Insurance in Africa
Preparing for breakdown
The dangers of flooding

Connecting Copenhagen
Reduce the unknown

BEING THE LARGEST insurer for companies in the Nordic region we are in close touch with our customers. We aim to give our best advice to keep businesses running, and to avoid expensive damages and claims – for both parts. Despite our joint efforts, there are situations when we are surprised when a claim occurs, why hadn’t anyone in the enterprise thought of that particular detail!

That’s why we are urging all our clients to reduce the unknown. It’s a challenging task, however we find it very worthwhile. In the world of today, much effort is spent on reducing risk and we foresee that these efforts will continue to increase.

However, not all unknown can become known. Thus, there is a need to have a plan for how to handle the situation if the unknown hits you. How will you deal when a claim occurs; why hadn’t anyone in the enterprise prepared for the unknown. How will you deal when a claim occurs; why hadn’t anyone in the enterprise prepared for the unknown.

“We can be better prepared for the unknown by sharing experiences.”

Niclas Ward, Head of Business Area Industrial, IF

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The changing insurance landscape according to KPMG, UK

1. Customer focus. Insurers handle large amounts of data but few have yet to use that information to both excel in customer service and develop a greater understanding of customer needs.

2. Technology. The industry will invest more in technology. Legacy systems will be overhauled and technology will play a crucial role as insurers promote digital channels and self-service options.

3. Corporate activity. We predict further insurance mergers and acquisitions.

4. Regulation. Increased regulation and disclosure requirements are a huge challenge for the insurer.

5. Business model change. Insurers will have to embark on bold business model transformation to succeed. Redesigned target operating models, risk transformation and having the right talent to deliver change are crucial.

http://blog.kpmg.co.uk/2015/02/guest-blogging-the-changing-insurance-landscape/

Mapping global risks

The Global Risks Landscape, a map of the most likely and impactful global risks puts forward that “inter-state conflict” is a foremost concern. However, 2015 differs markedly from the past, with rising technological risks, which remind us that geopolitical tensions present themselves in a very different world from before. Information flows instantly around the globe and emerging technologies have boosted the influence of new and emerging technologies.


The flood Re scheme in the UK will be a not for profit flood reinsurance fund, owned and managed by the insurance industry, and established to ensure that domestic properties in the UK at the highest risk of flooding can receive affordable cover for the flood element of their household property insurance.

Insurers will sell insurance in the normal way, and have an incentive to compete for the business of customers with high flood risk because they know they can pass the flood component element of the policy into Flood Re.

The insurance industry is paying the £10m set up costs to get Flood Re up and running. The Flood Re pool itself has two sources of income. The first is the flood element of the policies which are passed into Flood Re. A comparably, although different, scheme is Pool Re which covers insurers for losses incurred by terrorism and where some insurers choose to reinsure policies sold in case the losses are very high. This was set up in the 1990s after the IRA bombing of the City of London made insuring commercial property a greater risk.

Flood Re about to be launched in 2015

http://www.if-insurance.com


If P&C insurance does not give any guarantee thereof. It shall not be applied to any specific circumstance, nor is it intended to be relied on as providing professional advice to any specific issue or situation.
Let’s go underground

The Metro is an important part of the urban mass transport system in Copenhagen. The new extension ‘Cityringen’ is under construction and adds new routes. Several risk management challenges have to be dealt with on a daily basis in order to keep disruption to a minimum.

According to Russell Saltmarsh (Second Academy of Copenhagen), the Metro is an important part of the urban mass transport system in Copenhagen since the 17th century. Connecting Copenhagen

Cityringen is the biggest infrastructure project in Copenhagen since the 17th century. Cityringen is the biggest infrastructure project in Copenhagen since the 17th century. The Metro Company (Metroselskabet) plans to run two new lines on Cityringen – one circle route running round the entire track and one pendulum line, which will eventually run between Sydhavn and Nordhavn via the city centre. This will provide extra services for the additional passengers on the busiest part of the route. The finished lines will influence much of Copenhagen’s current transport network. It is believed that the expanded metro will replace many bus services in the inner city. As with the existing Copenhagen Metro, the new lines will consist of driverless train units and operate with a gap of less than two minutes during peak hours and include an all-night service.

Plans for the Cityringen construction were approved by the Danish Parliament on 1 June 2007, and the initial contract was awarded in January 2011, with the main construction work commencing the following summer. The contract, which covers 15 km twin bored tunnels, 17 stations and 5 shaft structures, was awarded to Copenhagen Metro Team. The construction consortium consists of three Italian companies: Salini Impregilo, Tecnimont and Seli, and in addition the building consortium has some 250 subcontractors and suppliers.

Historic construction site

If P&G Insurance is part of the group of insurers providing cover for the construction project (CAR Insurance) – public liability insurance and insuring physical damage due to the construction work and cover for the Tunnel Boring Machines (TBMs) used in the tunnelling project. The sheer number of contractors involved in the construction consortium highlights the complexity associated with large building projects like this.

Large infrastructure projects in dense urban areas create major challenges, such as considerable numbers of changes to Copenhagen city’s utility grid, which had to be implemented before the actual construction could start. Around the same time, archaeologists from the Museum of Copenhagen worked on what the museum terms “Northern Europe’s largest archaeological excavation to date”. The archaeologists discovered some remains of the ancient city gate and wall, as well as other finds that resulted in the early history of Copenhagen having to be rewritten.

The city is noted for its historic buildings, which had to be addressed in the planning and construction phase. Even though it is a challenge to build a metro in a dense city, with the narrow streets of Copenhagen, only two existing buildings have had to be demolished to make room for the new metro line and its stations.

Challenging ground conditions

As well as the 17 stations, 5 shafts have been constructed that perform a number of functions including bifurcations to the future Sydhavn and Nordhavn branches, an access ramp to the Control and Maintenance Centre, and crossovers to enable the metro to switch between tunnels. Three of the shafts are also used to launch and service the Tunnel Boring Machines (TBMs).

There are four TBMs in operation, powered by huge electric motors. The machines are approximately 110 metres long and weigh about 800 tons, and each tunnel boring machine is staffed by 10–15 people, including the ‘pilots’. The machines bore on average 10–20 metres of tunnel per day and run day and night. During the excavation, the machines will remove 3,100,000 tons of earth – roughly equivalent to 1.5 million m³. The earth is being used to reclaim land from the sea in the harbour area, expanding the new urban quarter Nordhavn.

Copenhagen is a busy city that already suffers from traffic congestion. The logistic challenges arising from transporting the earth are at the forefront to minimise the impact on the traffic from the construction sites. As work in the evenings and nights has to be limited to reduce noise disturbance, the Metro management team has to plan the transportation to and from the construction sites in detail to avoid traffic jams.

