



EYE ON THE S'



TORM

Lessons learned from the Australian response to Cyclone Debbie.

By Scott McFadzen, WLS; Foreword by Pete Consigli, CR, WLS

FORWARD

One of the highlights of RIA's 2018 Australian Conference & Tradeshow took place on June 7 as part of the conference's education program.

A panel made up of Scott McFadzen, WLS, Bruce Visser and Kaye Gough discussed Cyclone Debbie, which devastated parts of North Queensland, including the region where RIA held its conference and trade show. Catastrophic (CAT) events regularly strike Australia, and RIA member businesses and their disaster response teams need to be ready.

The panel presentation overviewed the readiness from three viewpoints: the restoration contractor, administrator and insurance company. The main theme of the panel was to provide useful information and lessons learned to help RIA members better prepare to respond to a CAT event and effectively work with TPAs and their insurance company partners.

McFadzen, who was the panel moderator, interviewed one of Australia's leading insurance company executives, Bruce Visser of Suncorp. Visser is Suncorp's technical manager of consumer loss events and high-risk claims. He gave conference delegates insights on how a carrier prepares and what can be expected for contractors to prepare for next event.

Gough offered the viewpoint of an experienced restorative drying contractor and CAT responder. Kaye and her

partner at Drizair, John Egmanis, are well known in the Australian restoration marketplace. Gough and Egmanis are pioneers in Australia in the use and application of trailer mounted desiccant dehumidification technology responding to major water losses throughout Queensland.

SCOTT MCFADZEN ON CYCLONE DEBBIE PREPAREDNESS AND REACTION

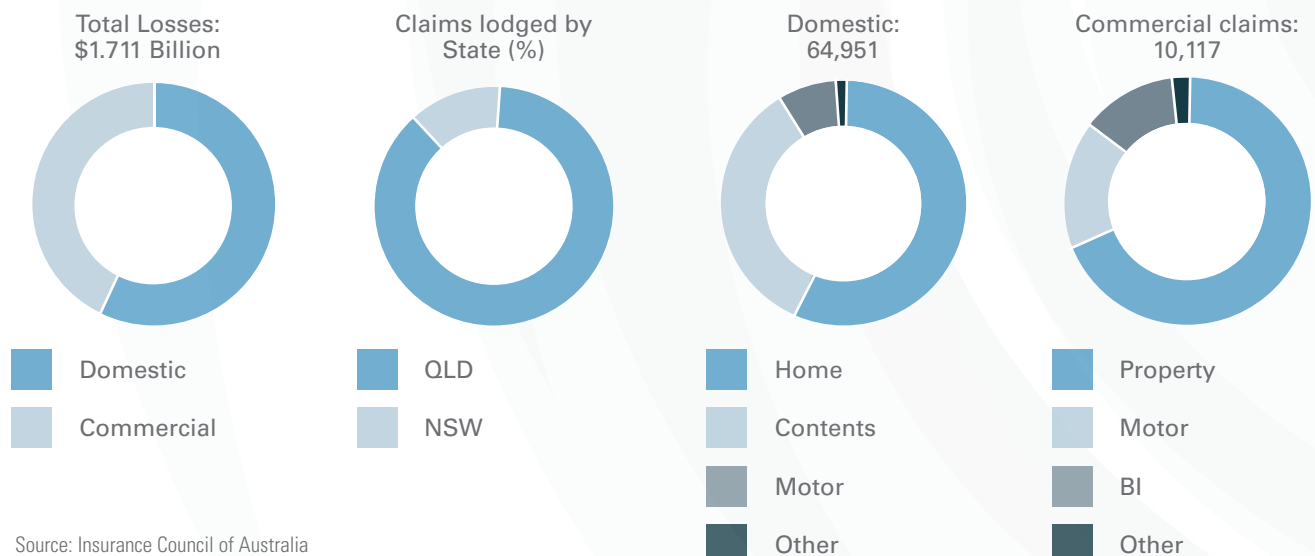
Cyclone Debbie hit the Airlie Beach region on March 28, 2017, as a severe Category 4 with winds up to 263 kilometers an hour recorded at Hamilton Island. It continued on through the west then turned south toward South East Queensland then over the border into New South Wales. The cyclone caused significant damage to the eastern coastline region with flooding to the west and central Queensland.

Twelve months later, Cyclone Debbie had caused approximately \$1.7 billion worth of claims with close to 75,000 total claims based on statistics from the Insurance Council of Australia.

