

18th Australian Shipping & Maritime Industry Awards
TT Club Submission

Helping ports to identify and manage risk

A unique new method for mitigating risk, TT Club's Port Matrix helps ports to identify and manage their risks and build effective long-term contingency plans.

The problem

"A ship was ordered to remain anchored outside a port during gales and huge seas. The anchor snagged and snapped an undersea pipeline, severing four months of ethane flow."
Sydney Morning Herald, March 24, 2010.

Common ship-handling decisions rarely result in incidents like this, but when they do, the financial, commercial and reputational consequences can be significant.

TT Club recognised that many ports do not have specialist expertise in-house to handle what can be extremely complicated, high-profile and politically sensitive situations.

We also identified that this expertise had not been offered before – and as a result, we created a unique contingency planning model.

Our innovation

1. Using our extensive experience in handling claims to identify key scenarios to reveal gaps in approach to both risk management and to emergency response planning.
2. We reviewed each scenario and considered the systems, people and processes needed to minimise exposure to claims in the event of a disaster scenario.
3. We assessed the related risks, such as media attention, reputational damage and loss of business.
4. We developed the ideas into a user-friendly risk matrix as a basis for gap analysis, and for clients to incorporate into emergency response plans.

In addition, we collaborated with brokers to devise a series of workshops that helped clients embed the matrix in their management planning. These involved operational and managerial staff and used real claims examples to illustrate the incidents that could occur.

And to complete the picture these were followed up with a risk report for internal use by the port available for audit and risk committee/the port's board directors.

Results

We believe this Risk Matrix is the first of its kind in this area. We have used the Matrix, workshops and follow up report to help TT Club port and terminal clients around the world, including Australia, New Zealand, PNG and UK, take a new approach to risk. Identifying their risk exposures and assisting them in creating long-term contingency plans. We believe it is materially improving the way port businesses manage their risk exposures.

This is an innovative, systematic and predictive customer service that makes it a leading initiative in the insurance and risk management field.

We think the most compelling evidence of success is the response we are getting from the market:

“This is the first risk inventory I have seen prepared by an insurer that is specifically tailored for ports. The comprehensive tool assists me with my clients in recognising risk categories and how best to mitigate these exposures.”

Mark Rankin, Principal Marsh Limited

“We found the workshop innovative and purposeful. Many issues were identified, and we are now developing mechanisms to mitigate these risks. Once the mechanisms are developed, there will be ongoing monitoring to ensure we sustain the value of this important strategic approach.”

Kedea Vaname, Risk & Insurance Coordinator, Papua New Guinea Ports Corporation Limited

“We really value this proactive, practical and constructive offering. The information relating to action steps has been incorporated into our claims manual, our global operations procedure, and formed the basis of a specific internal risk-bulletin to all our operations.”

Georgina Matthews-Lane, Group Insurance Manager, DP World Head Office

Finally, because of the credibility of this initiative, it has contributed to TT Club in both retaining and winning new ports business.