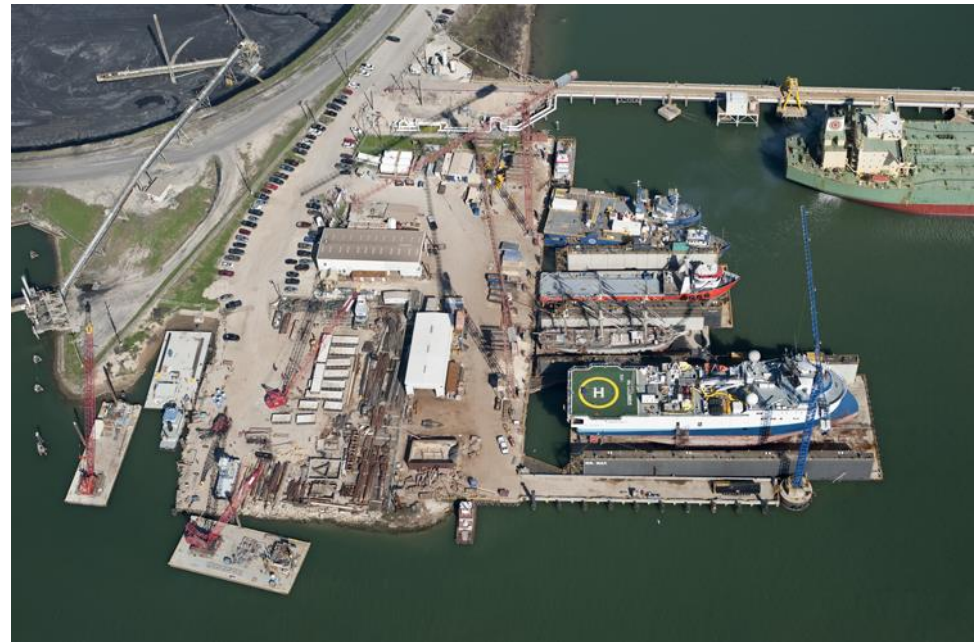


Lessons from Losses Hurricane Harvey

Hillary Drewry
Underwriter, Marine
Markel Assurance
Hillary.Drewry@markel.com

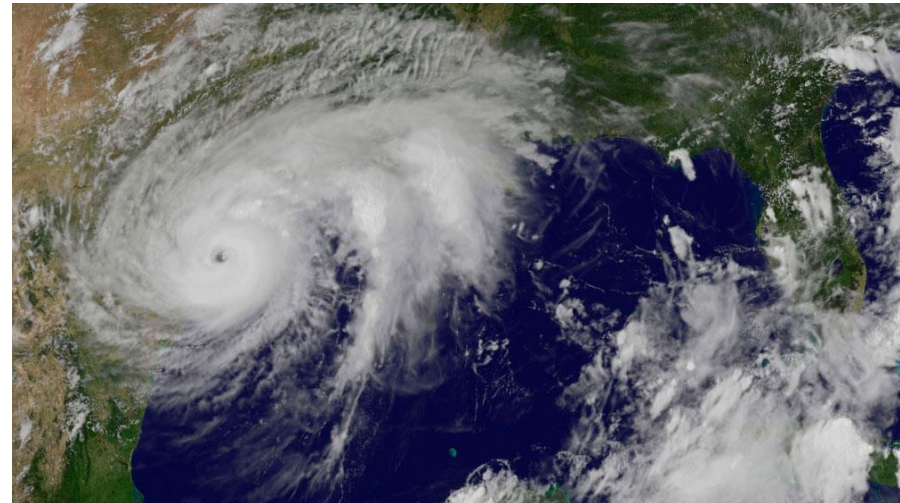
Background

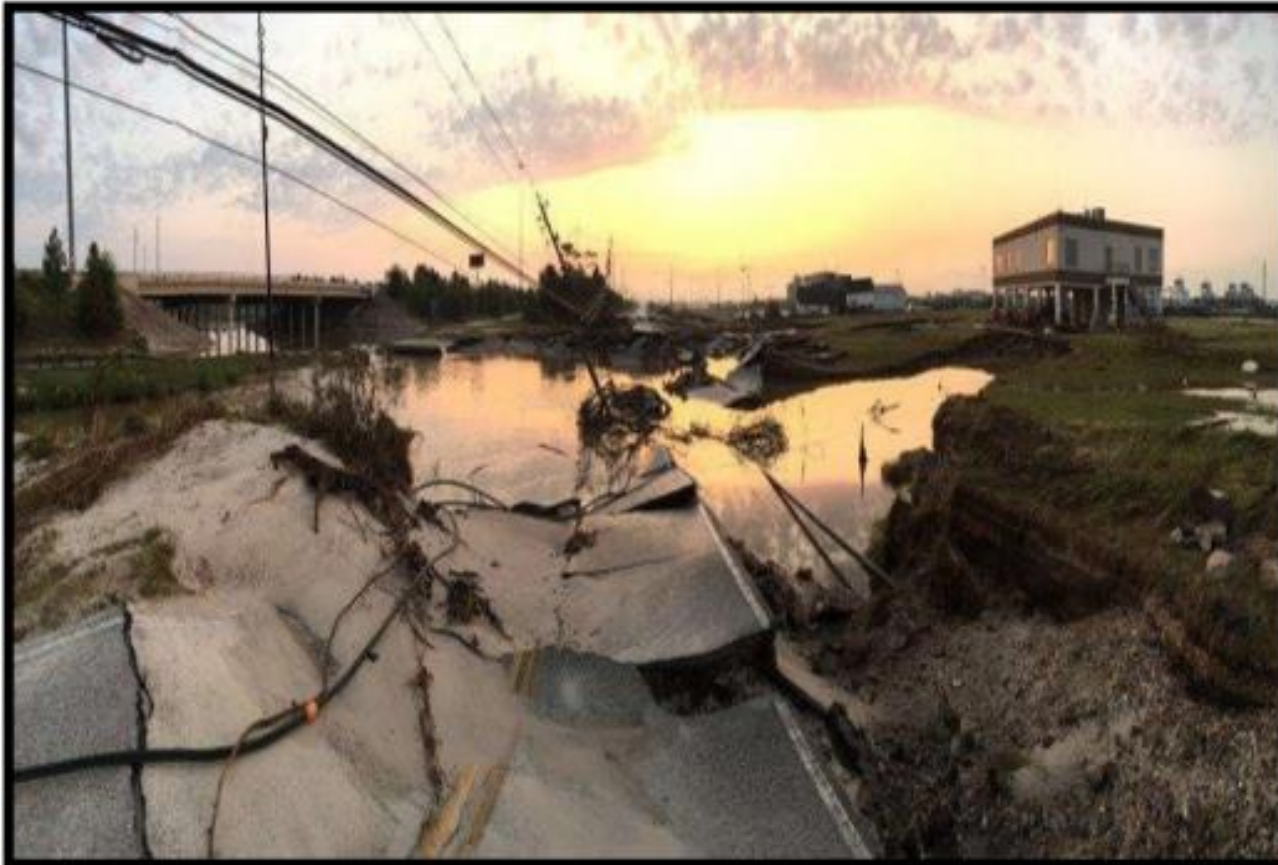
- Insured operates as a shipyard with 4 locations in the Texas Gulf Coast
- Services include:
 - Gas freeing
 - Barge and boat repair
 - Painting
 - New construction



Hurricane Harvey

- Landfall on August 25, 2017
- Category 4
- Greater Houston area received over 40 inches of rain
- 3 out of 4 of the insured's locations sustained damage
 - Channelview and Houston, TX

