



Mining Industry

Risk Management and Insurance
2013, a Look at the Future

STAY AHEAD OF
AT RIMS '13 ANNUAL CONFERENCE & EXHIBITION | LOS ANGELES | APRIL 21-24
THE CURVE





Agenda

- Review RIMS 2012 – what was discussed
- Guiding Principles
- Policy Wording - Proposed Concept
- Claims Protocol
- Next steps



Review RIMS 2012

- Clear policy wording & claims protocol following number of contentious and drawn-out claims.
- Client & Carrier initiative, however strong recognition that all parties across value chain needed to be involved (including service providers).
- Decision made to set-up Steering Committee to further advance project.
- Working Group's established and representatives selected from RIMS 2012 volunteers.



Volunteers

Name	Company	Name	Company
Adam Cornford	Willis	Mark McAdams	FM Global
Aiko Schilling	Munich Re	Martina Christ	Munich Re
Aly Aboutaleb	Infrassure Ltd.	Matthew Frost	BHP Billiton
Amanda Janes	Beazley Group	Matthew Newman	Catlin Underwriting Agencies Ltd and Catlin Insurance
André Knoerchen	Munich Re	Michael E. Guntz	Chartis
Andrew Chester	Marsh	Michael R. Butler	Vale
Andrew Weare	Marsh	Neil Thomas	Willis Limited
Anne Chalmers	Teck Resources Limited	Nick Solley	Xstrata plc
Arlene Field	Aon Reed Stenhouse	Olivier Parraut	SCOR
Brian Birchall	Aon Reed Stenhouse	Patrick Dromgoole	Marsh
Chairman Sydneys	Munich Re	Patrick Plaisted	IMIU
Charles Gordon	DLA Piper UK LLP	Patrick Walker	Rio Tinto
Charles W. Klehr	Zurich Insurance Company Ltd.	Paul Bennett	Marsh
Chris Ling	Willis Limited	Paul Wordley	Holman Fenwick Willan
Chris Storer	Munich Re	Rajeev Singh	ICBC
Courtney Muir	Newmont Mining Corporation	Richard Field	Lockton Companies LLP
Daniel Jack	Reschini Group	Richard Hearn	Mmg I Minerals and Metals Group
David Connick	Lloyd & Partners	Richard Jowett	Holman Fenwick Willan
David Dicenso	Swiss Re Corporate Solutions	Richard McAlister	Swiss Re Corporate Solutions
David Thompson	FM Global	Robert Fenley	Peabody Energy
Derek Martin	Zurich Insurance, Asia Pacific	Roy Nott	Marsh
Donald F. Privett	Worldwide Facilities, Inc.	Ryan W. Brown	Lockton Companies, LLC
Douglas Krumrey	Axis	Scott Gibson	FM Global
Gregory C. Hocking	BDO Canada LLP	Simon Delchar	Lloyd & Partners Limited
Gunter Becker	Munich Re	Simon Hirst-Marsden	Lloyd & Partners
Hans Zimmermann	Infrassure Ltd.	Stanley Cochrane	Swiss Re Corporate Solutions
Isabella Stankowski	Munich Re	Stephen Higginson	Willis Australasia
Jeff Eggleston	Alpha Natural Resources, Inc.	Stephen Hope	Cunningham
Joe Turcotte	FM Global	Stephen Thorpe	Integra Technical Services (Australia) Pty Ltd
Jonathan Russell	Russell Risk Consulting LLC	Steve Mortlock	Lloyd & Partners
Jonathan Thompson	Swiss Re Corporate Solutions	Steve Whiting	Willis
Lars Gono	Swiss Re Corporate Solutions	Terry Ward	Crawford
Laurie Bevan	Crawford Australia	Tom Holliday	Willis Limited

Volunteers



Over 70 volunteers representing buyers, brokers, claims adjusters, law firms, consultants and underwriters

Over 1,500 hours spent in meetings, conference calls and individual work



Policy Wording



Policy Wording Guiding Principles

- Drafting Clarity & Certainty
 - ✓ Less scope for contention
 - ✓ Speedier claims settlements
- Balance & Flexibility
 - ✓ Buyer / seller input
 - ✓ Core form
 - ✓ Multiple clause options
 - ✓ A “tailored” and negotiated agreement



