After The Hurricane Has Struck

By Dale Frediani

THERE is a growing scientific theory that we have entered into a period of increased storm activity, and actual experience seems to be bearing this out.

Last year had the highest number of named hurricanes and tropical storms in the Western Hemisphere on record, with Erin, Luis, Marilyn, Opal and Roxanne all causing substantial insured losses.

Hurricane Opal is now considered to be the third most costly hurricane after Andrew in 1992 and Hugo in 1989.

Storms of this magnitude tear buildings apart by the sheer force of their winds. Roof coverings are peeled back or ripped off completely.

Often the roof decking material itself is torn away, exposing the interior of the building and its contents to the torrential rains that accompany the storm.

Natural materials such as sand and tree limbs and dislodged building materials become airborne missiles, able to break windows and puncture roofs and siding.

Sometimes, in beachfront areas, localized tornadoes are formed, capable of ripping away complete structures.

Flooding not only carries the immense power of the water, but also brings the damaging potential of water-carried debris.

Heavy rains, wave wash and tidal surge combine to saturate the interior of buildings with both fresh and saltwater. Carpeting, insulation, furnishings and plasterboard hold this water like a sponge.

Subsequent rains over the next days and weeks entering through the openings in the building exterior, compounded with the warm and humid climate of tropical and sub-tropical hurricane-prone areas, soon cause extensive mould to develop on both building surfaces and contents.

What might have been salvageable immediately after the storm is soon rendered a total loss under these conditions.

Depending on the severity of the storm and the level of relief efforts that can be brought to an area, utilities may be out of action for days, weeks or even months.

Without traffic lights and with the streets and roadways littered with debris, getting around a stricken area is slow for emergency workers and insurance adjusters alike.

In south Florida after Andrew, US military personnel were brought in to help clean up debris, provide traffic control and security to stricken areas, and set up tent cities to provide food and shelter for the storm's victims.

Island locations in the Caribbean region suffer logistical disadvantages even greater than mainland coastal areas.

Almost all post-hurricane materials for emergency and permanent repair need to be brought in by ship and air. Once these materials arrive, overland handling and transportation resources are extremely limited.

Servicing hurricane claims provides severe challenges for adjusters, aside from being away from home for long periods of time. Although predicting these storms has improved greatly in the past several years, it is still hard to plan for where and when one will come ashore.

There is great demand for hotel rooms and rental cars near the affected area, and most insurance companies who expect a volume of claims try to line up these resources in advance.

The closest accommodation with electricity and food available is normally some distance away from where the most severe losses are.

The best technological innovations for adjusters serving in catastrophe conditions in the last few years have been the cellular telephone and laptop computer.

It is still difficult, however, to make contact with an insured whose own telephone is not working and who is not living in their home or routinely at their business.

Here the insurance agent or broker is normally the link enabling contact to be made. Adjusters can now use laptops to communicate with their companies, setting up claims in the company system and initiating advance payments where needed. There are also damage-estimating programs that enable the adjuster to quickly and accurately quantify the damages.

Besides these logistical and technical challenges, adjusters are also faced with the age-old problems of segregating flood from windstorm damages for coverage purposes.

In 1995, with multiple storms striking the same areas, it became necessary to try to attribute damages to each occurrence for the purpose of multiple deductibles or policy limits. In some cases, the effect on time element losses is still unresolved.

It becomes apparent in the aftermath of a hurricane that groups of properties in the same area sustain differing degrees of damage.

One obvious key factor is the quality of construction which fuels the debate over more rigorous building codes.

However, in many cases where extensive damage takes place, the building codes are in place but the enforcement of them is not. It takes a combination of both to ensure public safety.

Wind damage-prone construction today is often masked by new building techniques.

What appears to be a masonry building may reveal itself, after the storm, to be stucco on foam insulation sheathing on metals studs.

What looks like individual wood shingle siding turns out to be thin shingle veneer, laminated to quarter-inch plywood which peels off the building in large pieces, exposing the interior.

Apparent frame dormers are, in actually, one piece of moulded fibreglass which sails off the roof once the fasteners are loosened.

From an underwriting standpoint, it may be more important to review architect's plans for new buildings than to have an untrained eye inspect the property.

As the incidence of hurricanes causes repeated damage in coastal areas, the question of who bears this cost in our society becomes a larger issue.

The same thing is also true in areas prone to earthquake and river-related flooding.

Much of the development in these attractive areas is somewhat voluntary in nature, in that it is driven by vacationers, retirement communities and water-related businesses.

Insurance availability and cost is a function of risk, and the debate on how best to protect these properties with a fair sharing of the cost is sure to continue.

Dale Frediani is the head of property and marine claims for Refinance National in New York.

This article was originally published in Insurance Day, July 16, 1996.