

Neighborhood Risk Management Corp. and HUB International Ltd.

Introduction – What is Risk and
Getting to the CORE of Risk and Our Program

NTI – May 6, 2015



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Overview

- Welcome/ Introductions/ What is Risk?
- How Insurance Pricing Works and How to Affect Your Rates
- Break
- Contract Risk Transfer – Insurance Certificates and Renters Insurance
- Lunch
- Risk Control Strategies - Slip/Trip/Fall Hazards and Conducting Self Inspections
- Fire Prevention Initiatives
- Incident Reporting and Investigation
- Closing Remarks/Questions



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Introductions

- **Deborah Aschheim**

Executive Director, Neighborhood Risk Management Corp.

- **Chris Dunlap**

- VP - Loss Mitigation, HUB International, broker for the NRMC Program



Neighborhood Risk Management
CORPORATION

NWOs working to insure safer communities



Overview

- Welcome / Introductions
- WHY are we here?
- CORE
- WHAT can you do to address Risk:
 - Contract Risk Transfer
 - Insurance Certificates
 - Renters Insurance
- Risk Control Strategies
- Emergency Preparedness / Incident Reporting / Investigations
- TOOLS
- Closing Remarks/Questions



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



What is Risk?



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



What is Risk?

Risk is the potential that a chosen action or activity (including the choice of inaction) will lead to an unanticipated outcome.

Outcomes: Good or Bad?