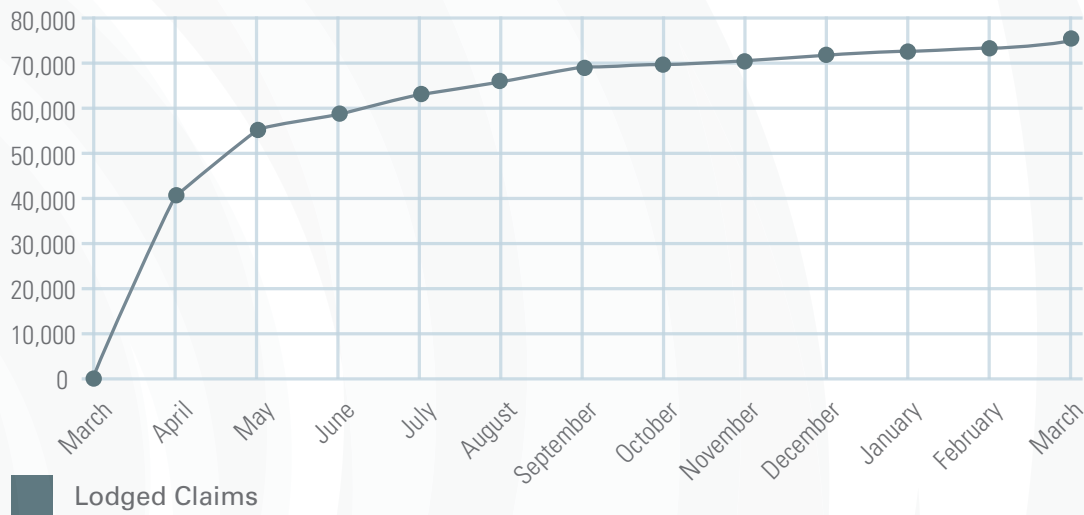
I own and manage a small restoration company, and this giant storm hit my area smack on. So, how did we respond, and what do we have in place as a small company?

We have three cyclone response time frames in our company:

CLAIM STATISTICS AS OF MARCH 14, 2018



GROWTH IN LODGED CLAIMS OVER 12 MONTHS



TOTAL INSURED DOLLAR VALUE OF EVENT



Source: Insurance Council of Australia

1. Start of upcoming cyclone seasonal activity:

When the cyclone season starts, our company is getting prepared. We check the vehicle maintenance, not forgetting the tires. Trailers are often overlooked, and any vehicle updates that are required are performed. Any equipment that requires fixing is repaired. We have our testing and tagging dated at this time, so it gets us through the entire season. Any office updates, computers, phones and so on are checked.

2. A cyclone outlook is forecast for the coast: This is an important phase. Cyclones can turn quickly

and unexpectedly, so this is when we make sure our team members are ready at their own homes. If it happens, we need to know they and their families are safe. Cars are checked and serviced and checked again. The office starts to print out first reports and consent forms for files in each vehicle, just in case the iPads run out. The facility is checked. The gutters, trailers and storage containers are checked. In general, the facility is given a once over. The generator for the facility is checked and fueled up and run. The administration then puts into place our cyclone contractors' placement. This stage is when



Cyclone Debbie hit the Airlie Beach region on March 28, 2017, as a severe Category 4 with winds up to 263 kilometers an hour recorded at Hamilton Island. It continued on through the west then turned south toward South East Queensland then over the border into New South Wales..

admin rings up our networking contractors (strategic partners) letting them know they may be required. We get numbers on storage units available in the area and check shipping container availability. We start getting numbers and hotel lists if the storm is out of our home base region.

3. **A cyclone watch is issued for our region:** This is when a cyclone is expected to affect the area in 48 hours. This is when we make sure the entire team is ready. Every member may be away from home for extended periods of time or working in the office for long hours, so we make sure they and their homes are ready. We stock the fridge and cupboards at the facility with food for the team so they can eat at the shop and keep going if required on those long days. The vehicles and truck mounts are fueled. Spare fuel cells are filled up and put aside. Admin rings again the storage units and shipping containers and puts some on hold for us. In times of big events, the bigger

restoration companies, service suppliers and franchise networks will reserve or book everything. We have found the quicker you do this the better when the event is in your backyard.

Since this event was going to be extremely large, we made a business decision to remove some load from our claims team right at the beginning. A couple of days before Cyclone Debbie struck, we rang third-party groups to let them know we would not be able to cope with their KPIs and that they should start to put into action their emergency contractor call-up list. All TPAs were very happy to assist and had already started to ring for help, noting this storm was large.

This allowed us to turn our business attention to the local authorities and local businesses for this event. This business decision became the best decision we made and opened up more doors than any other event. It allowed us to contact businesses in housing, public trust, local insurance brokers and QLD school departments. We also emailed our local businesses, doctor surgery units and real estate brokers letting them know we were there for them. In times after any event, schools and governmental departments and health care facilities are the first to be opened, so response is required immediately.

The pricing and KPIs are our normal business rates, and it took stress off our claims team. They didn't have to worry about different report formats or pricing structures, and we could start restoration work and restorative drying and do what we do best by talking to the clients face to face. This was a great decision. I was so confident that, four days into the event, I could take my family away to an RIA

“ This business decision became the best decision we made and opened up more doors than any other event. ”

convention in Palm Springs, and the team looked after 183 claims while I was away.

After a couple of months, we then contacted a couple of TPAs and committed ourselves to service them for the remaining period of the cyclone. They appreciated that, as their contractors from out of town wanted to go home. We also made a commitment to a couple of builders. This was a good decision, as cyclone restoration work turned toward building contracting firms.