Managing risks

According to Russell Saltmarsh (Second Academy of Copenhagen), the Metro is an important part of the urban mass transport system in Copenhagen since the 17th century. Cityringen will also be extended with new stations to the urban quarters Nordhavn and Sydhavn, totalling 24 new metro stations by 2023.

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civil works at Metroskæbnet, the project has several risks that need to be mitigated.

One of the biggest risks associated with any tunnel work in a dense urban environment is the impact on the existing buildings due to settlement caused by the tunnelling, especially considering that nearly half the tunnelling is in mixed soil conditions which can be very demanding and challenging for the contractor. This was a focus area early on in the project with an assessment being carried out on all buildings within 200m of the alignment to identify sensitive or historic buildings that might be at risk of damage. Once the contractor was appointed it carried out a more detailed assessment of the buildings within a 50m corridor of the tunnel alignment. The assessment, based on predicted settlement contours from the tunnelling, follows an internationally accepted three-stage process.

For each stage of assessment, a progressively more detailed analysis is carried out until it can be demonstrated that the work will not cause damage to existing buildings, as defined in the contract, or the assessment is used to determine the mitigation measures required. In several locations, the tunnels are only a few metres below the foundations of existing buildings, or operational metro-stations. To mitigate the possibility of excessive settlement of the ground causing damage to existing buildings, specialist techniques, such as compensation grouting, have to be applied under some buildings. A sleeved pipe is grouted into a predrilled hole beneath a foundation. Cement is injected at strategic locations, which results in a controlled heave of the overlying soil and structures, mitigating the effects of settlements when the tunnel machines pass through.

For sensitive buildings, 3D analysis of the ground and building structures has been carried out, and the results of this analysis are constantly compared with the results obtained from automatic monitoring systems installed on buildings to ensure that unexpected movements can be identified immediately.

**Natural hazard risks**

Natural hazard events are other risks to consider when engaging in infrastructure construction, and “in the Copenhagen Metro construction the flood risk is the dominant natural hazard risk,” says Morten Erfurt Hansen, CAR Underwriter at If P&C Insurance. Flooding events have been thoroughly analysed both for the construction phase and the operational phase. Consideration of the flood risk started during the preliminary design phase with hydraulic modelling of the entire city to model ‘flood events’ taking account of climate change. This allowed the engineers to set flood threshold levels for both the temporary and permanent conditions, which were included in the contract requirements. This, together with the contractors’ own risk assessment and mitigation measures, has mitigated the flood risk as far as possible.

**Safety standards**

“The CAR insurance coverage is foremost there to cover the very rare and unexpected extreme events that can’t be mitigated,” says Gary Taylor, Project Director, Civil Work Management at Metroskæbnet. Risk assessments and day-to-day risk mitigation are managed by the internal risk management organisation, following contractual requirements to comply with international best practice and standards.

There are two codes of practice for risk management on tunnelling projects, one produced by the British Tunnelling Society (BTS) and one produced by the International Tunnelling Insurance Group (ITIG). “Both documents are very similar but we reference A Code of Practice for Risk Management of Tunnel Works (ITIG),” says Guy Taylor, Project Director, Civil Work Management at Metroskæbnet. Risk assessments and day-to-day risk mitigation are managed by the internal risk management organisation, following contractual requirements to comply with international best practice and standards.

The average travelling speed of the trains through the city will be 40 km/h, including stops at stations. It is estimated that by 2025, 130 million passengers will be travelling on the Copenhagen Metro system annually.

Infrastructure development is critical to support social progress and economic growth. Currently, large building projects in energy, transport, water supply and telecommunications are taking place throughout the Nordic Region, and If P&C Insurance and the insurance industry as a whole support these enormous investments as risk consultants and risk carriers.

Fredrik Holmqvist
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The project has a material loss. A delay cannot be avoided. What can be done?

Companies or communities start a project with the object of producing profit or satisfying the needs. When the project has been successful, it is put to use within a planned time schedule. In the case that the project faces a loss that causes it to be delayed and the operational phase to move, the principal suffers a loss before making a profit. The principal can cover himself/herself against such a loss in several ways. Principals can be careful when choosing contractors and suppliers to realize his/her project. He/she can also require all parties of the project to ensure a high level of risk management during the project phases. Despite all the safety measures, taken to secure the project, the principal can suffer physical loss, causing a delay in profit income. The principal can take out insurance against physical losses during the project phase to ensure his/her profit income.

**Insurance for Delay in Start-up**

The object of Delay in Start-up insurance is to indemnify the principal for the losses sustained due to a delay in the completion of the insured works. One condition of the indemnification is that all the project works are also insured as well as the direct physical loss is covered according to the insurance conditions. Contractors’ All Risks, Erection All Risks or Comprehensive Project Insurance has to be taken out by the principal as the indemnity of Delay in Start-up insurance is on the underwriting project works coverage. The indemnity follows the normal loss of profit calculation principles where the basis of the sum insured is the gross profit. The indemnity period is normally set to the time needed to rebuild the project in a worst case scenario. The indemnity period is expressed in months after the originally planned time schedule for the works. The Delay in Start-up indemnity period is shorter than the repair period after the loss has occurred. This happens due to the expediting of the works after the loss and before the date of the planned commercial operation.

In case the physical loss has delayed the commercial start day, the principal still has a deductible period as his/her own commercial operations have started without loss. Deductible Period is also known as waiting period or time required to settle. The Deductible Period is agreed with the principal and insurer at the same kind of calculations as those on which the sum insured has been specified.

**Active Risk Management** measures are required from the principal who is insured. These risk management actions focus on the project works part to prevent possible losses. Insurers also demand other obligations from the principal to fulfill DSU insurance conditions. The level of obligations depends on how big the project is and the severity of the exposure of the principal’s occupancy cost on the insurer’s balance sheet. Insurers can demand that the principal provide information on a regular basis regarding actual work progress including different parts of the project, updating the scheduled date of hand-over and information on material damages that may contribute to a delay. Insurers can also perform site visits to inspect the level of risk management and progress of the site. Insurers very often involve external experts or consultant to follow up what happens on the insured site and the progress.

The principal can take out insurance against physical losses during the project phase.

“The principal can take out insurance against physical losses during the project phase.”
Insurance solutions for investing in Africa

Billion-euro investments in Africa by major Nordic firms demand a great deal from insurance companies. “If is able to offer customers investing in Africa a much wider and high-quality partner network than those of its Nordic competitors,” promises Mia Himberg, Head of International Partner Network.

In Africa, the insurance sector is heavily regulated. The aim is to protect African insurance companies from international competition. Add in legislation-related differences and local insurance rules and practices, and the need for reliable and local expertise in insurance matters becomes all too apparent. Mia Himberg believes that customers should present their business plans at an early stage, so that a network of services can be built based on the customers’ needs.