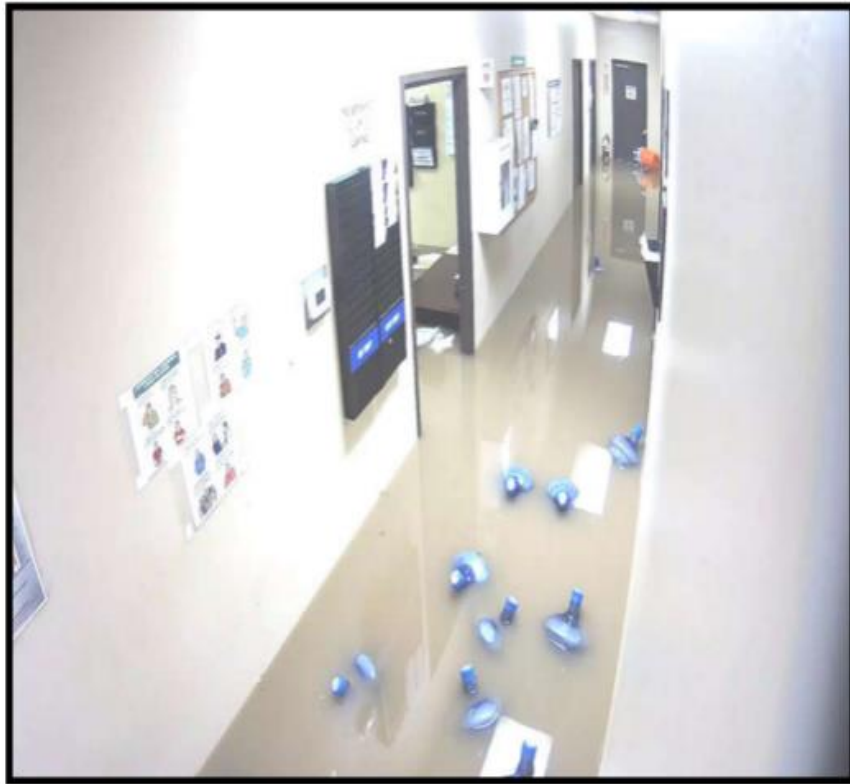




- Road leading to the insured's premises
- Insured built a temporary road due to destruction



- Aerial view of one of the insured's premises
 - Extensive flooding



- Inside property damage

Policy- Overview

- Admitted Forms
 - Inland Marine Property
 - TIV \$74.5M (Bldg, BPP and BI)
 - Contractors Equipment
 - TIV \$22.5M
 - Rigging
- \$5M per occurrence/ catastrophe limit (over all sections)
 - 50% quota share

Policy- Perils

Peril	Limit	Deductible	Definition
Flood (CE)	\$5M	\$50k except SFHA 5%; min \$1M	Included
Flood (Property)	\$5M	“ “	Yes
Named Wind (CE and Property)	\$5M	5% min \$250k	No

Claims Adjustment

1. Initial Report = Wind
2. Subsequent Report= Flood

Is it Flood or Wind?

Will the Named Windstorm or Flood deductible apply?

3. Claims Counsel-
 - Flood deductible applies to flood damage and Named Windstorm deductible applies to damages caused by wind
4. Insureds Counsel/ Broker:
 - Hurricane Harvey was a single windstorm occurrence and the wind deductible should apply

Outcome

- Total scope of damage = \$7.5M
- Claim exceeds policy limits (\$5M)
- Policy limits are paid out and claim is closed

Lessons Learned

1. Ambiguous policy language leads to problems/difficulties when adjusting claims
2. Named Windstorm needs to be defined by endorsement if it is not included in the policy language
3. In the event of a catastrophe event, which deductible applies?

Questions



Inland Marine Underwriters Association

14 Wall Street - Suite 820

New York, NY 10005

Phone: 212-233-0550

Website: www.IMUA.org

Kevin O'Brien, President & CEO

Lillian Colson, Vice President & Secretary

Eileen Monreale, Education/Training Specialist