



# Marsh Advisory

## Blast at Ming Dih Chemical Factory on 5 July 2021

Marsh Advisory Asia

July 2021



# Background

Massive explosion reported at Ming Dih Chemical factory in Samutprakarn province at about 3 am on Monday 5 July 2021. A fire blaze following the explosion engulfed the entire factory and sent blast shockwave that caused damage to buildings and houses within a 1 km radius.

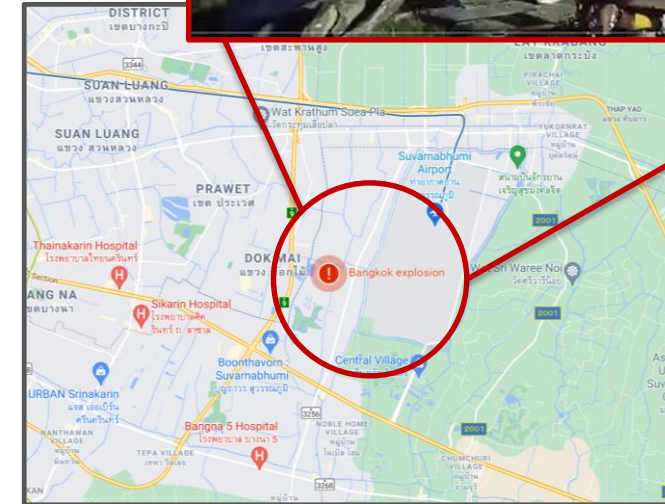
Investigation is ongoing and there are concerns over chemical contamination and poisonous fumes as thick and black smokes rose up from the burning site that is visible from many areas of Samutprakarn and metro Bangkok. Local authorities had evacuated local residents for safety reason.

## Food for thought:

Any emergencies, if not managed effectively and in timely manner can escalate into a Crisis and disrupt business operations and cause financial and other impacts.

## Some considerations to determine your organization's readiness:

- Does your organization maintain a robust **Emergency Response Plan (ERP)**?
- Does your organization have a comprehensive **Crisis Management (CM)** framework?
- Does your organization maintain a robust **Business Continuity Plan (BCP)**?
- Are the abovementioned programs **validated and updated**?
- Are key personnel (Board, Management and Staff) **aware and adequately trained**?



<https://www.bangkokpost.com/thailand/general/2143619/huge-explosion-fire-at-chemical-factory-21-injured>

# How can organizations better prepare for similar events?



## Emergency Response Plan (ERP)

### Purpose

- A robust ERP empowers Client to anticipate early & respond immediately to severe events, such as the recent incident.
- Applicable to wide spectrum of risks, i.e. natural disaster, accidents, incidents, etc.

### Key Features

- Based on the international ISO 45001 standard and five-step process
- Output includes ERT formation, roles & responsibilities, entry & exit criteria, detailed SOPs, report templates, etc.
- A resilient business that can respond to emergencies effectively & minimize financial loss, injuries or fatalities



## Crisis Management (CM)

### Purpose

- A comprehensive CM framework helps Client to protect its strategic objectives, reputation & long-term survivability
- Requires significant organizational coordination & collaboration to succeed

### Key Features

- Occurs when least expected & demands immediate response
- Identifies key members of CMT with distinct roles & responsibilities, reviews and identify incident types & impact level.
- Determines information flow and decision-making authority.
- Address important internal & external stakeholder (shareholders, families, community, media, government, etc.) & crisis communication templates



## Business Continuity Management (BCM)

### Purpose

- A robust BCM ensures Client to manage declining sales, revenues & profits with increased business & operation costs & expenses due to the incident
- Copes with negative reputation & loss of trust that are detrimental to branding, future business prospect & market capitalization

### Key Features

- Based on the international ISO 22301 standard
- Focus on establishing & updating a process & plan that is based on a the most probable worst-case key disaster scenario.
- Considers personnel safety & health, policies & critical assets (i.e. buildings, equipment, machineries, raw materials, end products, etc.)
- Prioritize recovery of critical business value creation activities within pre-defined timeframes. Shorter recovery & resumption timeline reduces the overall impact over time.