**IF’S PARTNER, THE pan-African Globus has the largest network in Africa**

The pan-African Globus has its largest network in Africa. About 80 Swedish, 250 Danish, 66 Finnish and 94 Norwegian firms now have operations on the African continent, and many have established a subsidiary there.

African countries with a total of about 600 insurance companies and 40 reinsurance companies. If offers a wide range of insurance solutions in support of customers operating in Africa.

“The pan-African Globus was selected as our partner in 2012, because it has the largest network in Africa, and its member companies represent the biggest local actors on the markets,” notes Mia Himberg.

**Expanding operations into new countries poses new types of risks and surprises from the administrative perspective and, above all, involves a decision on who will be responsible for safeguarding the company’s balance sheet. Cultural differences and language problems often have a major impact on the way risks and insurance matters are managed.**

In the case of more complex loss events, If makes use of international loss adjusters. Claims Director Mike Freeman of If’s London office is closely connected with the best inspection and assessment companies in the business. “In the case of major losses, we know who to contact,” says Heini Heideman and Annabelle Fiori.

**IF’S RISK MANAGEMENT JOURNAL 1/2015**

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As a rule, an unregistered foreign insurance company is not allowed to insure against local risks. Harmonisation efforts can also be seen in the way in which the ‘cash before cover’ principle has become more common. This refers to the insurance cover being valid only when the premiums have been paid.

Regional Manager Heini Heideman and her colleagues establish and manage relations with network partners and develop processes that guarantee or ensure the management of local insurance links to Global Programmes.

“The worldwide programme of a single Nordic country can include more than 50 local policies. If’s customers have more than 2,000 local policies in over a hundred countries,” Heini Heideman elaborates.

Demand for international travel insurance is also growing rapidly. This is usually the first insurance policy to be taken out at the launch phase of new projects. As operations expand, this type of cover is supplemented by project, liability and property insurances.

**WITHOUT IF’S PARIS office and the contribution of the French Annabelle Fiori, it is unlikely that If would be offering a service concept of the kind it now provides to customers operating in Africa.**

French is the official language in almost half of all African countries, and the harmonisation of insurance legislation has advanced furthest in the member countries of the CIMA (Conférence Interafricaine des Marchés d’Assurances), which are former French colonies, says Annabelle Fiori of If’s Paris office.

Annabelle specialises in international business and liability insurance underwriting, due to which she is already familiar with the standards required by If’s customers. These are key qualities in the management of everyday insurance issues.

“I am at almost daily contact with the Globus hub.”

As a Regional Manager, Annabelle Fiori is responsible for Africa in general and for the French-speaking countries of Africa in particular.

“The more familiar we are with the local insurance markets and legislation, the easier it is for us to sell international services to our customers,” say both Heini Heideman and Annabelle Fiori.

In the case of more complex loss events, If makes use of international loss adjusters. Claims Director Mike Freeman of If’s London office is closely connected with the best inspection and assessment companies in the business. “In the case of major losses, we know who to contact,” say Heini Heideman and Annabelle Fiori.

**Photographs:** Shutterstock
Contracts are the cornerstone of any business transaction. A good contract ensures delivery of the agreed quality at the agreed price and time.

Managing risks in contracts

Companies that do not focus on contract management often fail to meet expectations with regard to the quality of the product or service and the handling of risks. Not only does a good contract ensure delivery of the agreed quality at the agreed price and at the agreed time, but also when it comes to liability cases, the company’s legal position will often be favourable if it has drafted and managed its contract well.

As the volume and complexity of the business increases, so does the risk exposure, and it is a fact that the number of claims and contract disputes over the last years has increased. Even highly professional companies are aware that unless suitable disciplines are put in place contracts cannot fully avoid the risk of becoming involved in disputes with their contract partners. When the dispute is a fact, the relationship between the parties often turns sour, and the losses can be significant.

It’s clients operate in a wide range of fields, from manufacturing of goods to design of buildings, construction, energy production, fish farming, providing consultancy services, etc. When faced with a liability claim or a lawsuit, the companies turn to their liability insurer and the insurance company and the insured party together will start the work of evaluating the claim.

Each reported case has its own dynamics. The claim could be of a technical nature, which is often the case in producer liability claims, or it could be of a strict legal nature. No matter the context, in order to provide good legal advice, the company needs to have an in-depth knowledge of the insured party’s area of expertise and the legal framework within which the insured party operates. An important part of the legal assessment involves reviewing any contracts that may exist between the claimant and our insured party.

Some of our cases have involved complex projects, such as in which the publisher in question was asked to check for copyright issues. The publisher in question was asked to check for copyright issues.

However, the problem is not normally the quality of the policy itself but that the quality of the policy itself but that the policy does not include all the necessary terms and conditions to provide the appropriate coverage. If the insurer is not aware of all the necessary terms and conditions to provide the appropriate coverage, it may be difficult or impossible to obtain the necessary coverage.

2. Negotiations

• Are the negotiations handled in the best way possible?

In one of our cases, the take-home lesson for our client was that it was overpowered in the negotiation phase, leaving it little or no bargaining power. The company was represented by a bargaining team consisting of technical and legal experts who were highly skilled at what they did but had little experience in negotiation. Its contract partners, on the other hand, was a sales person who was very business smart and had managed to persuade his counterparty to accept what turned out to be highly unfavourable terms and conditions.

The technical company’s management later acknowledged an improvement area when it came to negotiation. The lesson was that it would be wise not to be yet another person with technical expertise but a person who could strengthen its client team with negotiation skills and build future customer relations.

1. Contract drafting

• Read your clients’ terms of delivery/contract wording thoroughly, even though they may be standard wording. Your counterpart’s contract could carve out some of the benefits you intended for yourself in the transaction. Keep an active approach and seek to clarify such differences, do not rely solely on your own standard terms of delivery to ‘outdo’ those of your counterpart.

• Choice of law and venue is an important, but often overlooked, part of the contract. These issues are often dealt with in the late phases of the negotiations when most other conditions are agreed upon. The parties, content that the major issues are in place, sometimes fail to analyse the legal and practical consequences of choosing a foreign law or venue. When accepting a certain choice of law, you must know how this impacts the interpretation of the contract, and in some venues certain contract clauses may be unenforceable. Before accepting a venue, you should consider whether there are practicalities that need to be sorted out and what cost you would incur if you had to establish a legal defence in a foreign venue.

• Review your contracts from time to time. Your terms of delivery or other contracts may not always be up to date with your current needs. Should there be a change in your business strategy, your contracts should be harmonized. If you take over new business, make sure the contract structure fits the existing one of the company or take advantage of the ‘best practice’ from each company.

