

RISKY BUSINESS

8 INTERESTING FACTS ABOUT THE MOST AT-RISK INTERNATIONAL PORTS

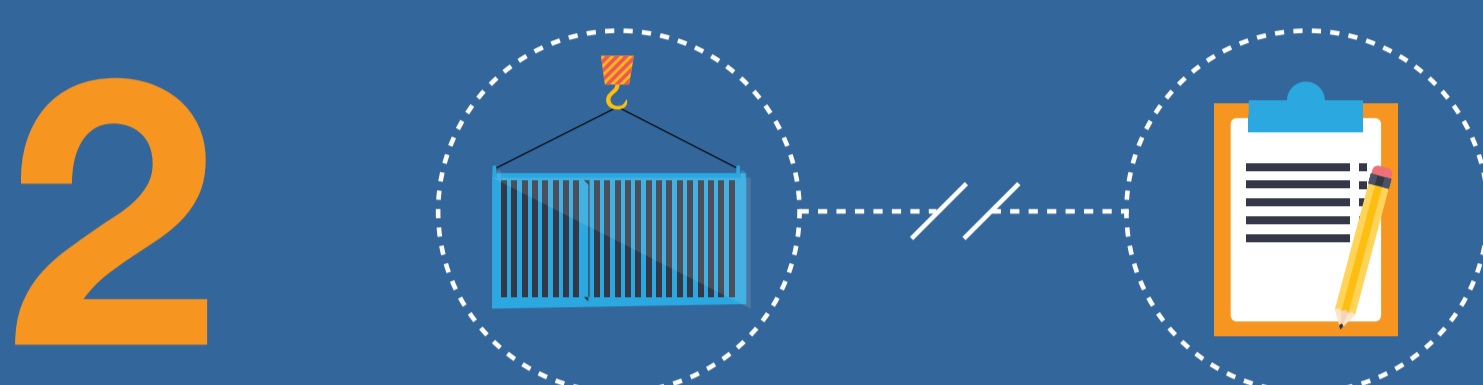
RMS INC., A RISK-MODELING FIRM, RECENTLY RELEASED A REPORT THAT LOOKS AT THE TOP PORTS AT RISK OF A DISASTER. THE PREDICTIONS ARE PRIMARILY BASED ON CARGO TYPE (E.G. AUTOS, BULK GRAINS, ELECTRONICS, ETC.), PRECISE LOCATION, STORAGE INFRASTRUCTURE AND THE DWELL TIME.

THE REPORT WAS RELEASED A YEAR AFTER THE TIANJIN PORT EXPLOSION IN CHINA, A MAN-MADE DISASTER THAT LED TO MORE THAN \$3 BILLION IN CLAIMS AFTER DAMAGING PROPERTY, DISRUPTING SUPPLY CHAINS AND KILLING MORE THAN 170 PEOPLE.

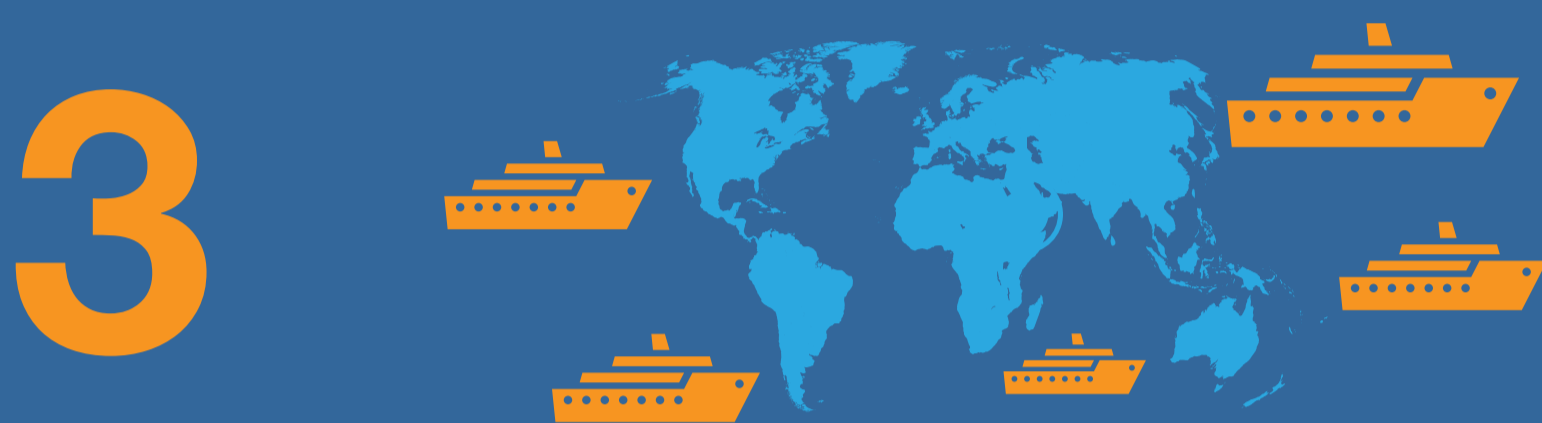
THE REPORT ESTABLISHED THAT:



