

INCIDENT TO INDEMNIFICATION PROCESS

Introduction
to major complex
loss

Seanergy

I2I PROCESS

- **Early response**
- **Protection and Preservation**
- **Root cause analysis**
- **Property damage - Technical repair**
- **Property damage - Claim recovery**
- **Business interruption - Claim recovery**
- **Do's and don'ts**

EARLY RESPONSE

Objective

- Minimize losses, no further damage
- Restore normal protection barriers (fire)
- Operate as normally as possible
- Inform stakeholders

Steps

- Visual inspection - Safety measures
- Regulate access
- Conditions internally and with stakeholders to operate normally
- Analysis insurance policy and event
- Secure evidence for root cause and technical damage

Deliverable

- Plan to secure safe site/plant
- Alternative business plan
- Communication plan
- Notification to insurers, Force majeure to suppliers/clients
- Inventory list of secured evidence material

Input

- Initial reports/interviews/ documentation on damage
- Photographs after event
- Business continuity plans – protection plans
- Insurance policy

ROOT CAUSE ANALYSIS

Objective

- Inform parties on factual root cause
- Inform stakeholders
- For insurers: declare insured even and possible subrogation of rights

Steps

- Interview and review data
- Eliminate causes
- Discuss and conclude
- Analysis insurance policy and event
- Secure evidence material

Deliverable

- Root cause analysis report
- Declaration of insured event
- Legal notification on behalf of insurers
- List of secured evidence material

Input

- Initial reports/interviews/ documentation on damage/process flows & designs/ work procedures/ data logs
- Photographs after event
- Insurance policy

PROTECTION AND PRESERVATION

Objective

- Minimize additional direct and consequential losses
- Protect undamaged parts
- Prevent non insured damage

Steps

- Removal – clean up -decontamination
- Shoring, restore utilities, prevent mold damage
- Check integrity – replace filters, preservation liquids, etc
- Consult experts on chemical effects for correct preservation

Deliverable

- Preservation Plan for correct period
- Document protection & preservation process

Input

- Technical as built drawings/lists
- Technical status reports before incident

PROPERTY DAMAGE - TECHNICAL REPAIR

Objective

- Technical repairs – like for like
- Prevent similar incident

Steps

- Removal – clean up -decontamination
- Shoring, restore utilities, prevent mold damage
- Check integrity – replace filters, preservation liquids, etc
- Log all betterments - changes - list changed capacities/technical spec's
- Gap analysis old standard vs new standards

Deliverable

- Preservation Plan for correct period
- Document protection & preservation process

Input

- Technical as built drawings/lists
- Technical status reports before incident

PROPERTY DAMAGE - CLAIM RECOVERY

Objective

- Recovery of all repair costs
- Mitigate cost of preservation & repair
- Mitigate down time period - turnaround
- What is evidenced, is paid
- Valuation is replacement cost like-for-like plus changes required by authorities to prevent new incident

Steps

- Link cost to technical status and repair actions
- All prices to be under normal commercial conditions
- Log all cost- take two copies for insurance file at source
- Analysis for replace vs repair
- Mitigation of costs
- Convince Loss adjuster of reasonable cost

Deliverable

- All work plans, testing & inspection results, photographs
- Claim document well documented with planning, repair plan and cost (external=invoices & internal=at cost)
- Decision repair vs replace

Input

- Accounts- balance sheet- historical cost – inventory reports – WIP reports
- All requisitions- PO's- contracts – all replace/repair invoices with supporting documents (material & time sheets)
- All reports of testing, inspection and repair, commissioning, start up
- Planning, organisation charts, CTR's

BUSINESS INTERRUPTION - CLAIM RECOVERY

Objective

- Claim delta trended gross margin minus actual gross margin
- Mitigate loss of margin
- Restore normal operation
- Maintain relationships with stakeholders (clients, suppliers, employees, authorities)

Steps

- Mitigation of losses - Relocation of production—reduction of operating cost
- Projection of normal operation in the repair period minus mitigations plus extra costs

Deliverable

- Proof of start up date, date of normal production/end of claim
- Claim document
- Offsetting PD to BI (acceleration cost)

Input

- Historical trends (2 years) of production, cost prices, sales prices, gross margin
- All purchase and sales contracts
- Planning for RFSU
- All forecasts, year plans, management reports, other external factors
- Repair planning, start up documentation

DO – DON'T

Do

- **Manage communication from one set of data- appoint liaisons/interface managers – maintain communication principles**
- **Inform insurers regularly, provide information requested**
- **Isolate the event from normal business**
- **Stay open for opportunities in the same outage period**
- **Segregate documents at the source – keep record in consistent manner**
- **Agree protocol with loss adjuster**
- **Make the claim understandable**
- **Maintain proactive attitude - be transparent**
- **Be honest and compliant - insurance is a matter of trust**

Don't

- **Do not provide more information than requested**
- **Do not state opinions, limit to facts only**
- **Do not create mixed bags of insured and non insured items, keep cost accounts separated**
- **Do not change working methods to maximize pay out ratio**

QUESTIONS AND ...



“Never let a good crises go to waste”