



HURRICANE HARVEY

“HOW I SPENT MY SUMMER VACATION”

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CHRISTUS HEALTH: SERVING COMMUNITIES DURING HURRICANE HARVEY

CHRISTUS Health – Who We Are

Hurricane Harvey Recap

Shared Learnings from Hurricane Harvey

- Before the event
- During the event
- After the event

The Role of CHRISTUS Health's Captive

- Providing property coverage
- Funding loss prevention initiatives



CHRISTUS HEALTH

A community of 45,000 strong with over 15,000 physicians

1 Corporate Office

1 CHRISTUS operating company strategy

- \$6.0 Billion in Assets
- \$5.3 Billion in Revenue

1 Cayman Captive

- Emerald Assurance Cayman, Ltd.



HURRICANE HARVEY

Recap of the events of August 2017 – September 2017

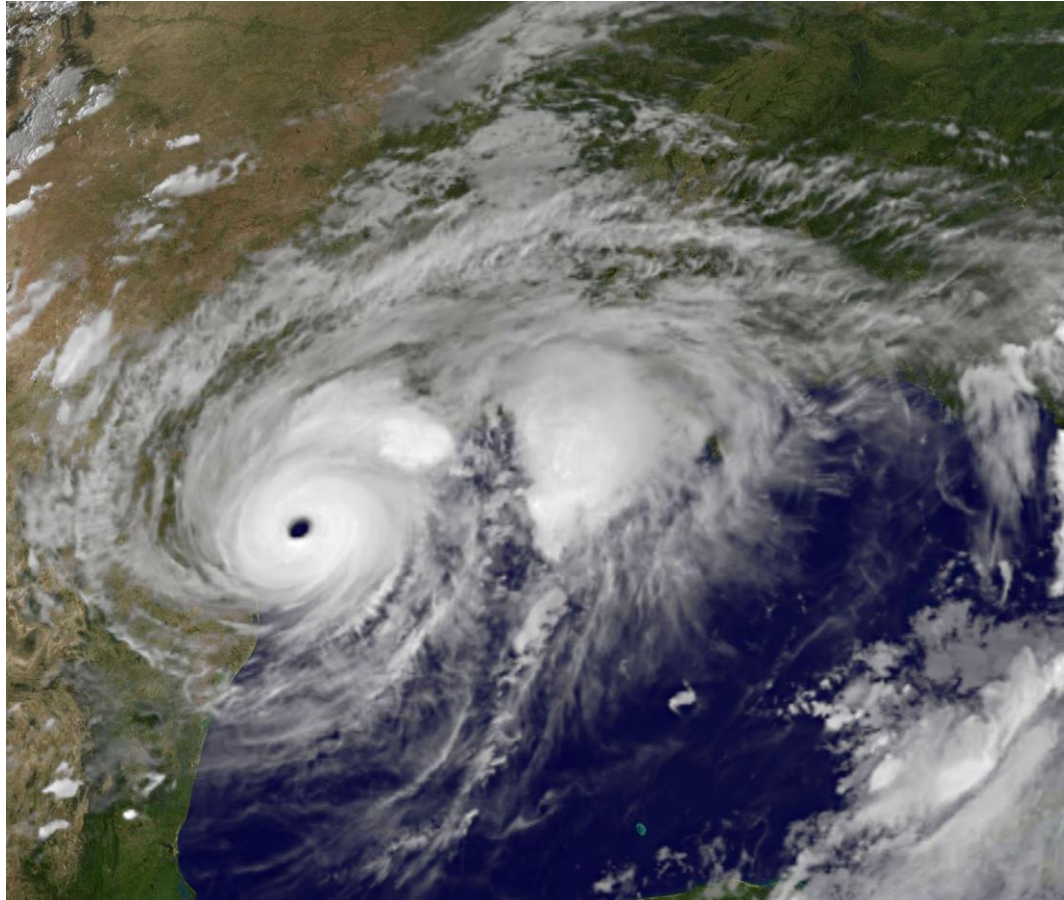
HURRICANE HARVEY RECAP

- **First landfall near Rockport, Texas**
- **Category 4 hurricane**
- **27 billion gallons of rain**
- **Sixty-eight deaths**
- **Significant flood damage in Houston metro; and Beaumont/Port Arthur**
- **Current estimate is \$125 billion in damage**