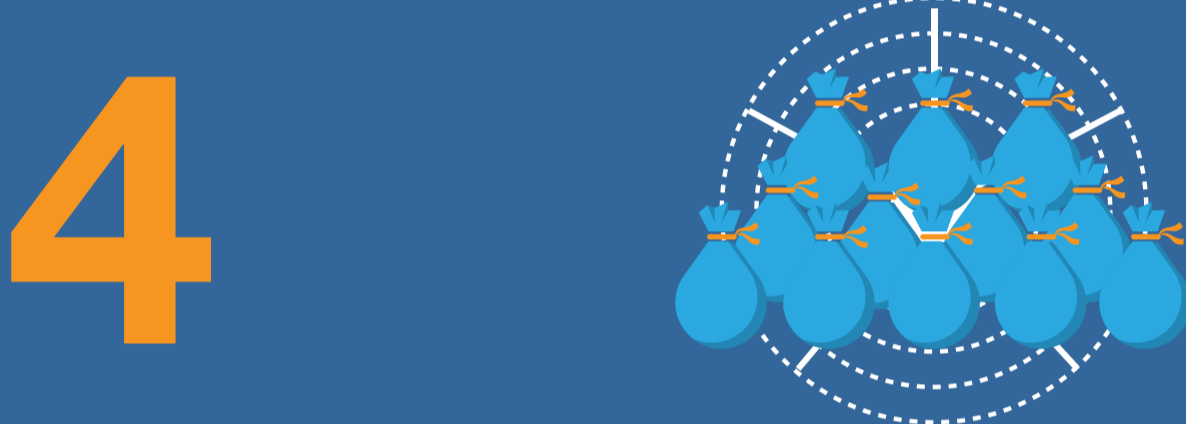
THE INCREASED USE OF STANDARDIZED SHIPPING CONTAINERS INCREASED THE AMOUNT OF GOODS EXPOSED TO DAMAGE. SHIPS AND PORTS HAVE GROWN BIGGER TO ACCOMMODATE THE CONTAINERS.



A PORT'S SIZE AND ITS CATASTROPHE LOSS POTENTIAL ARE NOT STRONGLY CORRELATED.



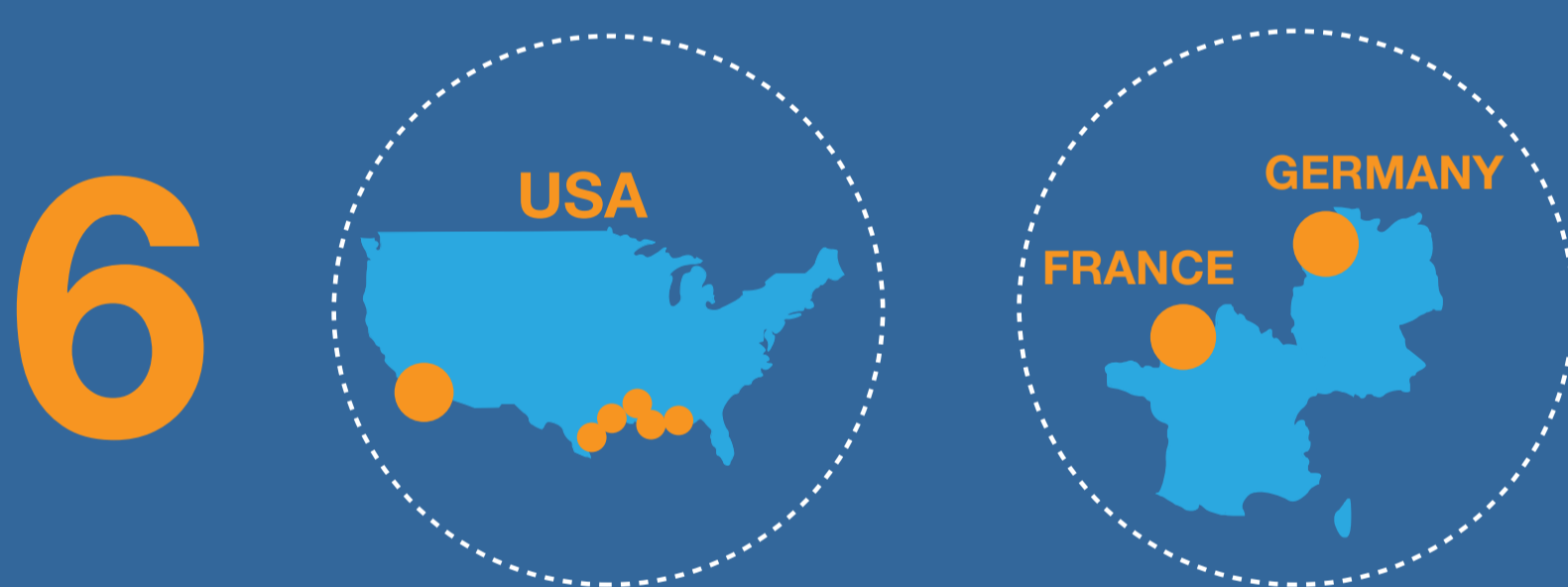
THE INCREASED PRESENCE OF THE LARGER SHIPS, ESPECIALLY THE INTRODUCTION OF THE MEGA SHIP, HAS FORCED MORE SEA TRAFFIC TO RELY ON THE MORE VULNERABLE SEA PORTS.