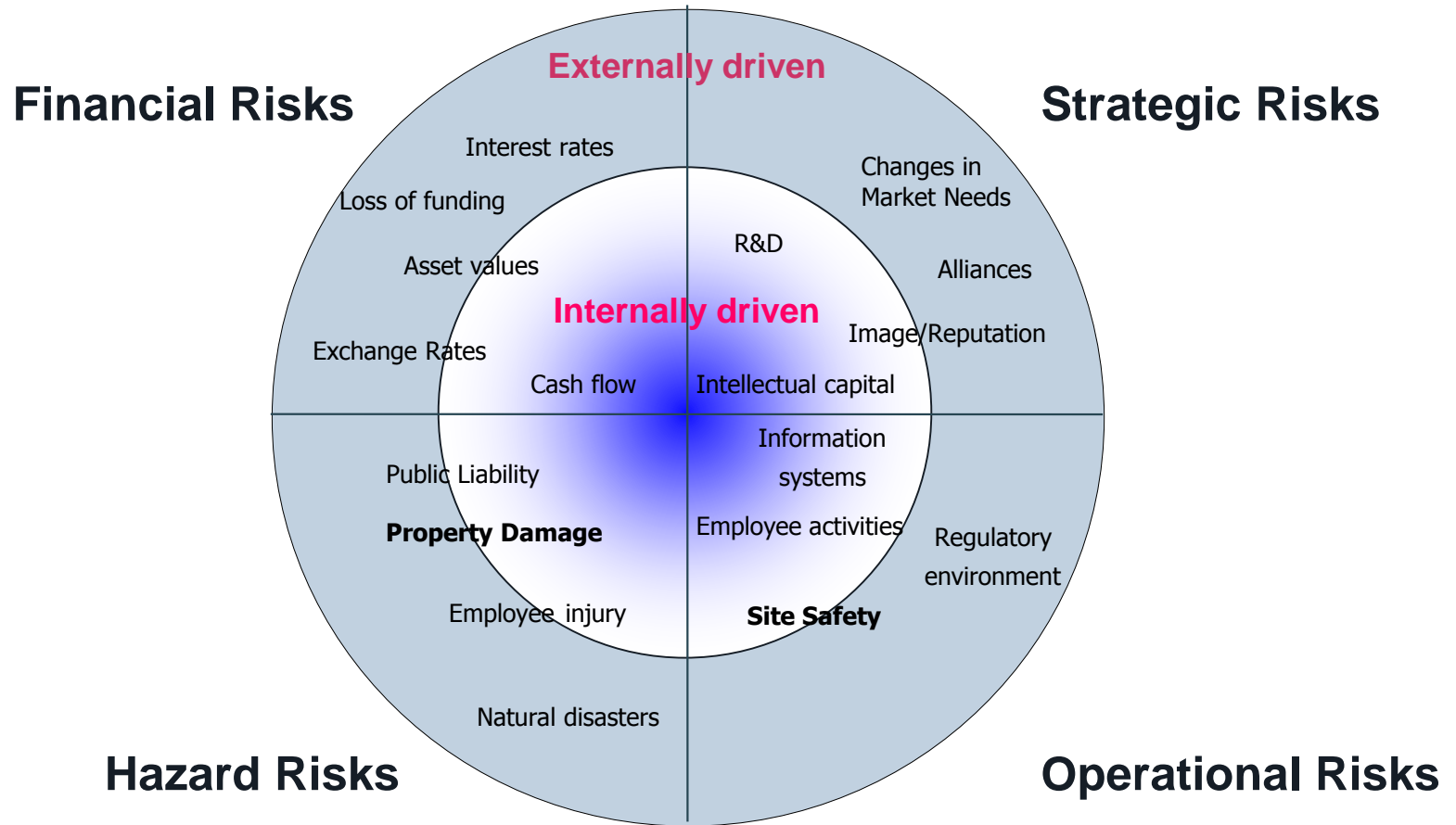


Neighborhood Risk Management
CORPORATION

NWOs working to insure safer communities



Quadrants of Risk



Key Concepts of Risk Management

1. Frequency = How often a loss occurs
2. Severity = Magnitude: How bad is the loss

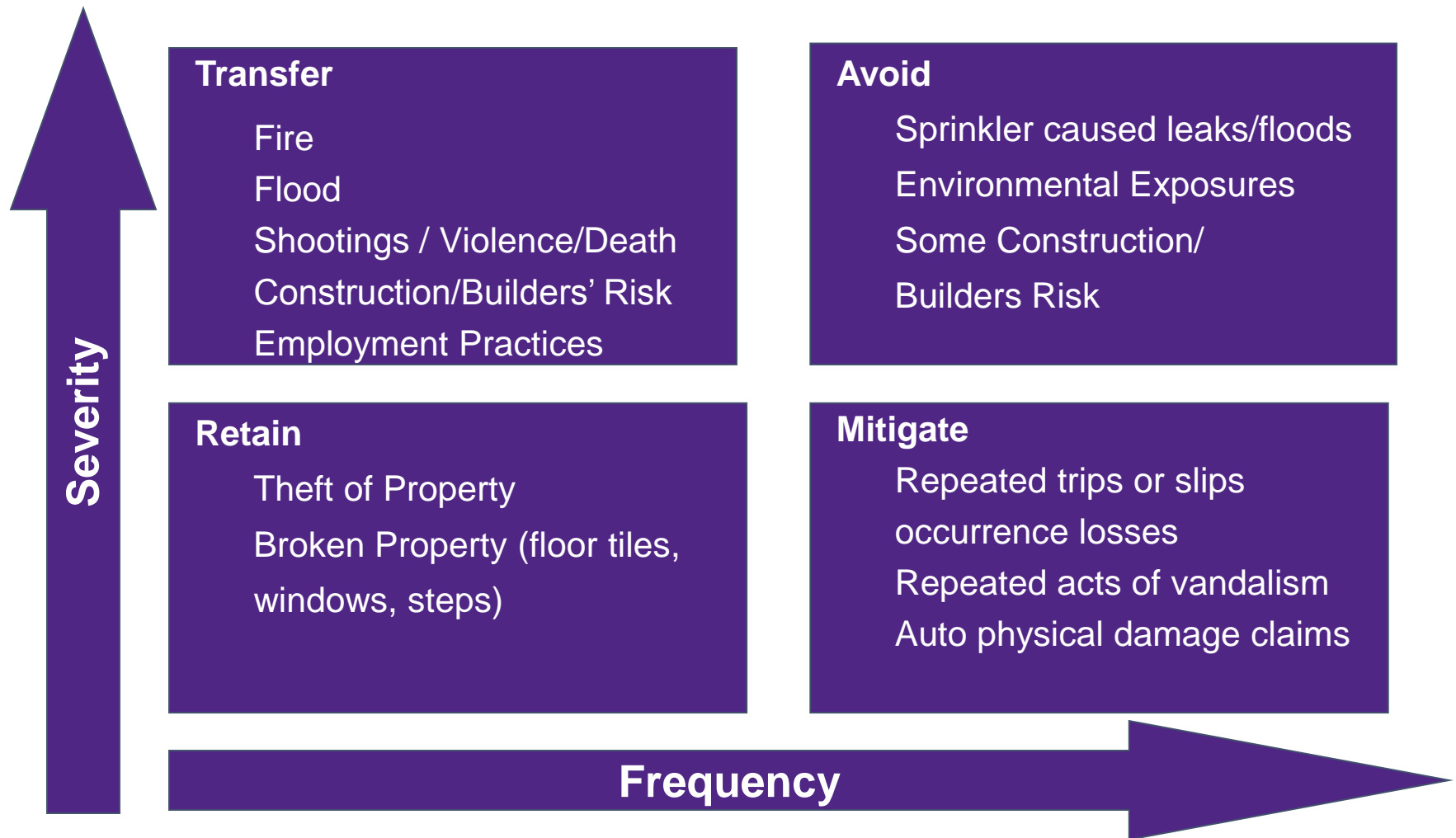
Frequency breeds severity



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Concepts of Risk Management



What is Insurance & Why Get Insurance?

INSURANCE Concepts and Key Terms

- Property Insurance – First Party Coverage
- GL Insurance – Third Party Coverage
- Excess