HURRICANE HARVEY RECAP

IMPACT ON CHRISTUS HEALTH



More than a dozen CHRISTUS Health facilities on Texas Gulf Coast

All other hospitals in the area closed

System-wide response and coordination

Only minor damages from wind

Flooding/water intrusion caused most damages

HURRICANE HARVEY RECAP

CHRISTUS LOSSES

Property Damages	\$ 5.0 Million
Business Income	<u>\$11.8 Million</u>
Total Estimated Losses	\$16.8 Million

Facility Deductibles	\$.9 Million
Paid by Captive	<u>\$ 15.9 Million</u>
	\$ 16.8 Million

SHARED LEARNINGS FROM HURRICANE HARVEY

Before...During...After the Event



SHARED LEARNINGS - BEFORE CREATE A CORPORATE RESPONSE STRUCTURE

Coordination network of all facilities

Centralized management of support activities

- **Supplies**
- **Vendors**
- **Delivery**
- **Personnel**

All emergency response personnel trained in National Incident Management System (NIMS)

Corporation-wide drills, as well as hospital-specific drills, held annually

SHARED LEARNINGS - BEFORE ADVANCE PREPARATION

Electrical Infrastructure at facilities

Water source, e.g., drill wells

- Needed for HVAC
- Basic non-potable plumbing needs

Contracts with remediation companies and suppliers

Generators



SHARED LEARNINGS - BEFORE BUILDING HARDENING FOR WATER AND WIND

Roofs – Repaired, reinforced coping

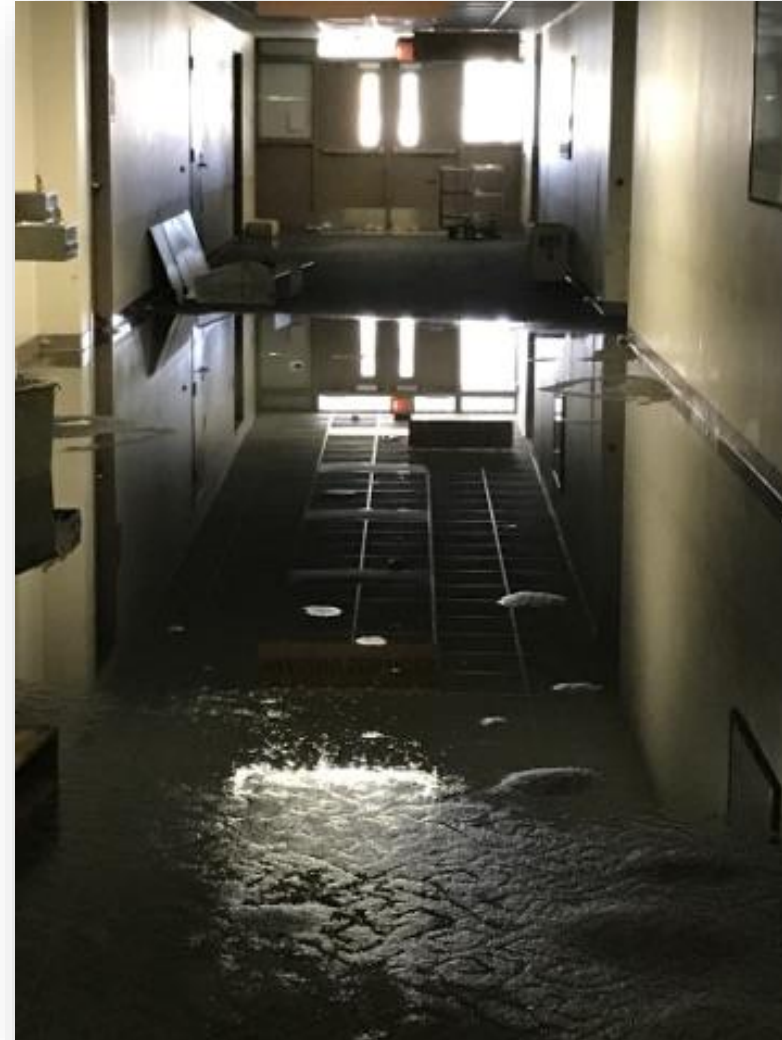
Windows – Projectile resistant

Flood protection barriers

Pumps and equipment raised above first floor and out of basements

Installation of “Quick-connects”

