



Contractors' pollution risk gets dirty in the offshore industry

This Insight is the first of a series of articles about offshore risks and insurance co-written by by Gard and [Wikborg Rein](<https://www.wr.no/en/>).

Published 02 September 2024

Offshore projects involve a substantial amount of risk, which needs to be managed through available insurance options and allocated via contractual provisions. This piece discusses the challenging industry trend of moving away from the standard knock-for-knock regime and shifting liabilities - particularly in relation to pollution - from oil companies to contractors. Not only can this result in less clear contractual provisions but it can also present an insurance challenge for contractors. With oil prices falling, resulting in less available work, contractors may not have much of a choice but to adapt to the changing face of offshore contracts. In the long-term however, this may well be a short-sighted gain for oil companies. Contractors facing likely increased insurance costs and a greater possibility of contractual disputes and therefore legal costs, may well pass these back to the oil companies through increased daily rates.

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