- Umbrella
- Deductible / Self-Insured
- Reserves
- Subrogation



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Cost of Risk

What is your CORE?

CORE = Cost of Risk Equations



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Cost of Risk

CORE =

Cost of Accidental Loss not reimbursed by insurance or outside sources

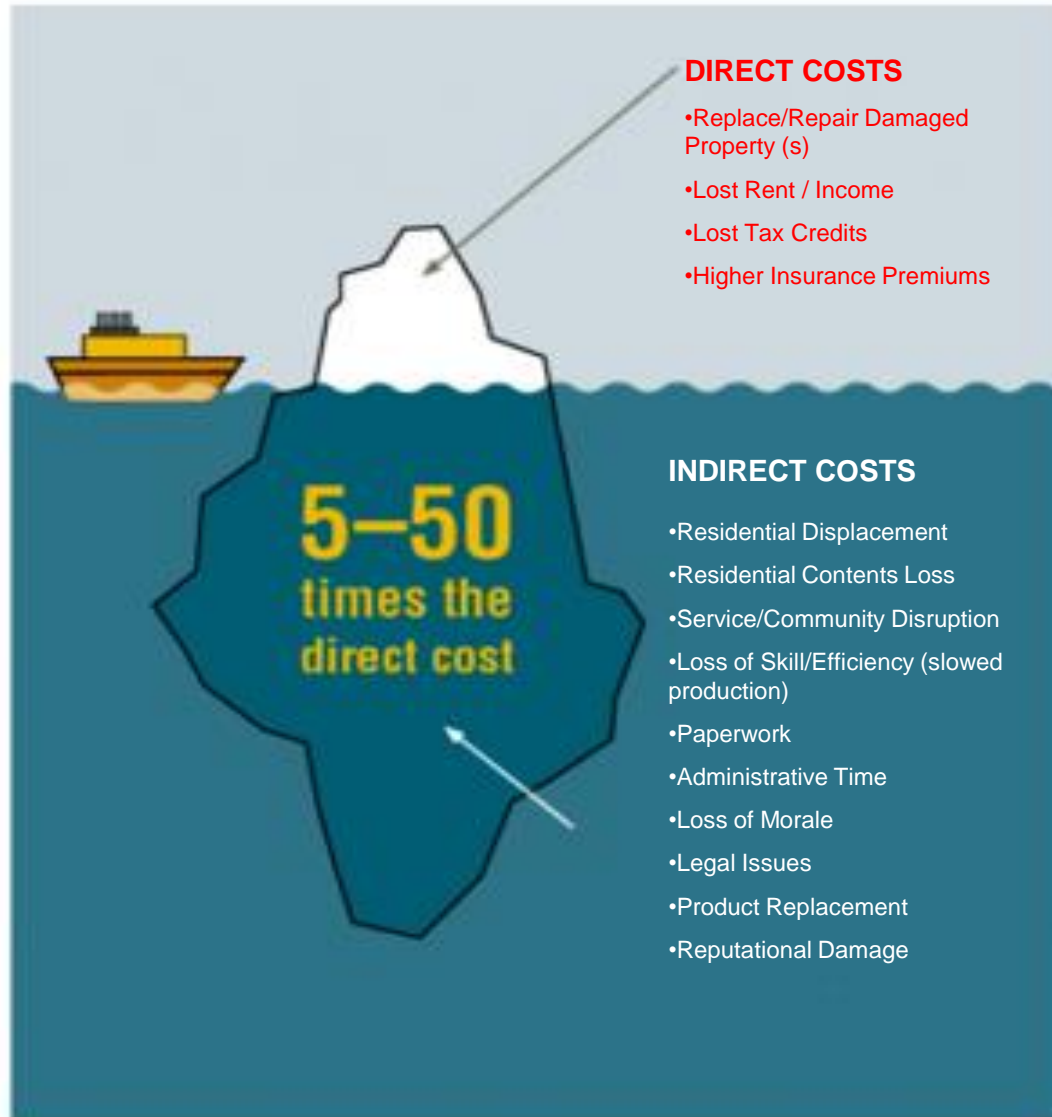
- + Insurance Premiums or expenses for non-insurance or other indemnity
- + Cost of risk control techniques to prevent or reduce the size of accidental losses
- + Cost of administering risk management activities.



