

# Lloyd's Comes Under Fire Over Offshore Drilling Insurance

By [Martin Croucher](#)

Law360, London (January 22, 2021, 2:23 PM GMT) -- Lloyd's of London confirmed on Friday that its members are providing insurance for a controversial offshore oil drilling program in the Bahamas, a step that has attracted the anger of climate groups opposed to the project.

Lloyd's said in response to questions from climate activists that syndicates within the specialist insurance market had underwritten cover for the drilling project, being carried out by Bahamas Petroleum Company.

The [Insure Our Future](#) climate campaign said on Thursday that the insurance threatened to undermine recent efforts by the market to protect the environment.

Lloyd's published its first Environmental, Social and Governance report in December. It pledged that, from January 2022, insurers in the market will no longer be able to provide cover for new thermal coal power plants, coal mines, oil sands or Arctic energy exploration.

"If Lloyd's is insuring BPC, it needs to explain its previous statements and how insuring this project fits with the vision of 'responsible underwriting,'" the campaign said in a statement.

A spokesperson for Lloyd's confirmed to Law360 on Friday that insurance cover for the Bahamas project had been placed with "various Lloyd's syndicates."

"Lloyd's is a marketplace and specific underwriting decisions are taken by Lloyd's syndicates, not the Lloyd's Corporation," the spokesperson said. "Lloyd's does, in exceptional circumstances, use its powers of oversight to set standards and ensure that the market complies with them."

"There is a particular imperative now on thermal coal, oil sands, and Arctic energy exploration activities due to the urgency of action needed to curb the impacts of climate change and Lloyd's has set publicly accountable targets for responsible underwriting and investment in these areas," the spokesperson added.

The drilling project has stoked controversy. Last month, 18 members of the U.S. Congress wrote to Prime Minister Hubert Alexander Minnis of the Bahamas, over environmental concerns about the project.

The letter said that a potential oil spill from the project could have a "catastrophic" impact akin to the 2010 Deepwater Horizon incident in the Gulf of Mexico, which was triggered by an offshore oil rig and cost \$65 billion to clean up.

"It is unclear whether BPC has the capacity to help mitigate a serious disaster, let alone prevent one in the first place," the letter, initiated by a U.S. congressman, Rep. Alcee L. Hastings, said.

[Aon PLC](#) said it had acted as the insurance broker for BPC on the offshore well, which it said was permitted by the Bahamian government.

"The program has been placed with various Lloyd's syndicates and other approved insurers and complies with industry standards," a spokesperson added.

A spokesperson for BPC, which is located in the Isle of Man — a self-governing British crown dependency — declined to comment on the company's insurance arrangements.

But the spokesperson said the authorization it had received for the project "adheres to all applicable Bahamian laws, and over and above this adheres to all applicable guidelines, international standards and best practices as demanded by the legislation."

--Editing by Alyssa Miller.

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