# Likely insured exposures

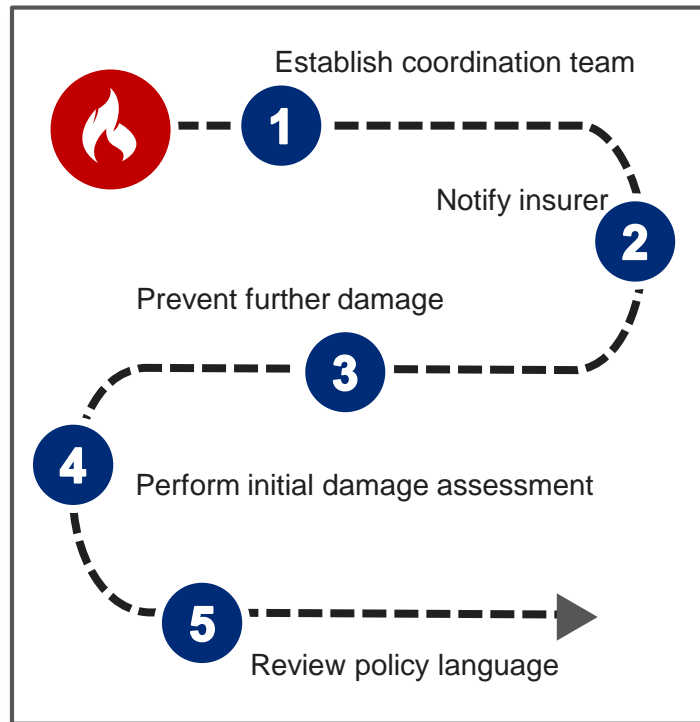
- Property and time element exposures
- Death and personal Injuries
- Business interruption / supply chain disruption
- Environmental
- Regulatory, fines and investigations

## Impact Report:

We expect that this incident will primarily represent significant exposure in the property or fire insurance for not only Client itself but also surrounding factories, warehouses and residential houses which were affected by shockwaves of the blast.

**There seems to be also potential supply chain issues for suppliers or customers of Client.**

# Initial steps taken after the loss



**1** Establish coordination team. Both internal and external key contacts

**2** Notify insurer

**3** Take measures to **protect property from further damage** (i.e., secure building, cover contents, hire cleaning company).

**4** Perform **initial damage assessment** inspections.

**5** Review policy language to determine coverage and requirements:

- Timeframe to notify insurer with intent to make replacement cost claim
- Policy sub-limits or exclusions

