

# Rebuilding relies on establishing the extent of insured damage

Soon after the tsunami made landfall, **Paul May**, chairman of international loss adjusters Concordia Consultancy and a past president of the Chartered Institute of Loss Adjusters, was invited to assist insurers in Sri Lanka and the Maldives to deal with claims and disaster management. He was quickly in the thick of damage assessment, and advising on rebuilding strategy. Here is his eyewitness account of the devastation and of the response by local communities and the insurance industry

THIS is, first and foremost, one of the worst human tragedies in the world let alone in this region.

Destruction has been immense within the range of the tidal wave's incursion onto land. However, the border between the end of the wave's reach and the rest of the land is quite clear to see.

Contrary to the impression given in the television news, the infrastructure in the areas not damaged by the tidal

waves in Sri Lanka and the Maldives has survived. Road and rail within the area of the tidal waves are damaged, and will take many months if not years to reconstruct.

The cellular telephone system installed across both the Maldives and Sri Lanka was placed under serious overload usage after the event, but only suffered damage to a handful of towers, so mobile communication has been possible.

Everyone here has a personal loss, as many have lost family, friends and colleagues. There is a strong sense of self-reliance and aid from within the countries is being generated, for instance by clothing donations or people volunteering to spend time helping at refugee camps or ferrying aid in their cars.

I think that the international television coverage has reached ghoulish and unbalanced proportions and gives the impression that everywhere is affected with severe cholera risk and other acute problems.

There is no doubt that in certain areas this is true but, for countries that depend on tourism the impression is being given that no one should visit at all. Sri Lanka and the Maldives need aid and tourists. Our work in helping hotels and resorts begin to repair and rebuild will enable people to be re-employed, and that will be a real help to the economy.

I have had professional connections

with Sri Lanka for more than 20 years, having been closely involved with the adjustment of many major losses involving fires, robberies, and construction as well as many of the losses from acts of terrorism.

Our regional manager for south Asia, Nihal Bogahalande, is based in Colombo and is a highly regarded chartered engineer and loss adjuster. He is a senior member of the adjusting association in Sri Lanka. Within hours, he was asked to inspect damaged locations, and I was called by insurers requesting me to travel to Sri Lanka to assist.

I arrived on December 28, and since then other colleagues have arrived and we have established disaster claims offices in the Maldives and Sri Lanka manned by chartered loss adjusters and Sri Lankan and Maldivian adjusters and surveyors. We expect that our presence will remain at the current manning levels until April at the earliest.

We are involved with claims for major hotels, resorts, construction projects and power and telecom organisations.

We are seeking to establish the extent of insured damage, and assist businesses to plan for an efficient programme of rebuilding and repairs.

Some site visits have involved arduous and circuitous journeys, including travel by small boat for many hours, as all planes and helicopters were being used initially for casualty evacuation and more recently for the movement of

aid and aid workers. The level of disaster planning by individual businesses was not as good as it might have been, and some businesses did not have records stored at different sites or data back ups.

Significant amounts of contents and fittings have been washed away and verification is difficult, although that is not unusual in natural disasters and we have techniques to minimise the moral hazard associated with this issue.

Missing policyholders will present the insurers with a sensitive challenge. The identity of the person receiving the policy payment needs to be established, and therefore claims on policies for homeowners and small shops may take years to reach completion.

A key question is to what extent insurance cover is in place, and how difficult cover may be to buy for affected areas in future. Earthquake is being considered as the proximate cause by many insurers and therefore policies with earthquake cover are responding. All policies with earthquake as a named peril will be triggered. There is uncertainty over the extent to which motor policies will respond.

Many individuals earn their daily crust from fishing or agriculture. Their possessions and their fishing boats may have been modest and insurance was a long way down their list of priorities. They will have been very seriously affected financially and need urgent help

and support, which the aid relief seems finally to be addressing.

Reinsurance has always been important for both countries, and in this instance reinsurers from Europe, Asia, and India are involved. I expect insurers and reinsurers will look to understand further the ongoing risk before reaching any decisions as to future coverage and price.

As to the emergency response by the insurance and related industries, in relation to homeowners and small commercial policies, we are advising insurers on catastrophe response, and fast track adjusting and claims management techniques.

The loss of life and severe disruption means that it will take time for individuals to begin making claims.

Some insurers are asking policyholders to call disaster telephone numbers. Others are being more pro-active and undertaking visits to premises that they insure. On the larger commercial and industrial accounts, loss adjusters are being appointed and steps are being taken to assess the extent of loss and begin remedial mitigation activities.

There is a lot of discussion about creating a new infrastructure in the affected areas and I hope that the aid that is earmarked for that will remain set aside for such medium term improvements.

We are going to be donating part of our fees to support an orphanage so that we can see the direct results of our support

over the months and years ahead. This is a human tragedy of biblical proportions which came without warning.

It is of real concern that it is thought that some earthquake/tsunami monitoring stations around the globe had an awareness of the severity of the earthquake shortly after it occurred but had no established method of sending a warning of the likelihood of a consequent tsunami.



**Full force: Destruction of homes and commercial buildings is widespread.**



**Damage control: Paul May at work at one of the affected resorts.**