Protection of critical equipment



SHARED LEARNINGS - BEFORE NEAR EVENT PREP

**Pre-emptive work to
anticipate local
needs**

**Critical to assess
patient population**

**Transfer while we
can still control**



SHARED LEARNINGS - BEFORE AS HURRICANE APPROACHES

Board Up / Sandbag / Flood defenses

Shut down non-essential equipment

Unplug computers / Electronics

Wrap equipment and important items in plastic

Evacuations – life is more precious than property!



SHARED LEARNINGS - DURING COMMAND CENTERS

Status calls several times a day

System-wide participation on calls

Twenty-four hour operations

May have multiple “sub” Command Centers at each hospital impacted by the event

Requests, action items, and actions taken all documented for event reporting and financial tracking



SHARED LEARNINGS - DURING: EVENT ACTIVITIES

**Assuring needed
supplies/materials delivered**

Shifting workforce

- **Nursing & staff**
- **Physicians**

Generators in Route



SHARED LEARNINGS - DURING LOSS OF POTABLE WATER – BEAUMONT, TX

Storm surge contaminated city water supply for approximately three weeks

Temporary storage tanks with water pumps brought into area

Tankers of drinking water purchased from other parts of state



SHARED LEARNINGS - AFTER CRITICAL CARE TRANSFERS



Critical Care Transfers

- **Simulate and develop processes**

Technology allows better prediction of wind storms

Anticipate needs and movements while in control of resources

Multi-patient transportation vehicles may be a necessity

Prepare for longer disruptions

- **TJC requirements are fairly short term**
- **Cash payroll distribution**

SHARED LEARNINGS - AFTER ASSOCIATES SUPPORT ONE ANOTHER

**Timing of
workforce support**

**Associates willing
to assist despite
personal
inconvenience**



SHARED LEARNINGS - AFTER DAMAGE ASSESSMENT

Building by building assessment

Pictures, pictures, pictures!

Begin remediation immediately

Deploy property claims adjuster

Notify insurance companies

Recertify all equipment

**Accounting cost center to track all
expenses**



"And love will hold us together
make us a shelter to weather the storm
And I'll be my brother's keeper so the
whole world will know that we're not alone"
-Matt Maher



CHRISTUS HEALTH'S CAPTIVE

Before...During...After the Event





Assurance Cayman, Ltd.

EMERALD ASSURANCE CAYMAN, LTD.

Formed in 2003 to provide alternative primary professional liability coverage to all facilities

Annual gross written premium over \$38 million

Assets over \$185 million

Underwrites:

- Professional & General Liability**
- Property**
- Directors & Officers Liability**
- Employment Practices Liability**

