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to a different
perspective

claims

PROFESSIONAL



PAST PRESIDENT DEALS WITH TSUNAMI DAMAGE IN SRI LANKA AND THE MALDIVES

INTERNATIONAL loss adjusters Concordia Consultancy, with companies in London and Singapore, was requested to assist insurers in Sri Lanka and the Maldives to deal with claims and disaster management shortly after the tsunami hit. Paul May, Chairman of Concordia and a Past President of the CILA, has been there with a team of adjusters since 28th December. He has been involved with Sri Lanka for over 20 years having been closely connected with the adjustment of many major losses including fires, robberies and construction as well as many losses from acts of terrorism. He describes the situation he found.

Our regional manager for south Asia, Nihal Bogahalande, based in Colombo, a highly regarded chartered engineer and loss adjuster and a senior member of the Adjusting Association in Sri Lanka, within hours was asked to inspect damaged locations.

I was called by insurers requesting me to arrange for myself and colleagues to travel to Sri Lanka to assist. I arrived on 28th December and since then other colleagues arrived and established disaster claims offices in the Maldives and Sri Lanka. These were manned by chartered loss adjusters, Sri Lankan and Maldivian adjusters and surveyors. We expect our presence to remain at the current manning levels until April at the earliest.

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 on to land. However, the border between the end of the tidal wave's reach and the rest of the land is quite clear to see.

Because of the terrible loss of life and destruction the first reaction of all businesses was to attend to their own personnel and family concerns. Most businesses did not have business recovery plans and therefore found themselves in a state of corporate shock. As a result, not all insured losses were reported quickly and therefore we have had instances of having to travel back to an affected area to look at other damaged locations.

We are involved with claims for major hotels, resorts, construction projects and power and telecom organisations. Also we are acting as claims management consultants to insurers to assist in their response approach and resource allocation.

Unlike a fire or other insured loss at one individual location this disaster has affected the markets nationally. Reduced tourism is a factor additional to the interruption at the insured premises. Often a group can continue to trade from another location but again the disaster has hit multiple locations so some insured businesses

have had all their locations affected.

We are encouraging hotels to offer accommodation and catering services, albeit not at usual standards of operation, to the growing numbers of aid and relief workers, journalists and other visitors such as overseas military personnel. This will assist in maintaining turnover which is especially important for those hotels that do not have business interruption coverage.

We are following the usual business interruption approach. The absence of personnel as a result of the disaster is a sad but unavoidable problem. 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 sometimes by light aircraft and also by small boat for many hours

Lack of power has meant that some locations have had to adopt manual systems and then have the data worked on at another location. 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 offsite or data back ups. Significant amounts of contents and fittings have been washed away and verification is difficult. As this is not unusual in natural disasters we have techniques to minimise the moral hazard associated with this issue.

As re-insurance has always been important for both countries, re-insurers from Europe, Asia, and India are involved. We expect insurers and re-insurers to look to further understand the ongoing risk before reaching any decisions as to future coverage and price. Earthquake is being considered as the proximate cause by many insurers and therefore policies with earthquake cover are responding. There may be a modification of wordings over the next few months depending on how re-insurers view the longer term exposure. Re-insurers may in the future perhaps look more closely at the disaster recovery plans of their cedants. It is vital to have a business recovery plan which is regularly updated - a recovery drill is just as important as a fire alarm drill. Likewise insurers should develop their own disaster response plans. Building users at locations at sea level should think carefully about using below ground areas for storage and for mechanical and electrical equipment.



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 intend to donate 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.

Contrary to the impression given in the television news, not all of Sri Lanka and the Maldives are disaster areas. The infrastructure in the areas not damaged by the tidal waves is OK. 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 after the event

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but it only suffered damage to a handful of towers so mobile communication since has been possible.

I think that the international television coverage has reached unbalanced proportions and gives the impression that everywhere is affected with severe cholera risk, randomly located land mines, etc. There is no doubt that in areas this is true, but for countries that depend on tourism so much 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 hotel and resorts to repair and rebuild will enable people to be re-employed and that will be a real help to the economy.

There is a real concern amongst consumers as to the merits of eating fish. The governments have not given clear guidelines and external health organisations could do more to establish whether there is an issue of public health. Many fishermen have lost their boats and livelihoods. However, I have seen at first hand the hard work that has gone into salvaging some fishing boats, most of which were not insured. Having worked hard to get back to the sea these fishermen are now finding that there is a greatly reduced demand for their catch.

So tourism and fishing are suffering and need strategic management input by the governments, relevant ministries, overseas specialists and aid agencies.

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