

Port Finance Seminar June 11, 2008 Insurance Update



Speakers

Moderator:

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Panel:

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Agenda

- A. Business Continuity Planning (BCP)
- B. Market Update
- C. Catastrophe Funding
- D. Modeling

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Business Continuity Planning Why Is It Important?



Goals of Business Continuity

- **Expedite reconstruction of critical physical assets and infrastructure**
- **Create financial plan thus facilitating execution of recovery**
- **Minimize impact to revenue producing business units**
- **Shows confidence to work force and company cares**
- **Maintains faith of critical suppliers and buyers**
- **Have a plan to deal with environmental contamination**
- **Protect reputation and image with media**
- **Ensure regulatory compliance**
- **Display good corporate governance**
- **Inter-Port Agreements**

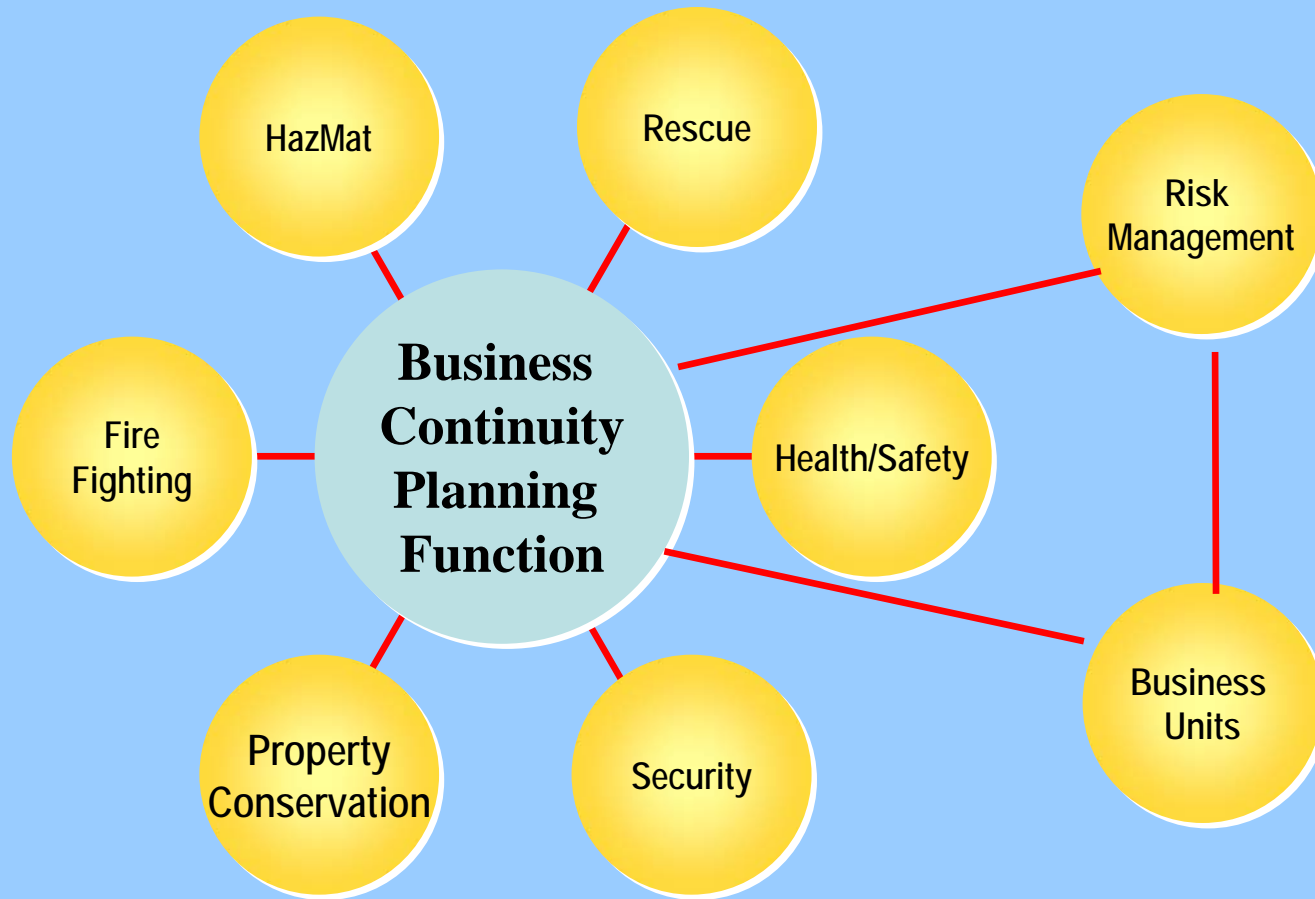
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Basic Steps to BCP