• Before contract reviews, involve stakeholders that are or may be responsible for contracts within their department. Get them involved so they understand the key legal and business risk factors associated with each party and contract type and identify the areas of focus.

• When changes are made to a contract, the contract obligations should be aligned with the terms and conditions of the company’s insurance policies. If the insurance company has accepted a risk provided that a certain condition is in place, you should ensure that the new agreement does not create problems in relation to insurance coverage.

In one case, one of our insured parties, a small architect firm, faced a liability claim of several million euros. When the claim’s handler asked the insured party to confirm that it had used a certain agreed document that was a condition of full coverage in its liability policy, the architect did not know if this was in place.

This uncertainty caused a great deal of tension within the architect’s company before it could eventually establish that the agreed document had indeed been included in its contract and that it had full insurance coverage.
3. Documentation and contract storage

- We see many cases that are lost due to lack of documentation. Make sure the contract itself is stored safely and do not forget to keep also any emails and other written communications that could help clarify the parties’ intentions. In professional indemnity cases, in particular, though this could also be true for other cases, the courts expect the professional to ensure that any advice or agreement is documented in writing. Provided that the client has a reasonable argument for his/her disagreement with his/her counterpart’s interpretation, the professional will be carrying the burden of proof. This means that, e.g., a lawyer, an accountant or a real estate broker who relies solely on trust and ‘gentlemen’s agreements’ with his/her client risks losing any disagreement that could spring out of the case, whether due to misunderstandings or the client suddenly seeming to ‘remember’ details of a conversation in a different way. We have represented many insured parties that in hindsight must acknowledge that the litigation in which they became involved could have been avoided by one short email summarizing what the parties had agreed upon.

Conclusions

Clients who have an in-depth understanding of their own contracts and have thoroughly analysed what could go wrong have a better chance of avoiding misunderstandings and unwanted incidents. Clear wording will allocate responsibility for fulfilment of contractual duties.

Several cases we have dealt with have involved previous business partners who had not been clear enough on what they expected from each other in the project, causing disagreement and lack of trust. Their underperformance under the contract eventually led to financial loss for parties down the contract chain. Even though the liability claim was a heavy burden for the performance under the contract eventually led to financial loss for parties down the contract chain, while at the same time, lack of documentation would have increased the chances of misunderstandings and receiving a claim are less likely.

However, if a claim is filed, clear expectations in a contract could facilitate managing the claim and assessing the litigation risk, which again could ease potential settlement discussions. Resolving the dispute through settlement is often a good solution for the parties, as this could minimize friction and help the parties resume a business relationship afterwards.

One lesson is vital: the value of good contracts is realized only after they have been signed.

If a contract is drafted with clear wording on the scope of work or delivery and the parties’ duties within the contract, while at the same time implementing a limitation of liability suitable to the line of business operated within, the chances of misunderstandings and receiving a claim are less likely. However, if a claim is filed, clear expectations in a contract could facilitate managing the claim and assessing the litigation risk, which again could ease potential settlement discussions. Resolving the dispute through settlement is often a good solution for the parties, as this could minimize friction and help the parties resume a business relationship afterwards.

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The ACA regulates the obligations for an individual and members of their household to have health insurance, called the Individual Mandate. The demands on the insurance coverage contains for example compulsory preventative coverage, guarantee for renewal, no exclusion for preexisting conditions for individual members on a plan and restrictions to annual or lifetime limits. If the individual doesn’t have the mandatory insurance coverage they may have to pay a penalty, within the individual’s federal income tax return.

The ACA also requires large employers with an average of 50 or more full-time employees, to provide a minimum essential coverage (MEC) to their employees. A non-U.S. employer can be a large employer based on the number of full-time employees providing services within the U.S. A failure by an applicable large employer to offer compliant health coverage may subject them to penalties under certain conditions.

The effective date of the Individual mandate was Jan 1, 2014 and for the Employer mandate Jan 1, 2015.

The U.S. government has not yet given clear instructions how to apply the ACA requirements for employers expatriated to and from the U.S. It is for example unclear if all expatriate plans guaranteed by foreign governments will be regarded as MEC. The individual mandate likely applies to expatriates who are employed by a U.S. company and are sent on assignment to work abroad. There are exclusions from this rule, for example depending on time limits. The ACA regulations also includes foreign nationals employed by non-U.S. companies sent to work in the U.S., however there are exemptions that may be applicable. For example no penalty seems to be applicable if the assignment period is less than twelve months.

The individual penalties for failing to fulfill the ACA requirements may create additional costs for the employer if the assignment policy requires the employer to reimburse the expense for the tax penalties.

It is likely that an ACA compliant insurance will become one criteria for the Immigration department to give visa in the future.

If is closely following the ACA implementation and practices. We recommend that expatriate policyholders contact their local HR experts in the U.S. Each individual expatriate employment contract should be analyzed in order to plan how to avoid tax implications and company fines.

Read more:
www.obamacarefacts.com/obamacare-facts/
www.healthcares.gov

Obamacare - the new U.S. health reform

Be Patient Protection and Affordable Care Act (ACA), often called Obamacare, was signed into law by Barack Obama in year 2010. The purpose of the Act was to ensure that all Americans have access to affordable, quality health care while at the same time reducing health care costs via the government healthcare programs (Medicare/Medicaid).

Four years ago the uninsured population in the U.S. was almost 50 million, or approximately 18% of the whole population. The ACA is expected to facilitate coverage for additional 30 million persons. High-level areas of potential impact from this reform on the medical claims are accelerated medical costs and higher waiting time for treatments. On the other side, on a long term basis one can expect a healthier workforce which will have positive influence on claims duration, severity and successful return to work.

The ACA requirements for individuals and companies is realized only after they have been signed. Each individual expatriate employment contract should be analyzed in order to plan how to avoid tax implications and company fines.

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The effective date of the Individual mandate was Jan 1, 2014 and for the Employer mandate Jan 1, 2015.
Power plants in a changing world

Thermal power-generating facilities are aging fast. It has been estimated that nearly half of the production capacity operating in 2030 must be built in the years 2010–2030.

At the same time, the role of thermal power as a provider of base load is changing because of the increasing focus on intermittent renewable energy sources. The integration of wind and solar power systems has introduced additional variations into the system. Alongside fluctuating demand, there is an increasing amount of fluctuating supply with priority feed-in. All this results in increasing variability of supply and thus the need for reserve, balance and back-up power increases.

As a result, aging power plants are required to adapt to flexible operation in response to changes in the demand for electrical power. To extend the life and manage the maintenance of plants, advanced preventive maintenance technologies are becoming more important.

Operators of power plants and, especially, turbines are faced with the requirement replaced by reliability- and condition-based criteria in a growing number of power plants.

With aging equipment, the number of machinery breakdowns is bound to increase. Theoretically, the rate of machinery breakdowns compared with the operating time can be demonstrated with a bathtub curve.