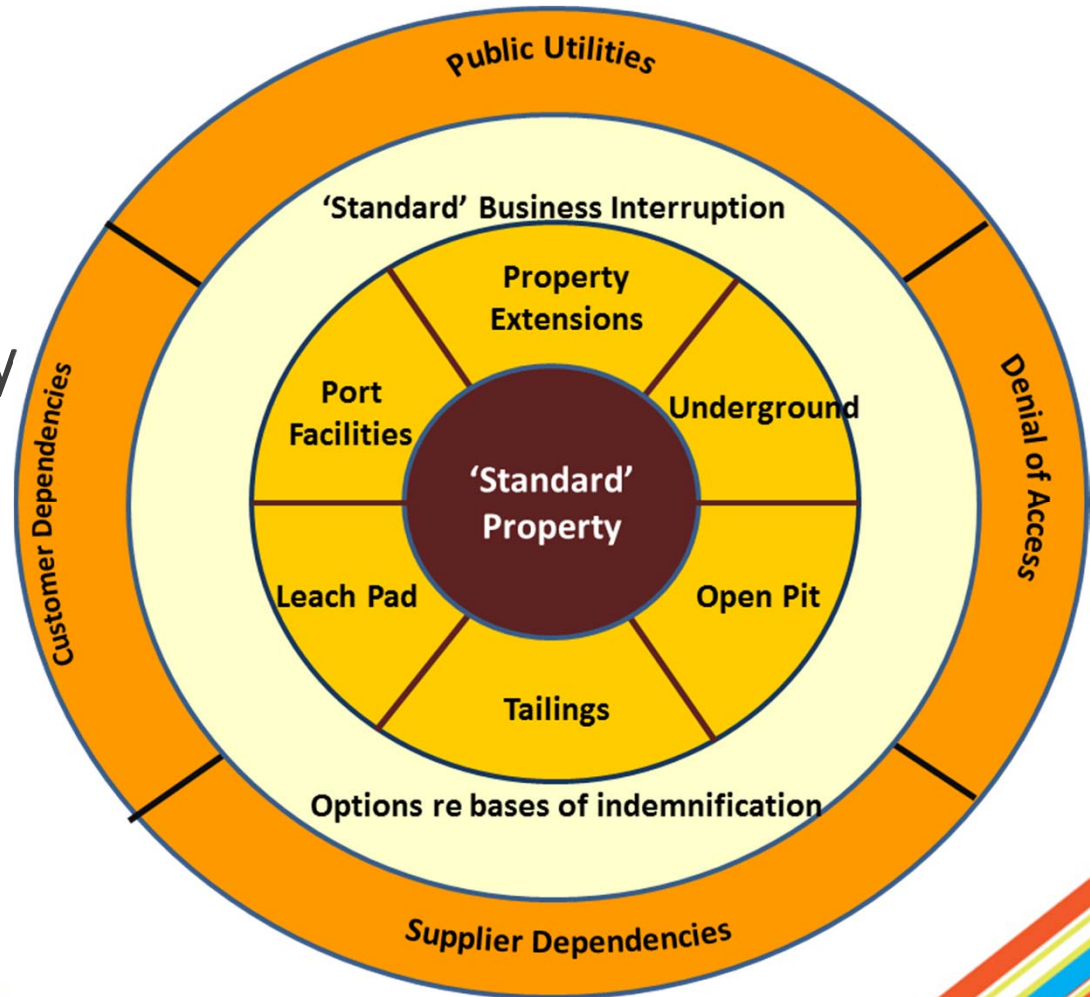
Policy Wording Issues & Structure

- Various wording options considered
- Need for a global mining product despite differing:
 - ✓ Local standards,
 - ✓ Jurisdictional requirements,
 - ✓ Terminology
- Current approach - international form with:
 - ✓ Modular system of library additions,
 - ✓ Clear definitions & accompanying guidance notes

Policy Wording

Example Insured Property

- Core wording
- Range of extensions and options
- Defined terminology





Policy Wording

Business Interruption

Objective - To develop a form that provides bases of indemnification appropriate for the mining industry

- Analysis of a broad range of Market wordings, their approaches, strengths & weaknesses
- Ensuring that definitions in respect to the indemnification methodology are tailored to the mining industry
- Developing a range of options and extensions to allow for bespoke coverage



Policy Wording

Business Interruption

- Identification of 'hot topics' from recent claims experiences:
 - ✓ Wide area damage
 - ✓ Price caps?
 - ✓ Alternative bases of indemnity: Gross Profit (Turnover/Output) or Gross Earnings? Valued Rate per day?
- Bridging gap between policy wording language and the practical adjustment process



Policy Wording

Where Are we Now & What Next?