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Visible and Hidden Costs of Property Losses



Costs of a Claim ??????

What are the costs of a fire at one of your properties?



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Hidden Costs of An Accident

- Property
 - Building is damaged in fire
 - Tenants are displaced
 - Injury to tenants, employees, neighbors
 - Social Services are halted
 - Commercial tenants impacted
 - Administrative time
 - Construction or remediation expense of resources
 - Impact on Community
 - Reputational Risk



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Costs of An Accident

- Liability
 - Tenant or visitor injury: actual medical costs plus damages (“pain & suffering”)
 - Tenants’ perception
 - Administrative time
 - Potential lawsuit
 - Spreading of “entitlement” attitude
 - Reputational Risk



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Risk Management Techniques

- Step 1: Identify Hazards
 - Survey the property to determine what conditions exist that may cause injury or damage
 - Determine factors that may negatively impact your operation
- Step 2: Assess Hazards
 - Determine severity and probability
- Step 3: Make Risk Decisions
 - What control measures would most effectively eliminate or lessen the risks?
 - Utilize the best control measure for the hazard



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Risk Management Techniques

- Step 4: Implement Controls
 - Put recommended measures in place
- Step 5: Supervise
 - Monitor to ensure process has been carried out as planned.
 - Anticipate changes
 - Significant change, stop and reassess.
 - Continually assess hazards and their control measures

