidence of replacement financial responsibility to the Association in accordance with OPOL and these Rules;
- (d) promptly following an Incident in respect of any Offshore Facility of which it is the Operator and where the Association has required the re-establishment of the annual aggregate limit of U.S.\$500,000,000 as referred to above in this Form B, provide such evidence as the Association may reasonably require (including the submission of a new Form FR-1, FR-1G, Form FR-2 or Form FR-2G, as relevant) in order to verify that the annual aggregate limit of U.S.\$500,000,000 will, by way of reinstatement or otherwise, be available in respect of that Operator (and all other Operators referred to in the Form FR-1G or Form FR-2G, as relevant), following any payment of any claim in respect of such Incident under the insurance policy(ies) referred to in the Form FR-1, FR-1G, Form FR-2 or Form FR-2G, as relevant; and
- (e) in the case of any Operator using Form FR-1G or Form FR-2G, (i) notify the Association promptly in writing as soon as it is no longer part of the same Group as the other Operators referred to in the Form FR-1G or Form FR-2G, as relevant, and procure that evidence of replacement financial responsibility is provided to the Association in accordance with OPOL and

these Rules, and (ii) promptly provide to the Association in writing such evidence as the Association may reasonably require in order to verify that such Operator is in the same Group as the other Operators referred to in the Form FR-1G or Form FR-2G, as relevant.

For these purposes, an Operator is in the same ‘Group’ as another Operator if it is the subsidiary undertaking or parent undertaking of that Operator, or if both Operators are subsidiary undertakings of the same parent undertaking (and ‘subsidiary undertaking’ and ‘parent undertaking’ shall have the meaning given in Part 38 of the UK Companies Act 2006).

(2) Guarantee (Form FR-3 or FR-3G)

Verification of a guarantee (Form FR-3 or FR-3G) from a guarantor acceptable to the Association. At the request of the Association, the Operator shall promptly provide such information and other documents as the Association may reasonably require from time to time regarding the existence, enforceability and validity of such guarantee. In addition, the Operator shall:

- (a)** notify the Association promptly in writing if it becomes aware that such guarantor no longer satisfies the credit or financial strength rating requirement set out in the Form FR-3 or FR-3G;
- (b)** promptly after becoming so aware either (i) procure that such guarantor is replaced with a guarantor which satisfies such credit or financial strength rating requirement or (ii) procure that replacement financial responsibility is effected in accordance with OPOL and these Rules; and
- (c)** promptly provide evidence of the same in writing to the Association by submitting a new Form FR-3 or FR-3G or other evidence of replacement financial responsibility to the Association in accordance with OPOL and these Rules.

(3) Qualification as a Self-Insurer (Form FR-4)

To qualify as a Self-Insurer an Operator must demonstrate financial responsibility by:

- (i)** having one or more of the following credit or financial strength ratings: “A-” or higher from Standard & Poor’s; “A-” or higher from A. M. Best; “A3” or higher from Moody’s; “A” or higher from Fitch; and/or the equivalent from another internationally recognised credit rating agency acceptable to the Association: and
- (ii)** submitting verification to the Association of the same in the form of Form FR-4.

At the request of the Association, the Operator shall promptly provide such supporting evidence as the Association may reasonably require from time to time regarding such credit or financial strength rating. In addition, the Operator shall:

- (a)** notify the Association promptly in writing if it becomes aware that it no longer satisfies the credit or financial strength rating requirement set out in the Form FR-4;
- (b)** promptly after becoming so aware procure that replacement financial responsibility is effected in accordance with OPOL and these Rules; and
- (c)** promptly provide evidence of the same in writing to the Association by submitting evidence of replacement financial responsibility to the Association in accordance with OPOL and these Rules.

