

# EXTREME WEATHER EVENTS

## The Insurance Ramifications



Polish Chamber of Insurance

May 2011

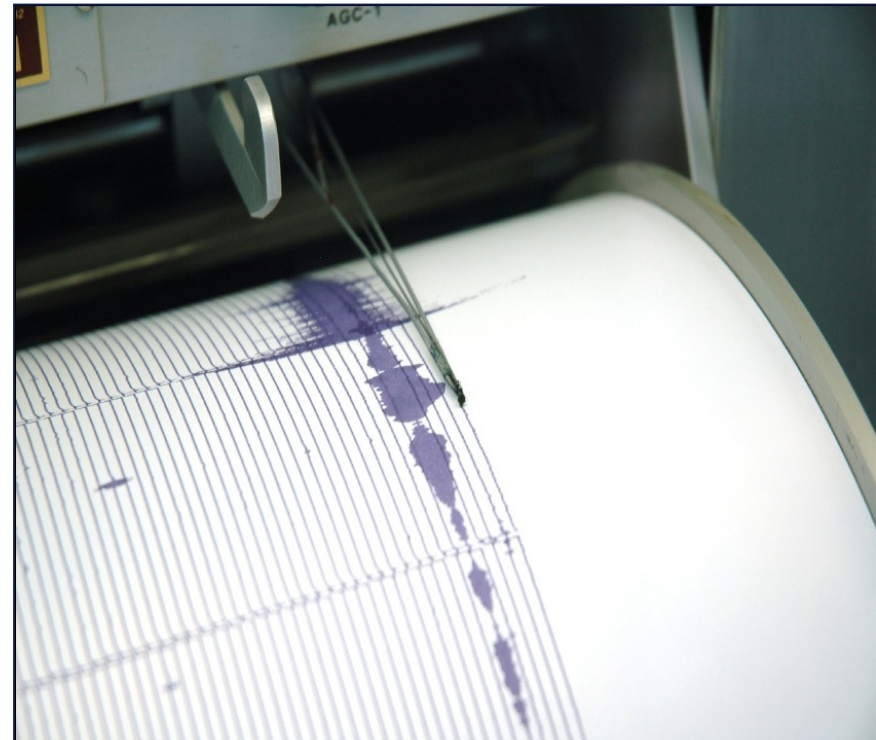
# Recent Extreme Weather Events

- The 2004 Indian Ocean Tsunami
- Hurricanes Katrina and Rita in 2005
- Queensland, Australia floods in 2008
- Sichuan earthquake in 2008
- The European storms in 2008 (Paula, Emma, Hilal, Johanna and Kirsten)



# Recent Extreme Weather Events (con'td)

- The Icelandic ash cloud in 2010.
- The Chilean earthquake in 2010.
- The Queensland, Australia floods in 2010/11.
- The Christchurch New Zealand earthquake in 2011.
- The Tohoku Japan earthquake/tsunami in 2011.



# Key Industry Sectors

- Mining.
- Energy - Oil & Gas.
- Port/Rail operators.
- Agriculture.
- Manufacturers/Retailers.
- Utilities.
- Leisure/Travel.
- Aviation - airlines and airport operators.

# Peril

- Hurricanes and Typhoons.
- Cyclone.
- Windstorm.
- Tornado.
- Rainstorm.
- Hailstorm.



# Peril (cont'd)

- Flood: Fluvial flood, pluvial flood, storm surge flood, ground water flood, flooding as a result of dam failure, debris, landslide or ice jam flood.
- Earthquake/earthquake shock.
- Seaquake.
- Volcanic Eruption.
- Tidal Wave.
- Storm surge.
- Tsunami.
- Bushfires.



# Trigger/Operative Clause

- Property damage.
- Deemed damage: Suppliers/customers.  
Loss of utility.  
Government/regulatory order- denial of access.  
Loss of attraction.



# Occurrences/Events

- Limits/sublimits.
- Deductibles.
- Causation.
- Synoptic analysis.
- Sources of water: Riverine.  
Inundation.  
Failure of water management systems  
e.g. levees.  
Water release e.g. dams.  
Water table.



# Business Interruption Issues

- Basis of Indemnification.
- ICW/AICW.
- Loss causation.
- Indemnity period.
- Extensions to cover.
- Other and special circumstances clauses -  
damage v peril.  
Orient Express Hotels case.
- Deductibles and occurrences.
- Contingent liability.

# Local Law Issues

- Favourable to policyholders?
- Misrep/non disclosure remedies.
- Late notice/breach of condition remedies.
- Payment on account.
- Interest.

# Reinsurance and Retrocession

- Event issues/aggregation.
- Hours clauses.
- Anniversary date.
- Reinstatement.
- Claims co-operation/control.
- Ex-gratia settlements.

# Lawyers for international commerce



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