



Measuring up to the task – Hurricane Ivan and Grenada's recovery

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The subject of catastrophe response is a well beaten track, trodden by countless seasoned campaigners in press articles down the years. Claims professionals with experience of Caribbean hurricanes will already know the score by heart.

Suffice it to say that adjusters' catastrophe plans are nowadays in place well ahead of the hurricane season, addressing logistics, identifying available manpower and determining the size and complexion of teams that will be committed in the event of a hurricane. These plans are often tailored and agreed in conjunction with local carriers and/or reinsurers. From August onwards, battle hardened veterans of past campaigns are placed on standby, along with less experienced colleagues, essentials such as chinos, sturdy footwear, imodium and sunblock at the ready, in the knowledge that a potentially hostile environment, possibly without electricity, food or fresh water, awaits them should they be called upon to join the Cat Team.

So what greeted the advance parties of adjusters on their arrival in Grenada in the immediate aftermath of Hurricane Ivan? A brief description of Grenada before the arrival of Ivan is useful here.

Grenada is a small nation with a population of around 89,000 and a GDP in 2002 of just US\$440 million. The sunny disposition of the Grenadians belies the statistic that some 32% exist below the poverty line and unemployment is in the order of 12.5%.

At latitude 12 07° N, Grenada is one of the southernmost Caribbean islands, situated just north of Trinidad and Tobago. Rejoicing in a tropical climate tempered by north-easterly trade winds blowing in from the Atlantic, the Grenadian economy depends heavily on tourism and agriculture. Specifically, it is the world's second largest producer of nutmeg, now emblematic of Grenada and largely responsible for its epithet, the Spice Island. And by virtue of its geographical co-ordinates, nestling snugly upon the very edge of the hurricane belt, north of which Marine policies exclude hurricane cover between the months of June and November, the island has long enjoyed a reputation as a Hurricane Haven for yachts in the Caribbean, significantly extending the tourist season with corresponding benefits for the economy.

When Ivan struck on Tuesday 7th September 2004, raking the island with winds in excess of 200 miles per hour, the people of Grenada might have been forgiven some incredulity. Never mind the destruction visited upon them by Janet in 1955; the country had been hurricane free for 49 years. That this status was now obsolete, however, would have been the least of their immediate concerns. Quite apart from wholesale destruction of the mountain rainforest and widespread damage to flora, it is estimated that more than 90% of the island's buildings sustained some measure of damage, from moderate to severe. If one accepts the local view that less than 40% of buildings were insured, the picture is bleak indeed.

Roads were blocked and the overhead electricity distribution network effectively destroyed island-wide, isolating the more remote communities particularly in the



north. This was soon compounded by chronic shortages of food and drinking water. Only in the area of telecommunications was prolonged disruption avoided thanks to cell-phone technology, although the queues that formed outside the premises of the mobile telephone companies sometimes rivalled those for food and water.

Widespread looting of shops and supermarkets swiftly gave rise to a dusk to dawn curfew enforced by armed police and troops from neighbouring Trinidad and Tobago. However, the looting was not confined to land as scores of boats, wrecked or beached on the shores, offered generous pickings.

If it was an act of God, the hurricane certainly was not selective. Churches that had stood against the elements for a century or more lost roofs and walls. Hand-crafted pulpits, pews and other irreplaceable joinery, the legacy of a bygone age, were reduced to matchwood. Hospitals and other essential services were prioritised and promptly returned to some semblance of functionality but schools the length of the country were closed for several weeks.

Aid was rapidly forthcoming from the international community in terms of both manpower and essential supplies. Convoys transporting food, water and medicines from the capital, St. George's, northwards for distribution to the more remote towns and villages, would pass roadside teams of volunteer linemen from Venezuela, Trinidad, the USA, Canada and elsewhere, striving to restore power throughout the island.

On a more informal level, private aid donations brought in by boat to sundry marinas and jetties would be unloaded, sorted and transported to secure distribution centres, usually hospitals or churches, by teams of ex-pats and Grenadians imbued with the Dunkirk spirit

In the days that followed Hurricane Ivan, civilian access on to the island could be gained only by boat until the three Grenadian airfields and systems were able to accommodate smaller aircraft. It was some four weeks before the control tower and ATC systems at the main airport were restored to allow large passenger jets.

Rejuvenation of Grenada's tourist industry may yet be measured in just months, despite the scale of devastation to the island's natural resources, buildings and infrastructure. However, with the majority of nutmeg trees feared irredeemably lost or damaged, recovery of the island's agriculture will take several years.

A number of the hotels that escaped serious damage were able to reopen, offering restricted accommodation and facilities to the many aid workers, volunteers and contractors descending on the island. Among these of course were the relatively small contingents of loss adjusters, which brings us neatly back on track.

This then was the scene that met the vanguard of adjusters. A small island nation in shock, its infrastructure devastated, food and water at crisis levels, civil order in the hands of police and troops from Trinidad and the two mainstays of its economy, tourism and spice production, at a standstill. With severely curtailed revenue and



reliant upon foreign aid, the Grenadian customs and excise department was obliged to levy duty and tax on freely donated aid passing through the ports and airports.

The role of the insurance industry in the rehabilitation of Grenada cannot be overstated. Without insurance many factories, businesses and homes would not be restored. The more significant building claims, both commercial and household, tend to be handled in the traditional manner with detailed attention to scope, building regulations, and a semblance of competitive tendering, sometimes funded by interim payments through to final reinstatement. In these cases it is likely that the damaged building will eventually be restored to something approaching its pre-hurricane condition.

With the smaller property losses a quite different approach has been adopted by local Insurers to cope with the sheer volume. Wherever possible, adjusters are briefed to establish liability and quantum, often on the strength of a single estimate, and to obtain a signed release in a first visit. The claim is then settled on a cash basis. Indeed, certain Insurers have gone one step further, effectively outsourcing the claims function by simply passing their entire risk portfolio to the adjusters with instructions to visit every single policyholder. The benefits of such cash settlements are clear. The Insured receives his indemnity to spend as he likes, the Insurer has a satisfied client, the file is closed and the books are cleared.

Everybody it seems is happy, in the short term perhaps. But once the dust has begun to settle, is it churlish to ask whether enough has been done? For instance, are those cash settlements really in anyone's long term best interests or are they just a convenient quick fix that leaves the island's buildings poorly or unrepaired, and more vulnerable than ever to storm or hurricane damage?