- 1. Develop objectives**
- 2. Develop roles and processes**
- 3. Test the plan**

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Stakeholders in BCP



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Insurance Market Update

- **Soft Market vs. Hard Market – Where are we today**
 - Casualty
 - Property
- **Market Pyramid**
 - Primary
 - Excess
 - Reinsurance
- **Catastrophic Events and how they effect the marketplace and your premiums and coverage**
 - Past
 - Present
 - Future
- **TRIA/Terrorism**

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Catastrophe Funding

- **Self Funding Mechanisms**
 - Risk Assessment
 - PML Identification
 - Contractual Transfer
 - “Rainy Day” Funds
- **Governmental Programs**
 - NFIP
 - State Wind Pools
 - FEMA
 - TRIA/TRIPRA
 - Development of possible Federal Catastrophic Funding Programs
- **Business Continuity Planning**
 - Loss mitigation

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Modeling

- **Benchmarking Data**
 - Historical
 - Changes after the 2005 Hurricane Season
 - Good data vs. Bad data
- **United States vs. Global**
- **Property and Business Interruption**
 - Major Deficiencies
 - Incomplete and out of date submissions
- **Major Purchaser of Modeling software – Insurance Companies**
 - Costly
 - Difficult to obtain survey information from carriers
 - Help in determining Catastrophic PML for clients
- **Earthquake Modeling has yet to be really tested.**

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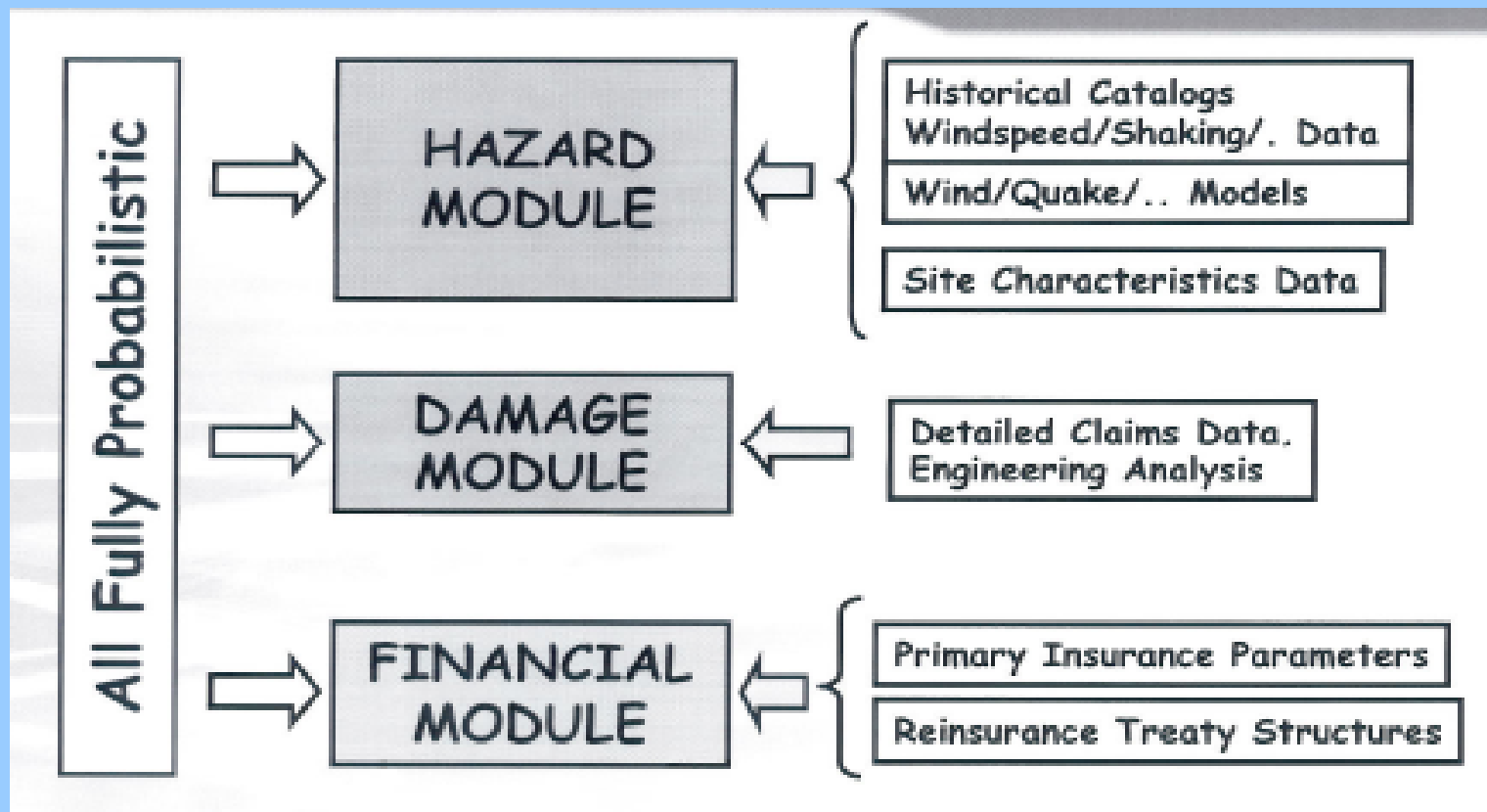
EQECAT Training

