

AAPA Special Seminar
Emergency Preparedness and Response
July 11-13, 2006

Risk Management and Insurance
Issues

By
David Solis
Manager, Risk Management
Port of Corpus Christi

IN ORDER TO RECOVER, YOU MUST PREPARE

How quickly you recover will
depend on how well you prepared.

Preparedness

Risk Management Approach

- Identify and Analyze Loss Exposures.
- Recognize Three Dimensions of a Loss Exposure.
 1. The value exposed to loss.
 2. The peril causing loss.
 3. The financial consequences of a loss.

Perils

Natural

Hurricane

Flood

Earthquake

Tornado

Fire

Snow/Blizzard

Avian Flu

Pandemic Influenza

Man-Made

Explosion/Fire

Bio-Hazard

Chemical

Nuclear

Collision/Allision

Sinking

Mechanical

PROPERTY INSURANCE

- Insurance Brokers/Agents.

Discuss property insurance strategy. Get executive staff involved. What is your appetite for SIR.

- Statement of Values

Ensure that all property to be insured is valued correctly. Do not under or over insure. Don't forget the MIS/IT hardware/software and security cameras. Replacement Cost and agreed values.

- Photos/Video

Take annual photos or video of property.

PROPERTY INSURANCE

- All Perils Coverage.
- Business Interruption/Extra Expense
- Channel Blockage
- Contingent BI

PROPERTY INSURANCE

- All Perils Policy

1. Make sure that policy language is as broad as possible.
2. Perils should be clearly listed in policy.
3. If possible, have legal council review policy language.

Property Insurance

- Business Interruption/Extra Expense.

Adequate BI/EE should be purchased in order to provide sufficient funds to cover loss of revenues. EE will provide funds to resume operations in some sort of alternative manner. Normal payroll can be included. Submit BI worksheet.

- Contingent BI Sub-Limit.

Will provide revenues lost due to customers closing or shutting down due to damage.

POTENTIAL LIABILITY ISSUES

- Review all aspects of emergency plans. Failure to follow plans could cause litigation.
- Review agreements and contracts with tenants and customers. Who's responsible for what?
- Secure Port Property.
- Meet with tenants and customers.

Health and Safety Issues

- Recovery - long, hot, and stressful process. Employee safety and well being is crucial.
 1. Nutrition
 2. Hydration
 3. Rest
 4. Medical
 5. Housing
 6. Counseling
 7. Equipment must be safe.

CONCLUSION

- Meet with Brokers/Agents to discuss property insurance strategy. Involve executive staff.
- Ensure statement of values are correct.
- Policy language should be as broad as possible.
- Purchase all perils policy.
- Include BI/EE and contingent BI if necessary.
- Utilize legal counsel.
- Ensure health and safety of employees during recovery.