Actuarial competence outside insurance industry

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2018-08-25

Based on personal experience
Personal work career

Non-life
Actuarial
2 years

Life insurance
Risk management
18 years

Oil & Gas
1 year
KN – AN OIL PRODUCT AND LNG TERMINAL OPERATOR

Traditional business

- 50+ years of oil product terminal operations
- State fuel reserves terminal

Focus on strategic expansion – development, construction and operation of LNG terminals

- Klaipeda LNG terminal based on FSRU Independence
- LNG reloading and bunkering station under construction in Klaipeda
- LNG transport and bunkering vessel project for the Baltic Sea
- LNG terminal development and Advisory services
KN oil terminal
Main challenges

- Operational safety
- Business risk
  - Clients
  - Competition & market development
- Reputation risk
- Control over development projects

Is there a need for actuarial or risk management competence?
KN LNG terminal
THE RATIONALE FOR TECHNOLOGY CHOICE

FSRU (Floating Storage & Regasification Unit)

- Low capital investment cost: ✔
- Short construction schedule: ✔
- Low construction risks: ✔
- Low environmental impact: ✔
- High flexibility: ✔

Land-based terminal

- ✔
- ✗
- ✗
- ✗
- ✗

Capacity

- ✔
- ✔
- ✗
- ✔
- ✗

100% of demand in Lithuania
100% demand of vulnerable customers in all three Baltic states
90% of all demand in the Baltics states
- Protection from wind;
- Protection from ice;
- Port infrastructure;

FSRU Independence
Arrived on the 27th of October 2014

Commissioning cargo
Delivered on the 28th of October 2014

First commercial cargo
Delivered on the 23rd of December 2014

Commercial operation
First commercial send-out from 1st of January 2015
KLAIPEDA LNG TERMINAL INFRASTRUCTURE

Terminal users
- LITGAS
- LIETUVOS DUJOS
- ACHEMA

FSRU operator
- Höegh LNG

Terminal operator
- KN

Transmission system operator
- Amber Grid

FSRU
Jetty operation
Offshore connecting pipeline HDD, sub-sea, 3 km
Onshore pipeline Sub-terranean, 15 km
Gas metering station
KLAIPEDA LNG TERMINAL - IMPACT ON THE REGIONAL GAS MARKET

Gas prices for industrial consumers
(excl. taxes and levies)

Klaipėda LNG Terminal is in Operation

Sources: Eurostat
BROAD FIELD OF APPLICATION INCREASES LNG POTENTIAL IN THE REGION

- Remote gas users
- Users seeking energy security
- L-CNG solutions for public transportation
- LNG fuel
  - Maritime
  - Heavy trucks and buses
- Local regasification

[Map diagram showing current LNG consumption and potential LNG consumption areas within a 600 km radius]
Main challenges

- Operational safety
- Business risk
- Reputation risk

Is there a need for actuarial or risk management competence?
KN LNG terminal development projects
Many Emerging LNG Markets Targeting Integrated LNG to Power

Integration with floating regasification offers competitive advantages:

- Reduces time to market
- Minimizes capex, reduces stranded asset risk
- Innovative commercial structures to minimize risk
- Financial institutions backing away from coal
- Supports competitive procurement strategies
- Fuel sourcing optionality, diversification
- Scalable, flexible in complementing renewables

Sources: Wood Mackenzie Q2 LNG Tool, Cheniere Research
*Represents Wood Mackenzie's view of select emerging LNG importers, map represents a wider collection of potential LNG importers.
Main challenges

• Business risk
• Reputation risk

Is there a need for actuarial or risk management competence?
Conclusions

• Businesses outside insurance world are interesting and full of challenges
• Actuarial competence is of little use in Oil & Gas industry
• Risk management competence has more applications

It’s fun and highly interesting exploring other industries at least for your own development!
Thanks!