

## SECTOR SPOTLIGHT: ENERGY

With Deep Roots in Energy, Stephens Makes Sense

The business of locating, extracting and processing energy resources has become more complex than ever, as have the management of risks associated with these activities.

These risks are present at each step of a business's operations whether it be construction, drilling, hydraulic fracturing, well servicing or transportation of personnel, materials, supplies and/or product. In addition natural disasters such as storms, floods or earthquakes can be even more disruptive.

A significant asset and risk to an organization is contained within its human resources. A company's staffing presents a wide range of unique hazards whether as a result of worker injuries or mistakes, or as a result of executive decisions in mergers and acquisitions. This also includes the rapidly growing exposure presented by cyber risk.

On the international level, turbulent commodity prices and economic upheaval in emerging markets have the potential to sap the profitability of all but the most resilient energy firms. Political instability in countries with abundant natural resources may stymie companies operating abroad or jeopardize the safety of employees at those facilities. Unpredictable regulatory shifts introduce new pressures and may significantly alter operating plans and forecasts.

The current realities of the oil and gas industry reflect a historically cyclical industry in a turbulent downturn as a result of oversupply coupled with decreasing demand. Although once unfathomable, the United States is steadily moving toward the prospect of energy independence; however, whether the U.S. can actually become a net oil exporter remains very much in question. OPEC appears to be struggling to keep its grip on oil prices. Once mighty Russia has seen its energy influence falter in Europe. China, long recognized as the rising engine of global growth, has suffered weaker forecasts of energy demand. And advances in technology have led to cheaper, faster ways of obtaining energy.

### **The Stephens Difference**

Oil and gas companies of all types need a trusted partner that understands the risk management challenges of the industry from the inside and out. Stephens Insurance, a Top 60 U.S. Insurance Broker by revenue, is that partner.

Our brokerage and risk management experts have decades of executive-level experience offering effective broking utilizing the global insurance market, innovative coverages and program design, risk management consulting including implementation of risk management information systems. Our claim staff is experienced with operational losses and natural catastrophes. Clients include exploration and production firms with both onshore and offshore operations, land based drilling contractors and a variety of well service contractors as well as midstream gathering and transmission operations. They range in size from smaller onshore operations to major deep water projects.

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Stephens Insurance offers comprehensive risk management and is well versed in control of well, onshore and offshore property including builders risk, general liability, pollution, marine hull and liability, and terminal operations for the oil and gas industry.

In the event of loss of control of a well, rapid, experienced intervention is required to interact with regulators, regain control, mitigate pollution, repair or redrill the well and to protect life and property.

Construction problems can force companies to contend with startup delays and present exposure to liquidated damages. Therefore, detailed review of contracts is essential to quantify this exposure.

In the event of a pollution incident, companies must be prepared not only to mitigate damage, but also face tort liabilities, fines and penalties as well as potential criminal liabilities.

Decisions by directors and officers of a company may be the subject of claims by shareholders or other stakeholders.

Damage to infrastructure such as port blockage may shut down company operations.

Many more options exist for our oil and gas clients, which Stephens Insurance can discuss when appropriate. For example, our loss control engineers conduct mock OSHA and DOT inspections. Our claim staff can assist in a claims advisory capacity and aid in the settlement of disputed claims.

When you work with our corporate risk management team, you work with an all-inclusive partner including resources of our affiliate company, Stephens Inc., a full-service financial institution. This allows us to perform comparative analyses of your peer group and to help differentiate your firm with the underwriting community. Our energy experts have cultivated relationships with major underwriters in the U.S., Europe and Bermuda.

We go above and beyond mere transactions, to conduct formal risk management assessments on your behalf. Our primary objective is to provide the very best in coverage and risk management across industry sectors.

Stephens Insurance also offers high-quality employee benefits solutions for employers and personal insurance solutions for individuals. Our cost-effective benefits solutions are tailored for both employees and executives. We have expertise in reviewing and auditing plan designs, training and communications, plan management software and regulatory and compliance consulting. Our personal insurance solutions are all about securing the future for our clients' families. Depending on their unique circumstances, this may entail annuities, coverage of vehicles and homes, life and long-term care coverage, as well as health and disability insurance.

### **Rock Solid Financial Services**

The resources of the Stephens organization allow us to do what most other insurance brokers cannot. Stephens Inc. was founded in Little Rock, Arkansas, in 1933. Today the company is one of the largest privately owned financial institutions in the mid-South. Stephens Inc. offers private equity, investment banking, private wealth management, institutional sales and trading, capital management, public finance and research analysis.

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We value long-term relationships, so our clients always come first. Our heritage is that of owning and investing in great businesses, in order to add value. A principal mentality has been part of our culture since the beginning.

Over the years, Stephens Insurance has enjoyed significant organic growth and unheralded client retention. One reason for this success is that when it comes to the oil and gas industry, we know risk management like none other.