



Contractual Risk, Insurance and Indemnities



31 March 2025 - 2025 A



Singapore

Contractual Risk, Insurance and Indemnities

course code: C8041 From: 31 March 2025 - 2025 April 11 Venue: Singapore - course Fees: 8250 Euro

INTRODUCTION

In every organisation care is taken to manage risks, by seeking to eliminate those that can be removed, and reducing and managing the remainder. Part of this process involves developing robust contracts which apportion risk equitably and include a structure of indemnities with contractors, supported by a comprehensive insurance regime. In addition, it is important that contract personnel understand contractual risks and what insurance can (and cannot) do to remove the financial consequences of such risk; remembering always that insurance only mitigates the effect of risk, it does not make the risk itself go away. This programme is designed to:

- Provide an understanding of contract structures, and how and why contracts are drafted in particular ways
- Enhance understanding of the legal principles behind contracts
- Provide an understanding of some of the main clauses in different types of agreements
- Explain the commercial impact of particular provisions
- Explore the usual models for indemnity regimes in international contracts
- Enable participants to understand the significance, and limitations of such regimes
- Help participants to understand the meaning of insurance arrangements, and the terminology used
- Ensure participants appreciate the effect of insurance, and its limitations in the management of risk
- Explain how to use contract provisions to reduce the risk of disputes
- Where disputes do arise, show how the contract can be used to minimise these disputes, and some of the methods by which disputes are resolved in international contracting (including non-traditional approaches, such as mediation)

CONFERENCE OBJECTIVES

- A more in depth understanding of the elements of a contract
- How to analyse complex contract documents, and understand the inter-relationship between clauses
- How to develop effective indemnity regimes
- Appropriate type and form of indemnities in different contracts
- How to use indemnities to manage risks
- The limitations of indemnity clauses
- How to link indemnity and insurance arrangements
- What types of insurance are available in a contracting context
- How to develop insurance clauses
- The latest thinking in dispute resolution techniques

CONFERENCE METHODOLOGY

The conference will combine conventional teaching with a high level of participation; including an interactive approach to involving participants in discussion of topics; exercises; and encouraging participants to bring their own experiences forward for discussion and debate.

CONFERENCE SUMMARY

- Expanding the expertise of personnel involved in contract negotiation and management will allow tender preparation to be more effective, as clearer instructions can be given to lawyers, and the final document can be more focused to the company's needs
- Documents will also be more effective if all parties involved in their preparation and approval are confident in their understanding of the potential effect of important clauses, and of best practice in the area concerned
- Skills learned on the course will allow contract negotiations to be conducted with more confidence, and with the ability to deal with issues quickly and with certainty, thus reducing the time taken to bring negotiations to a conclusion
- Non-lawyers will find it easier to instruct and work with specialist lawyer colleagues, improving the performance of both parties
- Dispute avoidance skills will be enhanced, as will the ability to manage such disputes as do arise in an effective manner
- Delegates will be introduced to some of the latest international practices in dispute resolution, and shown how to build such practices into their contract documents
- Heighten understanding of the meaning of contract wording, and the inter-relationship between clauses, and why contract law is important to you as either a Buyer or a Seller
- Increase working knowledge of risk, legal implications and liabilities
- Improve confidence in handling negotiations on contract wording, and an understanding of how contract wording is developed
- Improve understanding of different approaches to important issues in contracts
- The use of indemnities and insurance arrangements in major contracts, particularly in the oil and gas industry, in an international context.
- Help develop general skills with application in these areas, and to allow participants to have a better understanding of these important provisions, which are frequently not understood by those operating the contract on a day to day basis.

CONFERENCE OUTLINE

Commercial Risk and Mitigation through the Contract

- The need for contracts
- Identifying risk
- Risk mitigation or impact mitigation?
- Title
- Incoterms
- Intellectual property
- Types and nature of contracts
- Definition of terminology i.e. Conditions of contract & terms of contract etc
- Different legal systems - how to look for common practices but understand the differences

How and why Contracts are Drafted

- Why we use contracts
- Formation of a Contract
- Oral or written?
- The key elements of a contract
 - Terms and Conditions of contract
 - Liquidated damages/penalties
 - Limits of liability
 - Suspension and termination

- Acceptance and Certificates
- Guarantee/Warranty/Maintenance
- Agency issues
- The basic structure of a contract
- Incorporating documents by reference
- Standard Forms
- Incorporating tender documents
- Letters of Intent or Award
- Letters of Comfort or Awareness
- Side Letters
- Bank bonds and Guarantees
- Parent Company Guarantees

Insurance

- The purpose of insurance
- What insurance covers, and what it does not
 - Limits on cover
 - Duty to disclose information
 - Meaning of “All Risks”
- Relationship with risk management
- Types of insurance used in contract clauses
- Workmen’s compensation/employers’ liability
- Third party/liability insurance
- Property damage
- Professional indemnity/errors and omissions
- Construction All Risks
- Motor and aviation
- Marine insurance
- Hull and machinery
- Protection and indemnity (“P&I Clubs”)
- Pollution
- Goods in transit
- Business interruption
- Unfair calling cover (bonds and guarantees)
- Export credit insurance
- Who arranges?
- For whose benefit?
- Extension to subcontractors (*National Oilwell case*)
- Terms - involving contractors
- Other relevant insurances
- Insurance for projects

Indemnities

- Meaning of indemnities
- Making indemnities work - irrespective of negligence or breach of duty (the *Piper Alpha* litigation)
- Link with insurance
- Cross indemnities
- Personnel
- Property
- Catastrophe risks

- Value of covenant
- Issues with indemnities under Civil Law system
- Third parties
- Liability in negligence - relationship with contract conditions
- Claims handling
- Managing claims under project policies
- Making timely claims
- Information
- Involving insurers
- Resolving disputes
- Self insurance

Resolving Disputes

- Negotiation
- Staged Dispute Resolution clauses
- Litigation
- Arbitration
- Enforcement of Judgments and Awards
- New best practices in dispute resolution
 - Mediation
 - Conciliation
 - Early Neutral Evaluation
 - Expert determination
 - Pendulum Arbitration