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Insurance likely to pay much of accident's cost at Six Flags in Arlington

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Insurance will probably be used to absorb much of the financial impact of a deadly accident Friday at Six Flags Over Texas, legal experts not connected to the case said Monday.

The workweek began, coincidentally, with Six Flags corporate reporting record revenue for the first half of the year.

It also was the first day for the stock market to react to both the financial report, which included a drop in second-quarter profits, and to the death Friday of a 52-year-old Dallas woman who fell from the Texas Giant roller coaster.

The stock, which sank in pre-market trading to \$35.12, closed at \$35.24, down 1.7 percent for the day.

During a call with financial analysts, Six Flags' chairman Jim Reid-Anderson declined to talk about the case in detail. But he said so far the company has "seen no significant impact on our attendance, across the corporation."

"History in this industry would suggest there is a lag in reaction time after an accident," he added. "There could be a short- to medium-term attendance impact at the affected park."

He said he could not "comment on any future financial impact as we would simply be speculating" and promised a more detailed update in the third-quarter report.

'Insured loss'

In standard filings with the Securities and Exchange Commission, unrelated to this case, the company said it carries "multi-layered general liability policies that provide for ... liability coverage of up to \$100 million per occurrence."

"All of the parties involved, Six Flags, the manufacturer of the product, have insurance to cover these kinds of losses," said Brad Parker, a personal injury attorney based in Bedford. "It's an insured loss."

A family member of Rosy Esparza, whose name also was listed as Rosa Ayala-Goana, said an attorney had been retained to represent the family.

Laura Benitez Geisler of the Geisler Law Firm in Dallas said family members who were at the park and witnessed the accident would be able to file a claim, but not bystanders who were strangers to the victim.

Some witnesses told reporters Esparza had complained about the ride's safety harness not fitting properly.

To file a claim, a bystander must be at or near the scene, suffer a direct emotional impact from "perceiving the incident as it happens or immediately thereafter, and must be closely related to the victim," Geisler said.

Staffing concerns

Some parkgoers also have complained online about a perceived reduction in staffing at the park, the original location in the Six Flags chain.

A park spokeswoman said 3,019 seasonal employees were hired this year, compared with 2,744 a year ago.

During the morning's call with analysts, John Duffey, the chief financial officer, stressed that the company has not reduced spending related to park upkeep and safety.

"Overall maintenance and safety spending represents approximately one half of our total park operating costs and 25 percent of capital spending," Duffey said, adding that Six Flags "will never compromise ... the safety and security of our guests."

The call began with Reid-Anderson speaking of the "heavy hearts" at the company.

He said internal and external experts are investigating the cause of the accident. "Until that process is complete we have no additional information to share," he said, adding that the ride will remain closed until "we are certain that it is safe to ride."

"Our deepest sympathy goes out to the family, and we are providing them support as best as we can."

Record revenue

He then went on to talk about the quarter's financial report.

The world's largest regional theme park company announced a record \$451 million of revenue for the first six months of 2013, representing a 2 percent increase over the prior year period, or a 3 percent increase after adjusting for insurance proceeds related to Hurricane Irene.

In the second quarter, which ended June 30, profit actually fell 34 percent, to \$47.4 million from \$72.3 million a year ago, in part because of a calendar shift that pushed the Easter holiday into the first quarter. Reported profit per share for Six Flags stockholders was 47 cents, down from 64 cents a year ago.

Revenue slipped to \$363.7 million from \$374.9 million a year ago. Analysts on average were looking for revenue of \$370 million, according to Bloomberg data.

Total guest spending per capita grew 1 percent in the second quarter to \$39.52, with admissions revenue per capita increasing 3 percent to \$22.59 and in-park revenue per capita decreasing 1 percent to \$16.93.

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