Introduction to Catastrophe Modeling

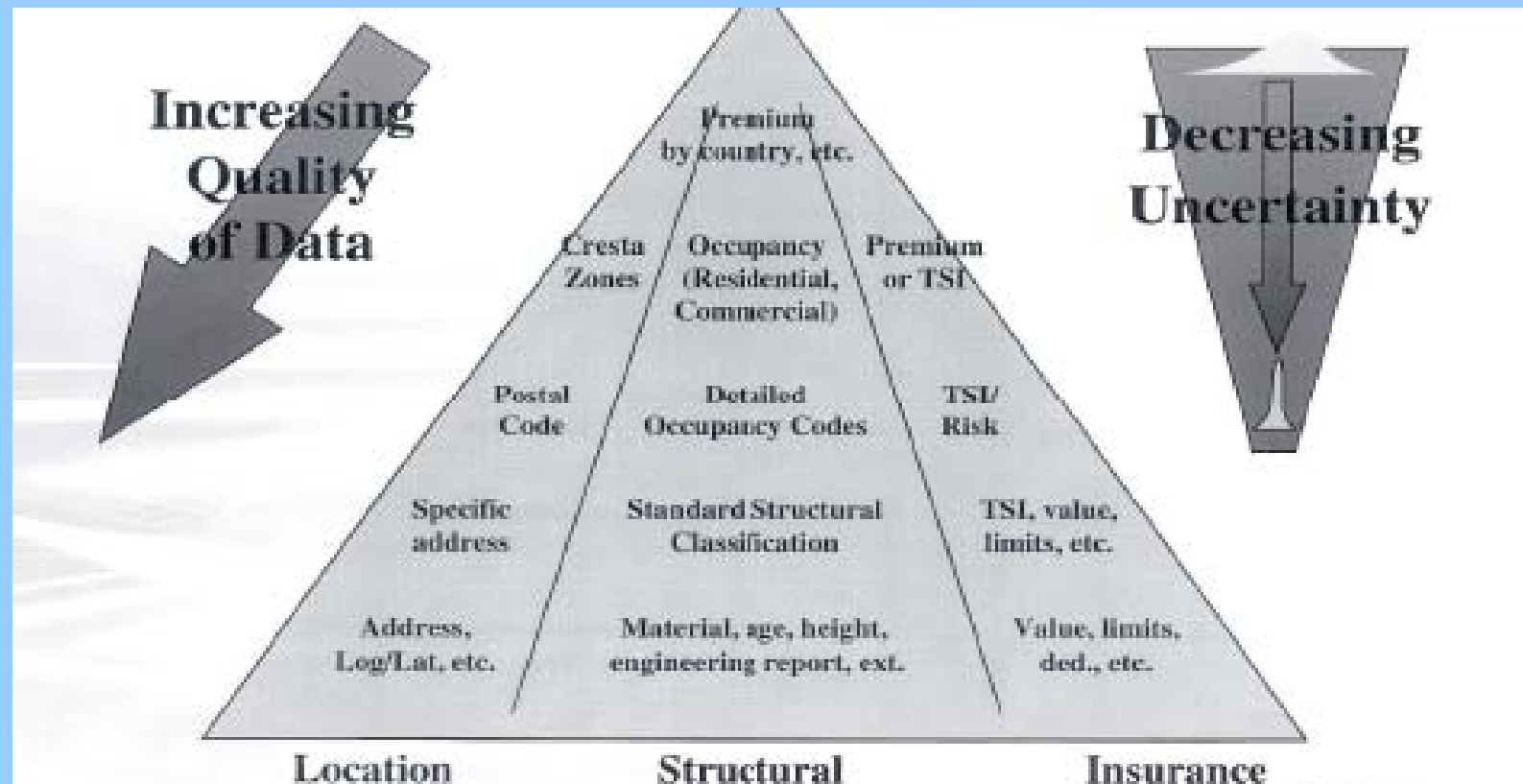


Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

EQECAT MODEL COMPONENTS



Data Quality vs Uncertainty



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