- Now
 - ✓ Glossary of mining and other specific terms
 - ✓ Core form
 - ✓ Building block extensions
- We will
 - ✓ Knit together different work groups' output
 - ✓ Consult, check and revise
 - ✓ Deliver the product



Claims Protocol



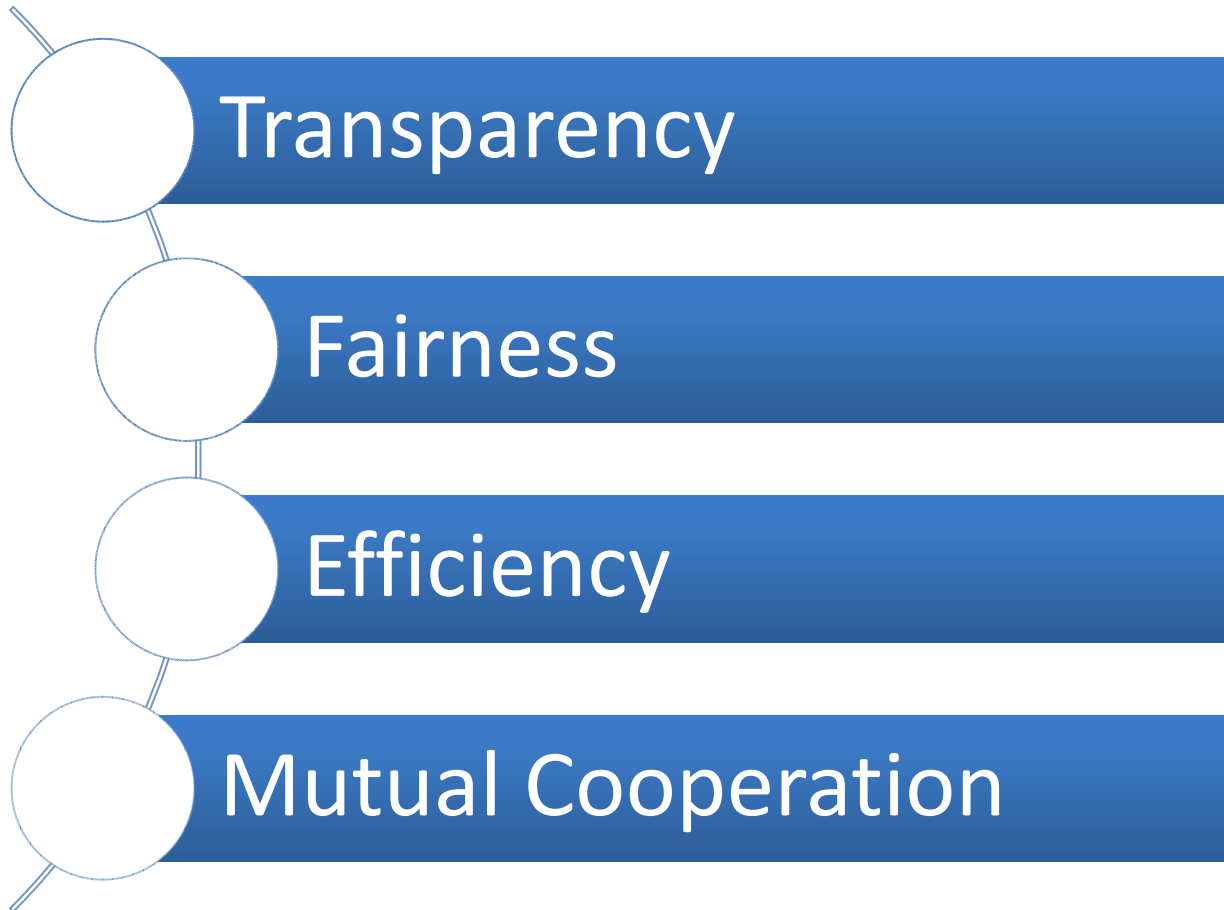


Claims Protocol Starting Point

- Challenges arising from mining claims
 - ✓ Lack of communication between stakeholders
 - ✓ Lack of transparency
 - ✓ Costly inefficiencies
 - Extensive involvement of experts
 - Extensive resolution period
- Distrust between stakeholders