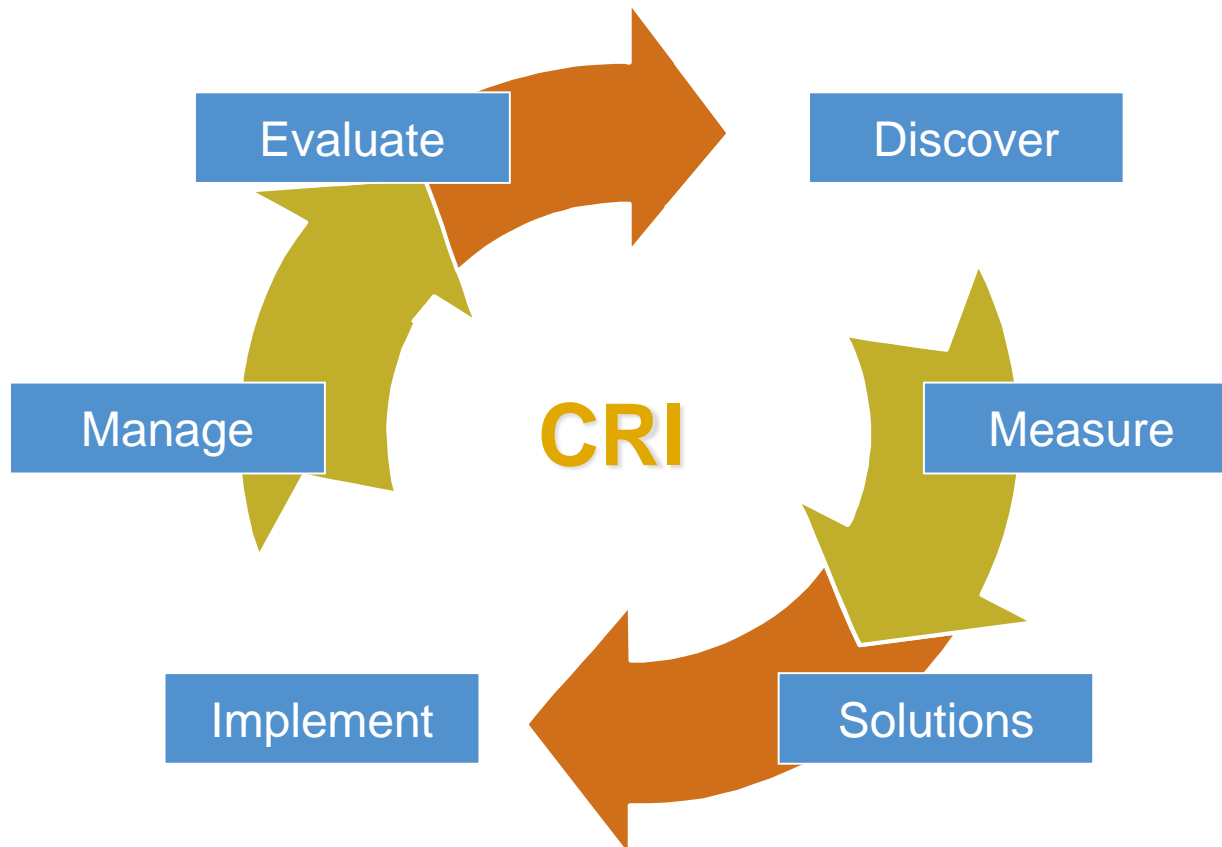


Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



Risk Mitigation

Continuous Risk Improvement Process:



Structure of an Insurance Policy

INSURANCE policies are structured.

Many policy forms are regulated

- Declarations
- Coverage Terms
- Exclusions from Coverage
- Endorsements



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



NRMC Program: Fire Loss Classification

NRMC Program - Loss Classification Summary Table (April 1, 2009 - June 30, 2014)

Cause / Origin	Total Agreed Loss	Incurred based on	# of Claims
	("Gross Reserve")	payments to date	
Cooking/Kitchen/Stove	\$7,727,979.61	\$7,422,516.87	120
Smoking/Smoking Related	\$2,181,464.92	\$2,116,464.92	15
Candle/Open Flames	\$943,428.56	\$878,428.56	14
Electric	\$2,013,706.47	\$1,939,529.34	20
Lightning	\$126,577.41	\$116,577.41	3
Other/Unknown [1]	\$11,429,387.25	\$11,279,390.34	42
TOTAL	\$24,422,544.22	\$23,752,907.44	214

(1) Includes ARSON, which includes any intentionally set fire, including those rooted in domestic disputes.

This item also includes a single \$6.35MM arson claim



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities



?

Thank You!



Neighborhood Risk Management
CORPORATION
NWOs working to insure safer communities