In IF′s experience, the theory behind the bathtub curve reflects the reality quite well. The challenge for the power plant owners and operators is to measure, analyse and make the correct assumptions about the condition of their machinery and decide both the schedule and the scope of the maintenance.

The most likely risk of breakdown must be predicted as accurately as possible in advance including a profile of the duration of breakdowns. The timeline for machinery breakdowns is presented in Figure 1. With this information it is possible to develop maintenance investment strategies based on risk assessment, not purely on OEM recommendations.

Together with intelligent maintenance procedures, it is important to have a well-thought-out back-up plan and to consider its risks. In many cases, after the initial breakdown the back-up plan also fails. Old power plants have been downgraded to be operated as peak load and back-up plants. The maintenance strategy for these plants is usually based on corrective action, and when needed in emergency situations the start-up can be anything but easy.

Due to the shape of the bathtub curve, the maintenance operations should be executed with a reduced maintenance interval during the ‘Infant mortality’ period. “Wear out” period. After the ‘Infant mortality’ period the maintenance interval can be lengthened if machinery breakdown analyses support this.

Breakdowns during the ‘Infant mortality’ period are usually related to problems during the machinery design, construction, commissioning and start-up period and are hard to predict and prevent. The machinery breakdowns that can be eradicated with good condition monitoring are related to wear and tear, and the ‘constant failures’ and ‘wear out failures’ periods in Figure 2. If the operation philosophy or nominal values differ from those originally designed, the wear and tear failures are bound to increase. The machinery will be aging technically more rapidly than expected. Wear out failures will keep growing despite investments in maintenance.

With different operating philosophies, the Replacement Asset Value (RAV) of machinery will grow too large to bear soon after its design.

The RAV tells you how well your expenditure on capital equipment is being looked after. At 20%, the RAV maintenance cost has increased so much that it is possible to buy a new machine every five years.

At high RAV, machinery is very expensive to maintain and reflects the following possibilities:

- aggressive operation conditions
- poor operating and maintenance practices
- substandard product quality

Maintenance strategies

Different maintenance strategies can usually be described with the following terms:

- periodic

Prepared by: Siemens

Figure 1. Machinery breakdown timeline

RAV (%) = annual maintenance cost × 100
Maintained Assets Replacement Value

Figure 2. Bathtub curve of machinery breakdown

Condition starts to change

Preventing time

Vibrations detected by analyser

Excessive friction, particles in oil

Anaerobic acids

Heat

Smoke

Breakdown

Operating hours

Decreasing failure rate

Constant failure rate

Increasing failure rate

Observed failures

Constant (random) failures

Wear out failures

Early Stator Stator

Stator Rotor

Constant failures

Weakest Link

Observed failures
• condition based
• corrective action based

A periodic maintenance strategy is usually defined in the OEM instructions. It is based on the total operating hours, machinery age, number of start-ups and shut-downs and sometimes also has limitations for stand-still time. This is the basis for further maintenance strategy development if necessary.

Condition based maintenance is defined by the machinery operator experts or external experts (can also be OEM) based on different measurements and analysis made during the machinery operating hours and revision findings. Condition based maintenance is the most efficient maintenance strategy, but it is also the most time- and resource-consuming. Corrective action based maintenance is a strategy in which machinery is repaired or changed after breakdown. This has a huge negative impact on plant reliability.

As stated before, excessive maintenance is expensive. It is also important to realize that during maintenance the machine is very vulnerable. There can be numerous incidents during revisions and the revision crew can also make mistakes.

With a condition-based maintenance strategy, the total maintenance costs are kept as low as reasonably possible. The maintenance strategies should start with the OEM recommendations, but after knowledge of the machinery accumulates, the development of maintenance investment strategies can be based on risk assessment and revision findings not purely on OEM recommendations. However, the recommended maintenance intervals should not be significantly exceeded.

After a trip of the machine or suspectable reasons for alarm or trip and condition necessary works before trying to start up the machine again. Finally, it is very important to understand that revision of machinery does not make them new.

Revision procurement
Larger power plant operators usually have their own revision crews that circulate their power plants performing maintenance and turbine revisions. Power plant operators with fewer turbines usually procure the revision works from an OEM, other turbine manufacturers or independent companies. In this case, however, the time between revisions can be close to ten years. During this time, the lessons from the previous revision may be forgotten or personnel may have changed.

In both cases the project can benefit from hiring an external expert as the owner’s engineer. An outsider’s view and experiences will provide different opinions and can benchmark the quality of works to other power companies.

An owner’s engineer represents the project owner during the design, development and construction phase to confirm that the work is executed well and within legal standards. Though it may not seem intuitive, hiring an owner’s engineer can actually reduce a project’s overall costs. The expense of the owner’s engineer is often counterbalanced by savings obtained through tight control of the different project sectors. This third party is not directly involved in the design and construction project, instead it acts as an advocate for the owner to apply due diligence. Typically, an entire engineering company, rather than an individual engineer, provides this service. The owner’s engineers can include a team of people from different engineering specialties.

After the revision, the condition of the machinery should be estimated with suitable measurements. These measurements will provide the base level to which the turbine will be compared in the future. Comparing these figures to the ones recorded after the turbine commissioning will give an estimation of the remaining technical lifetime of a turbine. The confirmed condition of the turbine during the revision will be the basis for adjusting the turbine maintenance and revision schedule and operations.

Soon after the revision is finished, all the information, documents, measuring and testing data should be collected and stored. All participants should give their estimations of the project with improvements considerations for the next revision.

Testing of the safety equipment
In most of the cases, the proper functioning of the safety equipment has been the dividing factor between unscheduled downtime and catastrophe. Thus, maintaining, improving and testing the safety features is extremely important. Testing should be done as a routine in the plant. The execution of these tests should be properly documented together with possible problems detected. Working with an OEM helps to develop a test procedure and the necessary documentation.

When possible, testing procedures as well as start-up and shut-down procedures should be observed from the control room as well as in the field. The role of the field operators is to ensure that all functions are working as expected without any extraordinary findings.

For turbines, trip throttle valves, turbine trip valves, governor valves and steam extraction, check valves should be exercised weekly to reduce the probability of stuck valves. Replacing mechanical governors and mechanical overspeed protection devices with electronic governors and electronic overspeed protection systems is highly recommended. All turbine-related testing should be done according to well-documented procedures together with operators qualified for the procedures. Testing of the safety equipment poses a high risk to the production with out well thought-out and meticulously executed testing procedures.