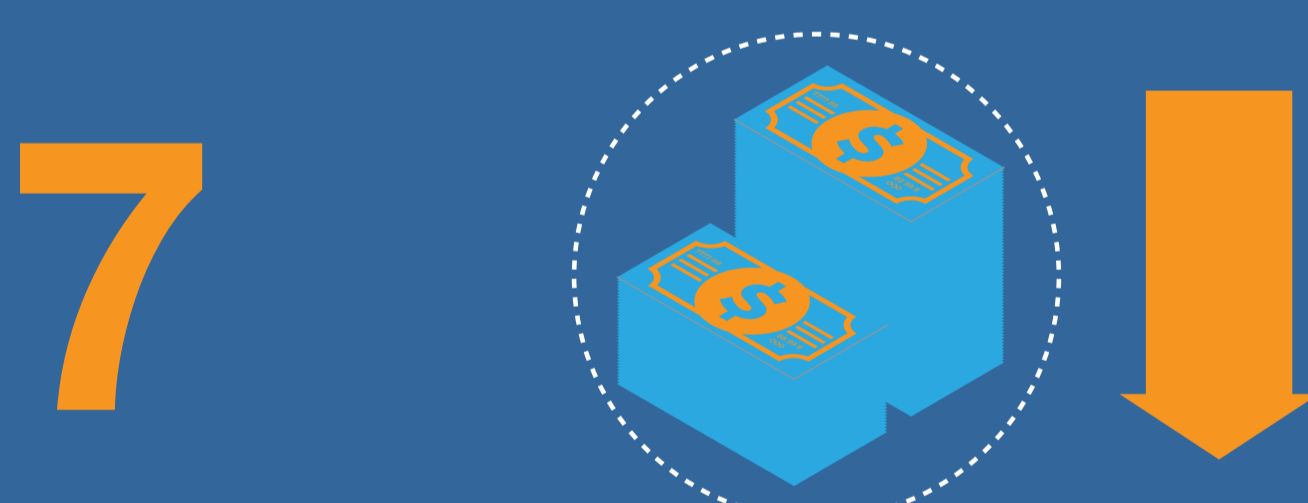
MANY SEA PORTS ARE BUILT ON LANDFILL, MAKING THEM VULNERABLE TO EARTHQUAKES, COMPOUNDING THE PROBLEM.



THE PORT OF NAGOYA IN JAPAN COULD CAUSE A \$2.3 BILLION USD COST TO INSURERS FROM A 1-IN-500-YEAR CATASTROPHE EVENT AND THE PORT OF GUANGZHOU IN CHINA, A COST OF \$2 BILLION USD.



SIX OF THE TOP TEN PORTS ARE IN THE US, WITH THE REMAINING TWO IN EUROPE. THESE PORTS INCLUDE PLAQUEMINES (US), BREMERHAVEN (GERMANY), NEW ORLEANS (US), PASCAGOULA (US), BEAUMONT (US), BATON ROUGE (US), HOUSTON (US) AND LE HAVRE (FRANCE).



THE ESTIMATED CATASTROPHE LOSS FOR THE TOP AT RISK PORTS ARE: NAGOYA, JAPAN AT \$2.3 BILLION, GUANGZHOU, CHINA AT \$2 BILLION, PLAQUEMINES, U.S. AT \$1.5 BILLION, BREMERHAVEN, GERMANY AT \$1 BILLION, AND NEW ORLEANS, U.S. \$1 BILLION.



THE REPORT CONCLUDED THAT THE INDUSTRY CEASE ITS GUESSING GAME WHEN DETERMINING CATASTROPHE RISK AND PORT ACCUMULATIONS AS "OUTDATED TECHNIQUES AND INCOMPLETE DATA HAVE OBSCURED MANY HIGH-RISK LOCATIONS."

THE NUMBERS THE REPORT ESTIMATES ARE ALARMING. IT'S CLEAR THAT MORE RESEARCH AND CONSIDERATIONS NEEDS DONE TO BETTER DATA AND MODELING, A POINT THAT THE AUTHORS MAKE VERY CLEAR,

"AFTER SO MUCH CATASTROPHE LOSS TO THE CARGO LINE SINCE 2011, IT IS CLEAR THAT 'GOOD ENOUGH' MODELING TECHNIQUES ARE NO LONGER FIT FOR PURPOSE. BETTER DATA AND MODELING WILL ENABLE MORE EFFECTIVE PORTFOLIO MANAGEMENT AND UNDERWRITING FOR THIS DYNAMIC LINE OF BUSINESS."

UNTIL THERE IS BETTER RESEARCH, THE PORTS ARE STILL VERY MUCH AT RISK OF CATASTROPHE.

INFOGRAPHIC CREATED BY **MORAI** LOGISTICS INC.

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SOURCES:

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Infographic created in collaboration with Grilled Cheese Affairs



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