What can we learn from the unfortunate circumstances that took place off the coast of Tuscany when the luxury liner Costa Concordia struck a rock? Plenty, really! How often have you heard of organizations that are apparently running along successfully when suddenly disaster strikes? It could be the fire that burns a dormitory residence at a college, an accident or medical calamity that kills the CEO of a company, a tornado that hits and abruptly changes the ability of an organization to function or even exist. The list can go on...read more
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The Costa Concordia was not an old rundown cruise ship. It was described as a “luxury” ship for good reason. It was owned by a subsidiary of the largest cruise line in the world, Carnival. But it is not enough to be the biggest and most luxurious. You have to be the best - not just having the best accommodations, the best food and the best entertainment. If you are going to be successful you must also have the best risk management program possible to prevent losses whenever possible and to limit losses when they occur. Here are a few lessons we can learn from the Costa Concordia:

- Disaster can strike at any time. It can be unpredictable and it can be devastating.
- Have a disaster plan to address and manage the disaster when it is happening.
- Your plan should have priorities:
  - Get help to the scene of the incident quickly.
  - Be efficient in dealing with the individuals involved, including the media.
  - Be honest in what is happening and how you are dealing with. Clearly, candor and privacy issues must be balanced.
  - Get good local legal counsel to assist you.
- Be sure everyone who needs to know the plan actually knows it and knows how to respond.
- Be sure competent people are in charge and that others know who is responsible.
- Have a disaster recovery and business continuity plan in place. Carnival is faced with the reality of cancelling millions of dollars in cruises and waiting possibly years to either get the Costa Concordia back on the ocean or building a replacement.
- Consider the impact of the disaster on your various constituencies and the public. Communicating effectively does not come without careful planning before a disaster occurs.
- Check your insurance. Do you have enough coverage for a loss? What about business interruption insurance?

The Costa Concordia has hull coverage for about $345 million plus additional coverage should it be declared a total loss. The cost of replacement or refurbishment will be huge in this case. So too will the cost of moving the ship from where it sits. Most cruise lines do not even insure for loss of this business income because of the cost of the premiums for this type of business. I have to wonder how those premiums are looking now to Carnival. The crew and passenger deaths, while certainly most sad, will also raise issues of liability coverage. The point here is that when you are considering your insurance needs, look broadly at them and ask what you would need in the case of a disaster.

I have heard comments that we have clients who prefer to keep their rates down by undervaluing their property. Is this a good idea? Most assuredly it is not. Ask your Adventist Risk Management (ARM) field services representative to assist you with a full review of all your coverages to be sure you have adequate liability, property and other coverage needed for your organization. We are happy to provide this service. It is not our desire to sell you more coverage than you need, but it is our desire to partner with you in assuring you have adequate protection.

Remember, our ministry is to help you protect your ministry. Let us help to protect you.

Note: ARM has a DVD entitled Staying connected: Business Continuity Plan. It is free of charge by asking your ARM field representative, or email us at armcorpcomm@adventistrisk.org.

By Bob Kyte, president, Adventist Risk Management, wrote this article.
Whilst we pray for the families who lost their loved ones during this sea tragedy, I fully agree with bro Bob Kyte on the lessons we can learn. We have always been concerned with material damage of the risk but at times forget to protect the liability aspect. The additional cost of salvaging and P&I maybe terrible should there be any spill or pollution.

Yes, we have to look broadly when considering our insurance needs and the church need to be understanding of the litigation era that we live in and as responsible christians do our best to minimise our risk and get adequate protection.

Blessings
Fiji Mission