Claims Protocol Guiding Principles





Claims Protocol Features

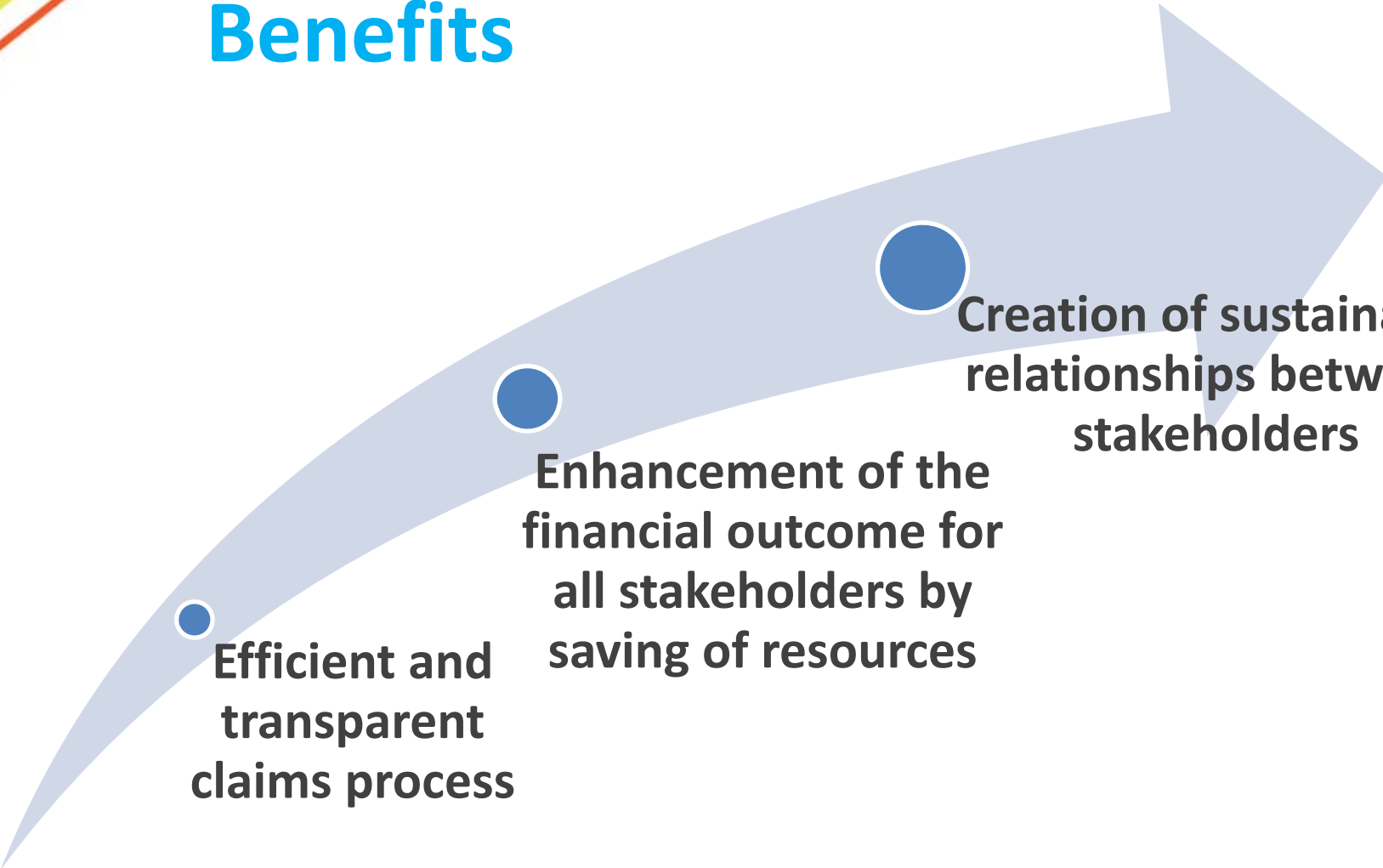
- Pre-agreed, neutral loss adjuster
- Agreed loss management plan
- Inclusion of realistic target times
- Transparent communication of issues
- Resolution Procedure as “circuit breaker”



Definition of a Best Practice



Claims Protocol Benefits



Efficient and
transparent
claims process

Enhancement of the
financial outcome for
all stakeholders by
saving of resources

Creation of sustainable
relationships between
stakeholders



Claims Protocol Way Forward

- Publication of the Mining Claims Protocol
- Invitation for feedback from stakeholders
- Continuous refinement of the Mining Claims Protocol
- Follow-up presentation in 2014



Next Steps

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Next Steps

- Continue to build on strong foundations laid
- Greater involvement of buyers to define mining specific coverage needs
- Further work with forensic accountants and loss adjusters to better identify gaps in practical application of business interruption coverage
- Communication medium to allow for distribution and feedback, e.g. global industry forum



Questions?