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**Figure 3. Maintenance strategies**

<table>
<thead>
<tr>
<th>Total cost</th>
<th>Repair cost</th>
<th>Prevention cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic maintenance</td>
<td>Condition based maintenance</td>
<td>Corrective action based maintenance</td>
</tr>
</tbody>
</table>

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**Table:**

<table>
<thead>
<tr>
<th>Period</th>
<th>Maintenance Strategy</th>
<th>Number of Failures</th>
<th>Repair Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic maintenance</td>
<td>Condition based maintenance</td>
<td>Corrective action based maintenance</td>
<td>Number of Failures</td>
<td>Repair Cost</td>
</tr>
<tr>
<td>Preventive</td>
<td>50</td>
<td>10</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>Corrective</td>
<td>20</td>
<td>20</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

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**Mikko Etelämäki**

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to a new country, novel challenges can arise: difficult conditions, political uncer-
tainty, or health risks. For example, recent events and other economic and political upheaval in Rus-
sia are being continuously monitored. In Nuotto’s opinion, this means that unex-
pected geopolitical issues will pose new kinds of risks over the next few years. Due to the situation in Russia, it has be-
come noticeably more challenging to persuade some employees to go there on se-
condments.

“However, as a rule, our employ-
es have been happy to work all over the world. Training employees to work in a new country of secondment is part of good human resources management. The signiﬁcance of this is emphasised when the location is in a risk area and condi-
tions are diﬁcult.”

PREPARING FOR CHANGE is a prereq-
usite of good HR operations. The pre-
diction of personal, health and safety risks is a key part of the HR strategy of today’s businesses. In addition, Nuotto regards the prediction of health risks as a key is-
sue in corporate HR.

“It is particularly important to antici-
pate any risks — to prepare, train and in-
form. We ensure that employees’ insur-
ance cover, health issues and travel safe-

ty are in order. By training our employ-
ees, we aim to make sure that they are as well prepared as possible. Good prepara-
tion is part of taking care of our employ-
es,” Nuotto emphasises.

Outotec’s customers are sometimes lo-
cated in more remote parts of countries where, for example, the standard of oc-
cupational healthcare services can leave something to be desired. Last year’s E-
sla outbreak was a risk which Outotec also had to prepare for. In addition, em-
ployees themselves tend to be most con-
cerned about possible health risks. How-
ever, even the best strategy is not water-
tight and unexpected incidents can occur.

“In the last few years, we have noticed that situations can change fairly quickly — an environment that is stable one minute can become challenging the next,” Nuotto points out.

However, good preparation has been highly beneﬁcial for Outotec and minor robberies are the worst situations faced by its employees in recent times. Nuotto nevertheless still regards continuous de-
velopment as an area in need of attention. Safety issues should be borne in mind by all companies and should be run through regularly so that employees can learn how to act going forward.

NATURAL DISASTERS are also a cause of much deliberation in HR and prep-
arations for these are as careful as possi-
ble. According to Nuotto, employees have been flown home due to incidents such as earthquakes, but demonstrations and other safety risks are also treated with equal concern.

Outotec is well aware of where its em-
ployees are working at any given time. Employees receive targeted information on events in their working areas, through a text message service provided by SOS. In addition to everyday issues, such as flight cancellations, the service provides information about safety issues.

“Through this service, our employ-
es receive information on their mobile phones if, for example, they need to avoid certain high-risk areas,” Nuotto explains.

Although the company’s process works well, the help of local authorities and oth-
er people is needed in more serious sit-
uations. Nuotto, who was also working in HR at the time of the Boxing Day tsu-
nae, emphasises the human aspect of her work. Feedback from Outotec’s own em-
ployees and their families on work done in successful anticipation of problems provides Nuotto with her greatest suc-
cesses.

“I often compare this to a doctor’s work — you must remember to treat peo-
ple with respect. In HR management, you get to see all sides of life. You need to work as professional as possible even in unpleasant situations, although that is not always easy.”

IN NUOTTO’S OPINION, securing skills in both the short and long term is an area in need of development in Finnish com-
panies. At Outotec, this is supported by activities such as mentoring among em-
ployees, which is seen as an important bridge between generations and cultures. A long-standing expert who has acted as a mentor for dozens of younger col-
leagues is extremely valuable to a com-
pany.

“In a rapidly changing world, the dis-
semination of knowledge and skills is very important. In addition to good leader-
ship, the sharing of information between employees is of great importance. If you have no experience, you have no knowl-
edge, either.”

Even if the culture of the country in which you are working is different from your own, a harmonious corporate cul-
ture pulls employees together.

“Shared values, a common mission and meaningful work are the factors that bring people together,” Nuotto contin-
ues.

Attracting and retaining good experts always forms part of the main HR agen-
da. Good human resources management

aims to make employees commit to their work and to long careers. Varied tasks of-
fered by the company and factors such as job rotation opportunities, which take employees from one department or conti-
nent to another, assist in this process.

“The development of an inspiring and engaging corporate culture is therefore an important focus area for everyone,” Nuotto concludes.

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Kiri Nuotto
Senior Vice President, Human Capital

“Safety issues should be borne in mind by all companies and should be run through regularly so that employees can learn how to act going forward.”
When property is at risk of flooding there are large amounts of money at stake. Apart from the damage it causes to buildings and other structures, flooding also disrupts production which subsequently affects a company’s ability to fulfil contracts and meet deadlines."

A permanent solution

The danger of the river Numedalslågen overflowing its banks is not the only threat. In the 1970s, a bay along the west bank of the river was filled with blasted rocks. The new ground is five metres above the river, three metres away from spilling over the levee. Nearly one thousand cubic metres of rocks had to be removed.

A wall of steel

The flooding in 2007 made the responsible parties realise that there was a real risk of the water quite simply lifting the entire KDA building and causing irreparable damage. “It was absolutely clear that major investments were required to address this problem once and for all,” Frode Skistad remarks.

Preparations have been under way for a long time and considerable focus has been placed on the effects of the construction on buildings on the opposite side of the river and on the environment. All the filling material is to be washed to ensure it has no adverse impact on the freshwater mussels and other species in the river.

The construction work began in January this year and completion is expected by the autumn.

Naturally, there are risks involved. "What worries me the most is if there is a major flooding later on this year," says Sigmar Karason, the Project Manager. "Should that happen, all the work we have done will be washed away and we’ll have to start all over again. We also have to be mindful when pounding the steel wall into the riverbed, as this causes the ground to shake and many of the businesses in the Technology Park are high-tech companies whose activities are sensitive to this type of disturbance." Frode Skistad adds that it is important to inspect and monitor the quality of construction at every stage.

“Such a project requires extreme accuracy and thoroughness,” he says.

"It would not be easy to find a leak in the barrier." Anders Roervik Ellingbø, who is Head of Risk Management at If Industrial, Norway is impressed by the project.