## Protect property from further damage:

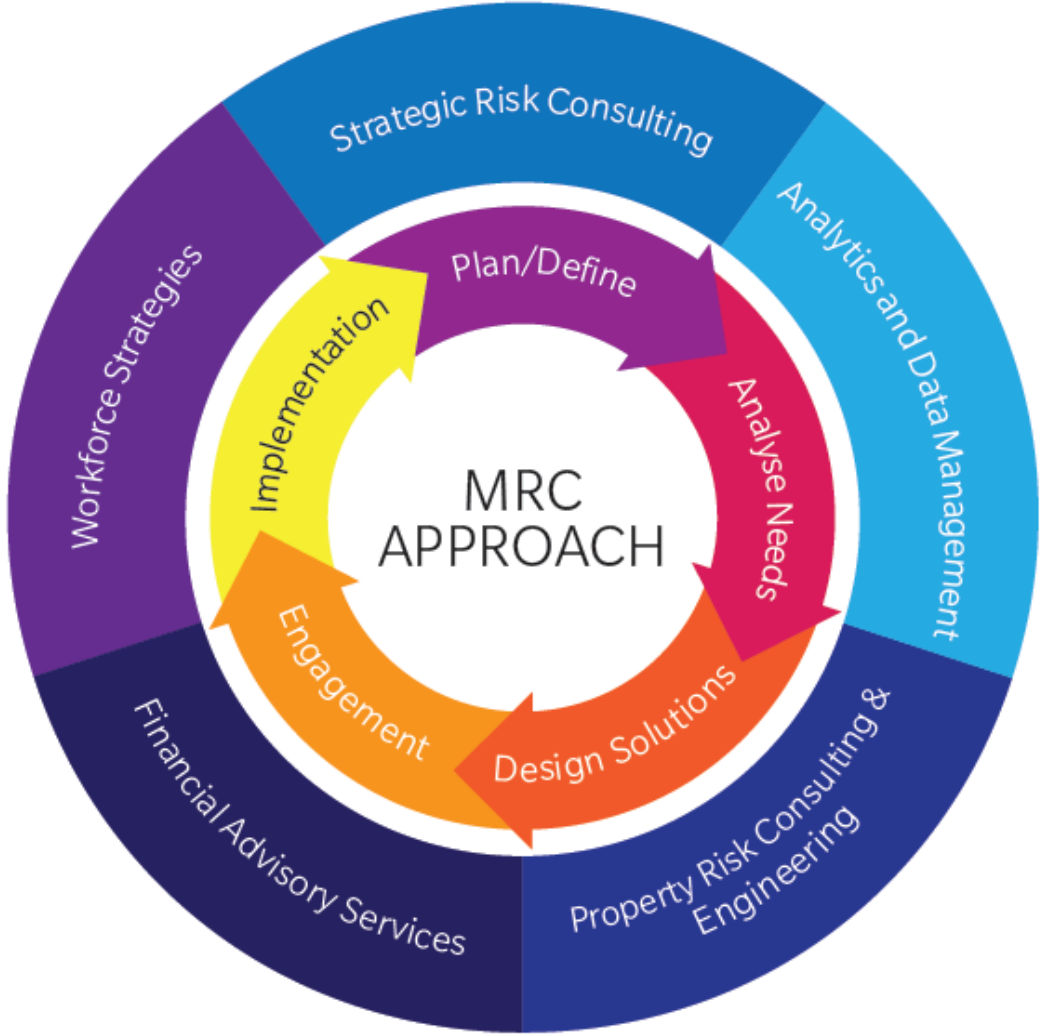
1. Utilize reputable/experienced recovery service company.
2. Remove water or debris as soon as possible.
3. Board up windows and secure contents.
4. Utilize security services to protect property.

## Perform initial damage assessments

1. Take photographs to capture “picture” of damages.
2. Take videos, if available.
3. Inspect roofs, basements, windows and / or other water penetration sites to determine vulnerable areas.

# RISK MANAGEMENT SERVICES

What Marsh provide to clients



|  |  |
|--|--|
| <b>Strategic Risk Consulting Solutions</b><br>          | Strategic Risk Consulting Solutions          |
|  | Business Resilience                          |
|  | Enterprise Risk Management                   |
|  | Cyber Risk Assessment                        |
| <b>Analysis and Data Management</b><br>                 | Risk Bearing Capacity /Risk Tolerance        |
|  | Total Cost of Risk Analysis                  |
|  | Risk Retention Analysis                      |
|  | Benchmarking                                 |
| <b>Workforce Strategies</b><br>                         | Strategic Employee Risk Profiling            |
|  | Occupational Health & Safety Risk Assessment |
|  | Injury Management and Prevention             |
| <b>Property Risk Consulting &amp; Engineering</b><br> | Risk Engineering                             |
|  | Integrated Property / Liability Risk Control |
|  | Security Vulnerability Assessment            |
| <b>Financial Advisory Services</b><br>                | Business Interruption Analysis               |
|  | Financial Crime Consulting                   |
|  | Claims Preparation Services                  |

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