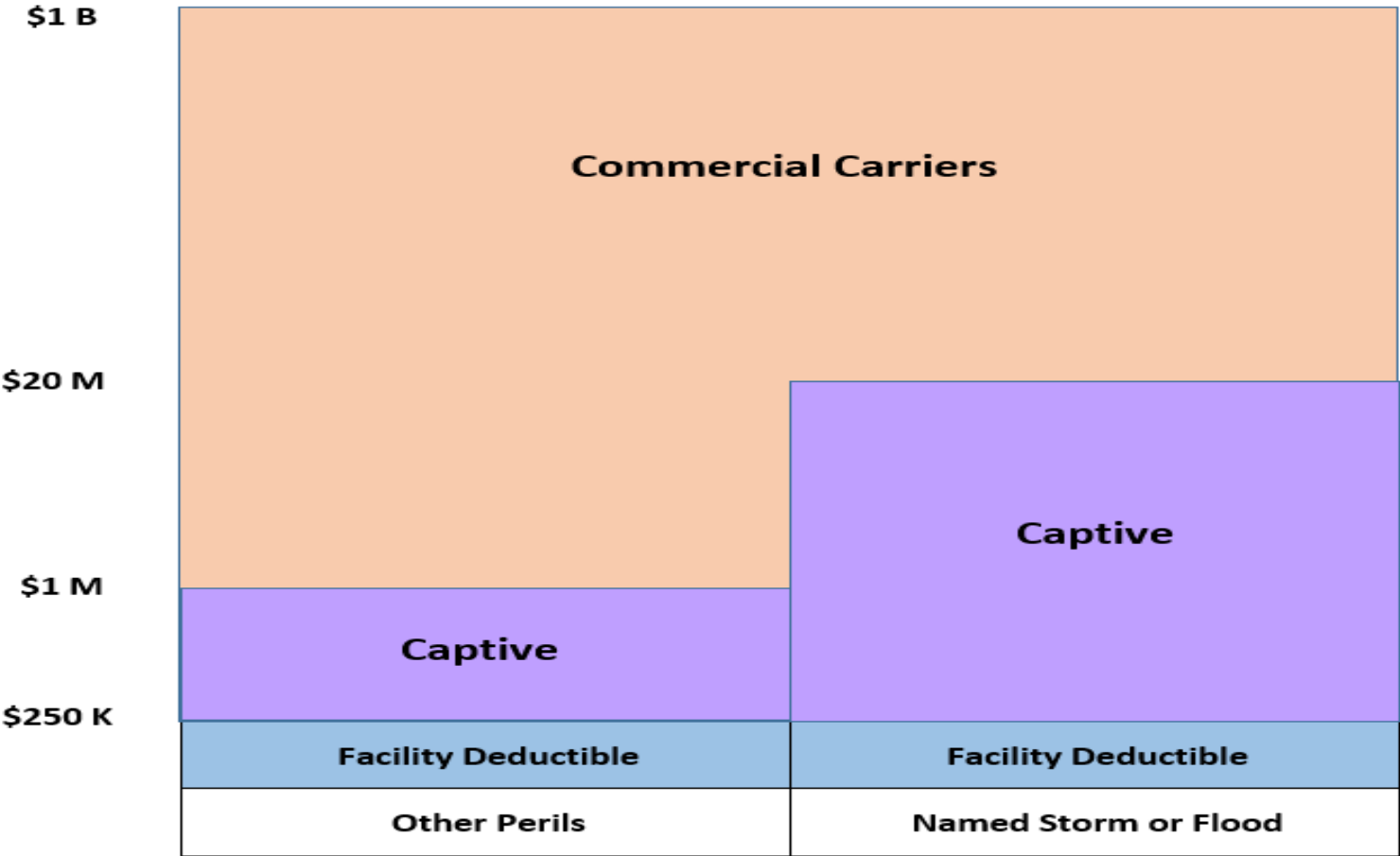
Reinsures:

- Workers' Compensation**
- Employed Physician Professional Liability**

Overall Incurred Loss Ratio of 46%



CHRISTUS PROPERTY PROGRAM



CAPTIVE PROPERTY POLICY

Based upon commercial property insurance form

Customized for CHRISTUS Health

Removed earth movement exclusion

Removed flood exclusion

Removed pollution exclusion

Removed terrorism exclusion

Added endorsement expanding coverage for course of construction

Variable facility deductible – based on size

Flexible premium strategy, but calculated pursuant to a risk model

Coastal facilities pay a higher premium rate than non-coastal

CHRISTUS EMERALD INNOVATIONS PROGRAM

Sponsored and funded by the Emerald Assurance Cayman, Ltd., CHRISTUS Health's wholly-owned captive insurance company

Funding is in the form of direct grants, insurance premium discounts, expense reimbursements or a combination

Encourages the development and implementation of innovative loss prevention/risk reduction initiatives at the health care center or facility level

Funds innovative approaches to reduce claims frequencies and losses, and to improve patient, associate, visitor or facility safety

Monitored for loss reduction, service improvement, best practices implementation, innovative approaches to safety



EMERALD GRANTS

Excavation of water well on hospital campus to provide water for cooling tower and non-potable uses.

Wind uplift testing on 9 coastal hospitals



Renovating a new hospital command center

Developed building hardening plans for 10 facilities

Funding of construction of water barriers, raised platforms for generators, and installation of quick connect switchboards to get facilities back on-line after a storm event

Purchased two portable generators for quick deployment around the System



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