“There is a real risk of Kongsberg being hit by devastating flooding,” he says. "From what we can gather, climate change will cause the water levels in the river Numedalslågen to rise even more in the future. The Technology Park is acting in a responsible, long-term way by investing in safety and taking steps to reduce future damage. It is setting an example for others who have business operations in vulnerable areas," he says.
The image of a company is weighed in times of crisis. Image is valuable capital for businesses, and it must be protected, developed and managed.

Building the image of a company requires long-term quality management. Every business executive should pose at least three questions to their organizations. Do we know what the image of our company is? Do we take our image seriously? Can we protect our company’s image in a crisis?

“Illustrations and online skills of the opinion builders can be utilized to support the company’s product development, for example. On the other hand, opinion builders are sensitive and will waste no time in reacting, accomplishing image crises when they feel the company is not acting as expected or is doing something wrong.”

In the worst case, online image builders can take stronger action: we all have heard of boycotts, activism and cyber-terrorism, denial of service attacks and viruses in recent news.

“Online opinion builders are, naturally, not always right when they criticize companies, but this does not necessarily matter in the image war waged in public. Dialogue takes place between reality and images. Companies must actively participate in the dialogue, while accepting the reality that factual arguments may not be heard the way they should. Actions and their credibility are decisive.”

The growth of the social media’s significance is well characterized in the growing number of social media users: this year, social media is estimated to have 2 billion active users. The forecast for 2018 is 2.5 billion.

“Publicity is in flames. Social media is a playground for new opinion builders, where ad hoc interest groups rise and fall within no time. The requirements for corporate communication have changed, and it is difficult to predict the reactions of online opinion builders,” Aula summarizes.

Looking from the perspective of corporate communication, social media has its bright side – as well as a dark one.

“Social media opinion builders like to convey a positive message of a company’s actions, which, according to them, are good. The expertise and online skills of the opinion builders can be utilized to support the company’s product development, for example. On the other hand, opinion builders are sensitive and will waste no time in reacting, accomplishing image crises when they feel the company is not acting as expected or is doing something wrong.”

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The American Red Cross also addressed the issue on their blog, thanking their supporters for understanding Dogfish Head, the brewery mentioned in the tweet, also took active part in the case. They sent out a tweet with the same #gettnslizzerd hashtag asking their fans to donate to the Red Cross. The original tweet, however, was later deleted, copied and screen captured several times around the web. Nevertheless, the instant response posted by Red Cross and the dash of humor used in it turned the potential catastrophe to the victory of the organization.

In addition, it could be claimed that the relationships the humanitarian aid organization had been building previously as well as it’s rather undamaged reputation strongly contributed to the recovery.

“A social extreme phenomenon is always a risk for the image of a company. Extremes can come in many varieties: acts of nature, terrorism or humanitarian catastrophes may decisively affect the operations of a company.

Pekka Aula once again emphasizes that the impact on a company’s image in case of an extreme phenomenon, depends on how the crisis is managed.

“For image, it is often essential whether the cause of the crisis is internal to the company or external to it. For example, diverted airline traffic caused by a volcano eruption is a different crisis arising from the company’s own actions or management abuse, for example.”

Parallel to traditional extremes, Aula has developed the idea of social extremes, which are typical to our times and the communication environment characterized by social media.

Aula refers to a social extreme phenomenon as the “Black swan of a company’s riskscape.” Black swan is a term coined by researcher Nassim Nicholas Taleb, which he uses to refer to an extremely rare event with dramatic consequences and which is practically impossible to predict.

“The worst crisis is the one where the organization is not prepared for it.”

“A social extreme phenomenon is always a significant image risk for a company. It’s most essential feature is unpredictability, although it could be easy to explain afterwards.”

Ainanomaija Pippuri

“An image crisis is not inherently good or bad for a company. Everything depends on how the crisis is managed and what advance preparations have been put in place for it.”

Pekka Aula, Professor, University of Helsinki

The American Red Cross & drunken tweet

Late one Tuesday a tweet appeared on the Twitter account of the American Red Cross: “Ryan found two more a bottle packs of Dogfish Head’s Midas Touch beer… when we drink we do it right #gettnslizzerd”.

It was soon uncovered that the tweet was accidentally posted by an employee working as a social media specialist at the Red Cross, and it was originally meant for her private account. The employee later apologized in a tweet telling that it was due to her inability of using a social media dashboard.

The original tweet stayed up for an hour or so before their social media director took it down and sent a well put response: “We have deleted the rogue tweet but rest assured the Red Cross is sober and we’ve confiscat ed the keys.”

The American Red Cross also addressed the issue on their blog, thanking their supporters for understanding Dogfish Head, the brewery mentioned in the tweet, also took active part in the case. They sent out a tweet with the same #gettnslizzerd hashtag asking their fans to donate to the Red Cross.

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Catastrophic case of MOL Comfort

Vessels, cargo and risk. What can we learn from the past?

Almost, ten vessels over 16,000 GT sank in 2013. Of these ten casualties, the sinking of container vessel MOL Comfort was the biggest loss (Lloyd’s List Intelligence Casualty Statistics). Immediately after reporting the loss, a large number of different theories regarding the circumstances leading to this loss cropped up – faulty material, faulty design, faulty material used in the structure of the vessel, falsely declared cargo in containers, falsely declared container weights, etc. In any case, this incident is of major importance to all parties in the maritime business, including cargo interests and cargo insurers, and thus it is worth going through this case and its aftermath.

Let us start with some background information regarding the vessel. MV MOL Comfort (MOL – Mitsui O.S.K. Lines, Ltd) was built by Mitsubishi Heavy Industries (MHI) in Nagasaki, Japan. The vessel was laid down on the 23rd of August 2007, launched on the 8th of March 2008 and completed on the 14th of July 2008. In other words, she was quite young at the time of the incident.

Overall, the length of the vessel was 316 meters, and the container capacity of the ship was 8,110 TEU (twenty-foot equivalent units) of which 3,494 TEU in the holds. Although MOL Comfort was far from the triple-E vessels commissioned by Maersk and the other largest container vessels such as MSC Oscar with a container capacity exceeding 19,000 TEU, MOL Comfort was still a significant-sized vessel representing so-called post-Panamax vessels, as she was able to transit through the Panama Canal due to her size.

MOL Comfort was the first container vessel classified by ClassNK (Nippon Kaiji Kyokai) to use ultra-high-strength steel with a yield strength of 470 MPa in her hull structure and was one of a fleet of seven similar vessels operated by MOL. Since 2011, she was owned by Ural Container Carriers SA and chartered by MOL. In total, MHI built 11 vessels with a similar design to that of MOL Comfort.

At the time of the loss, MOL Comfort was on her way from Singapore to Jeddah, Saudi Arabia. On the 17th of June 2013, she suffered a crack on midship some 200 nautical miles off the coast of Yemen in severe weather conditions. Eventually, the vessel split into two halves. Luckily, the whole crew managed to leave the vessel and there were no casualties.

