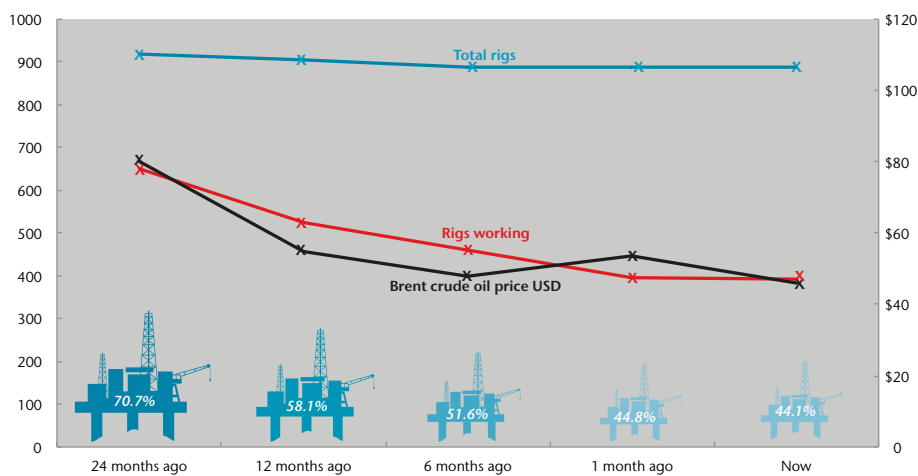


Drilling and oil field service contractors

It is no secret that the dramatic fall in oil price has had a significant impact on drilling rig utilisation rates. As operators cut back on capital expenditure they have narrowed their focus to the development of long term production assets and maintaining strategic supply through proven reserves. This has resulted in exploration campaigns being suspended or cancelled as they are no longer considered economically viable.

During the period of high oil, many contractors placed new rig build orders 'on spec'. This reduction in drilling activity has now exacerbated the surplus of drilling units available in the rig market and these units are being handed over without contracts to fulfill. This is causing significant financial strain as the finance arrangements underpinning these orders now need to be serviced in the absence of income.

Rig utilisation



Number of units under construction

Drillship: 40

Jack-up: 117

Semi-sub: 21

The importance of risk management

Aon feels strongly that a well-managed and comprehensive approach to risk will allow your organisation to successfully navigate this challenging market environment.

This strategy has been substantiated through the correlation between higher risk maturity and improved market performance, profitability, and organisational resiliency. These findings emphasize the importance of a robust, integrated, and holistic risk management program.

Visit <http://www.aon.com/rmi/> to find out more and discover your own Risk Maturity Rating and how you can improve.

Aon's dedicated contractor team

Aon recognises the unique nature of the contractor market and the need to have a dedicated team of specialists who understand the challenges that our contractor clients face.

The Aon team consists of individuals working with contractors of varying sizes and in different geographical regions on a daily basis.

By utilising our network hubs in Houston, London, Bahrain and Singapore, we are able to generate real time insight on market conditions and trends that may affect your insurance program.

Aon added value

Aon works closely with its contractor clients to develop bespoke solutions that result in an enhanced approach to risk management.

Case Studies

Superior benchmarking - Using its extensive data and analytic capabilities, Aon was able to demonstrate to an international drilling contractor that its program rating was benchmarked significantly higher than its peer group. Upon appointment, Aon was able to realize a substantial cost saving due to its analytical approach to market engagement.

Risk tolerance profiling- In such turbulent times it is essential to accurately align risk appetite with risk retention. By closely monitoring key financial metrics and having a deep understanding of the contractor landscape, Aon was able to help a contractor client reassess its ability to retain risk and recalibrate its retention structure to provide more appropriate balance sheet protection.

Wording enhancements- When a client expressed a strong interest in the benefits associated with the Nordic Plan, but had concerns regarding the absence of certain coverage extensions, Aon constructed a bespoke policy wording to enable the client to benefit from one of the most comprehensive insurance coverages available.

Cyber

The C-suites within multinational companies are naming cyber security among their leading risk concerns, and our contractor clients are no different. Aon has been successful in challenging the cover the insurance market is willing to provide. Recent coverage enhancements include resultant damages in the event of a cyber-attack, on a limited basis within existing packages.

Aon is the insurance partner of choice

As demonstrated by the rig graphic, and the large numbers of new build rigs still coming into the market, it is reasonable to suggest that the challenging market environment will continue in the near to mid-term. Therefore we believe it is essential that clients focus on building a robust and efficient risk management process to not only weather the current conditions, but also future-proof themselves in order to take advantage of any new opportunities.

Aon can assist you across the full spectrum of the risk transfer process and assist in looking beyond traditional transactional insurance placements and offer innovative solutions that provide tangible value.

We're here to empower results

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About Aon

Aon plc (NYSE:AON) is a leading global provider of risk management, insurance brokerage and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 72,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative risk and people solutions. For further information on our capabilities and to learn how we empower results for clients, please visit: <http://aon.mediaroom.com/>

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