Both halves of the vessel stayed afloat and much of the cargo remained unharmed. On the 24th of June, four ocean-going tugboats arrived and started the rescue operations of the bow section. On the 26th of June, the stern section was reported to have water ingress and the next day the stern sank. As a consequence, some 1,700 containers were later floating near the site. At this point, the bow section was being towed and there was still hope of rescuing some of the cargo.

On the 2nd of July, the adverse weather conditions continued and the bow section broke free. Somehow, the towing line was successfully reattached the following day. As if all this hardship was not enough, a fire broke out in the bow section. Despite the best efforts of Indian Coast Guard, the combination of rough weather and firefighting proved too much to cope with and by the 10th of July, the majority of the approximately 2,400 containers were destroyed by fire. The following night, the bow section sank. The sinking of MOL Comfort cost the insurers somewhere between 300 and 400 million dollars. The hull and machinery of the vessel were insured for 66 million dollars.

All types of vessels operate with some amount of bending stresses. This is because of the difference between the downward load of the cargo weight and the upward push of the buoyancy of the water. Provided that the cargo weight is correctly declared, the downward load of the cargo is more even – or rather, correct – along the vessel. At the same time, the upward push due to the buoyancy of the water is greater on the mid-part of the vessel’s structure. Usually, ships cope...
with this stress even in harsh weather conditions and vessels of the age of MOL Comfort should not have cracks in their structures. As a consequence, vessel owners and charterers, the significance of the upcoming rules is crystal clear.

Lessons from losses

As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance.

The concept of General Average

The concept of General Average is not necessarily known outside maritime professionals and people working with marine insurance. However, it is a well-recognized concept in the maritime industry, particularly in the cargo insurance sector. General Average is a method of apportioning the cost of losses and expenses incurred in the common interest of the ship and cargo to save the cargo from total loss. It is a method of sharing the cost of these losses among the parties interested in the cargo, on a proportionate basis.

As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance. As a matter of fact, General Average has been around for a long time in the sea for merchants, well before the invention of modern marine insurance.

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Integrated Safety and Health Management

A New Book Published

The new book published by Springer International is an insight into health and safety management at work, and the science and practice involved in its development. It is written by a number of experts working in academic research, as government officials, and practitioners in insurance and industry.

The numerous case studies presented in the 15 chapters of the book include examples of a variety of industries - e.g. construction, chemical and steel industries, logistics in production plants as well as seaports and road transports, and industrial maintenance. The recent developments in health and safety management are discussed from many perspectives. Besides the more traditional accident source statistics and root cause analysis, also leisure time accidents of employees and well-being at work are covered.

The evolution of the understanding regarding the role of management in the health and safety process is visible in a number of ways.

The beginning is by the compliance with laws and regulations, then continuing to systematic safety management supported by international standards, further to leadership and coaching approaches, finally including the EHS culture, employee engagement, attitude and innovation in health and safety towards the zero-accident goal. The international trend is towards holistic health and safety management, where corporate sustainability is fully integrated with all aspects of corporate management. As a consequence of this development, international companies are required to report globally their overall environmental, social and economic performance information. Thus health and safety performance is increasingly a matter of competitive edge. Success and failure in health and safety can even be determinants of the shareholder value and company reputation in long term.

The challenges in health and safety are particularly at focus in construction industry. The accident and risk patterns are characterized by a high risk of fatal and serious accidents, wide use of subcontractors and work-force with varying competences and cultures, as well as worksites changing continuously along with the projects proceeding towards their completion. The safety management in construction industry is a large demonstration site with several training spots. During the training sessions, the construction employees and trainees receive practical instructions on the risks at construction work and the most effective ways to counteract them. The chapter 10 of the book presents an overview of the training park, thereby providing answers to the questions presented in the Chapter 3, regarding the accident sources in the construction industry.

Three health and safety risk management experts of the Industrial team of If P&C Insurance have contributed to the authoring of the book, especially to its Part I dealing with safety management and leadership. Kari Häkkinen has worked as one of the three editors of the book, and additionally he has been one of the authors in individual chapters. Salla Lind-Kohvilä has authored an article regarding accidents and their prevention in industrial maintenance. Ville Niemelä has co-authored with Kari Häkkinen in writing the article of the accident sources and prevention in construction industry.

The book is available as an e-book and as a traditional hardcover book format.

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BOOK REVIEW

BATTERY CHARGING

What is the hazard?

High voltages and fast charging causes a potential risk for a fire incident. For that reason, the maintenance team should follow the manufacturer’s guidelines. The first out-from-sprinkler and always link the circuit (not connected) to a significant current.

HYDRAULIC OILS

What is the hazard?

The product is produced as a fluid that can be transported in bulk and is used in systems that require high pressures. It can be used to cool down the engines and lubricate the machinery.

THERMOGRAPHIC SURVEYS

What is the hazard?

Both precision of objects and the temperature and characteristics of the object are essential for a thermographic survey. The comparison can be used to identify hot or cool zones, which may cause a fire risk.

If’s Hazard Info Sheets help you to reduce your property risks

WHEN CONDUCTING RISK SURVEYS, IF’S RISK ENGINEERS HAVE IDENTIFIED MANY PROPERTY AND BUSINESS INTERRUPTION RISKS THAT ARE COMMON TO A NUMBER OF INDUSTRIES ALL OVER THE WORLD. MOSTLY, THEY ARE SIMILARLY COMMON AND INDEPENDENT OF THE INDUSTRY IN QUESTION. THEREFORE, IF IN-DUSTRIAL HAS STARTED PRODUCING AND PUBLISHING HAZARD INFO SHEETS. THESE SHEETS PROVIDE INFORMATION AND ADVICE ABOUT THE MENTIONED RISKS.

THE MAIN TARGET GROUP FOR THESE SHEETS IS OBVIOUSLY RISK MANAGERS AND LOSS PREVENTION EMPLOYEES OF OUR CLIENTS. THEY INCLUDE THE CORPORATE RISK MANAGERS AS WELL AS THE SITE PERSONNEL. THEY WORK IN VARIOUS INDUSTRIES AND COUNTRIES, AND THEY NEED TO GET THE CORE INFORMATION RELATING TO THESE PROPERTY RISKS IN A FORMAT THAT IS EASY TO UNDERSTAND AND APPLY.

“THE FIRST THREE SHEETS HAVE NOW BEEN PUBLISHED”

Anna Maria Vähkäkoski

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IF’S RISK MANAGEMENT JOURNAL 1/2015

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IF’S RISK MANAGEMENT JOURNAL 1/2015
“In the Copenhagen Metro construction the flood risk is the dominant natural hazard risk.”