INTERVIEW WITH BRUCE VISSER, TECHNICAL MANAGER OF CONSUMER LOSS EVENTS AND HIGH RISK CLAIMS, SUNCORP

Scott McFadzen (SM): When does Suncorp put strategies in place to handle a large volume of claims?

Bruce Visser (BV): We have had an event plan in place for a number of years now, which is maintained by our event response team and updated from time to time. Each event has unique challenges, though, so we do review this plan as soon as an event has been declared and make some revisions to the overall plan to ensure we have everything covered.

As you can imagine, our response to a cyclone event in North Queensland would be very different to our response to a bush fire in Victoria, just as our response to a flood in one regional town would be very different to the widespread flooding associated with the likes of Debbie.

When an event is declared, our event leadership team meets with key business stakeholders to discuss options and revise the plan, as required. Our customer response team is briefed as early as possible, as are our assessors and any other staff traveling to the area. Our external performance team is then responsible for ensuring our panel of vendors is made aware of our response specific to the event.

We have event specific workplace health and safety guidelines for our staff, and we ensure they are briefed prior to deployment.

Our claims management system (ClaimCenter) has a set of predetermined event specific questions for lodging, but these, too, are revised as needed to address any specific concerns relating to the event, and we have teams in other areas of the business trained and ready to assist with lodging, as well.

We have a very well thought out (not to mention well used) event plan, but this plan is adapted as required to best suit each event.

SM: How many people did Suncorp put on the ground when Cyclone Debbie struck the Queensland coast?

BV: We deployed a few customer response teams to Townsville, Mackay and Airlie Beach within a few days, and we recruited around six teams of contractor client managers within 48 hours of the event being declared, with leaders sourced from within the business. Due to the volume and geographical scale of the event, we utilized our existing building panel to handle the majority of building claims in North Queensland, with support from building coordinators and external assessing firms for the contents component. Our internal assessors were used to assist with claims in South East Queensland and Northern New South Wales. We also engaged Lend Lease (a large building contractor), which deployed a number of staff to an office based in Cannonvale, in order to help project manage the major loss building claims.

At this point in time, we still sent at least one internal assessor to Mackay and Airlie Beach each week to help manage our long-tail claims in the area to completion and deal with any customer concerns over scope or quality of repairs.

Cyclone Debbie caused approximately \$1.7 billion worth of claims with close to 75,000 total claims based on statistics from the Insurance Council of Australia.





Cyclone Debbie caused significant damage to the eastern coastline region with flooding to the west and central Queensland..

SM: *How many claims did Suncorp handle throughout the event covering all states? Do you have cost of claims to date?*

BV: At last check, we have lodged around 15,800 claims resulting from Cyclone Debbie, but we still do get the odd new claim lodged to this day. This number includes all of our brands (including Intermediated Personal Insurance). The total cost so far is just under \$390 million, so you can see that we were not just dealing with lots of claims but lots of very big claims.

SM: *How does the process work for an insured in a CAT event like a cyclone? They ring and it goes to Suncorp call center. Does it go automatically to a builder if water has entered the living space, or does it go to a third-party administrator who farms it out?*

BV: All claims are lodged directly with us. We do not outsource any of the initial lodgment calls. That is why we have staff in other areas pre-trained to assist with these calls.

If water has entered through the roof, then generally a builder would be appointed at lodgment (by Suncorp) for a make safe to prevent further water entry and to provide us with a roof report. A restorer would generally be appointed either at the same time or once the builder's report has been received, depending on the extent of damage and size and location of the event. We appoint the restorer ourselves for event claims; we do not rely on our builders to manage restorers, but they may sometimes appoint a hygienist from our panel (approved vendor list) to provide some further guidance to them.

ClaimCenter automatically selects the appropriate builder and restorer, based on the post code and job type, and although many of our restorers are members of a network of restorers like FEN, so we would send FEN a job via

ClaimsHub and they would then appoint whichever restorer they feel is best suited.

SM: *Recently, escape of liquid has gone to the builders panel. Did that work in a CAT event, or is that arrangement more suited for normal BAU claims?*

BV: Our escape of liquid (EOL) process is totally separate to our event process. We would never be able to stick to the SLAs and expectations of EOL claims for a decent size weather event. For an event, we do not expect builders to appoint restorers directly as they might on an escape of liquid claim. Our EOL claims are often called water claims, but they should not be confused with storm or flood water. Escape of liquid is a totally different loss cause with its own processes in place. As I said before, our event plan is readily adaptable, so that's not to say it would never happen, but, as a general rule, we would not follow our EOL process for event claims.

SM: *Did Suncorp identify any issues with restorers that we can work on to assist Suncorp and its brand?*

BV: One common issue in events is dealing with non-salvageable contents. We are often pressured to dispose of flood-damaged items quickly, and this can then make it very difficult to quantify the contents loss at a later date. On the flip side of that, we also want to avoid large fees from restorers collating long non-salvageable item lists, especially when dealing with flooded sheds and basement areas; the kinds of items generally found in these locations often are not worth all that much.

We also saw a number of claims where items were written off without any attempt at salvage due to assumptions that they would have been affected in some way and will potentially have issues in the future. It would be great to see some initiative in this space to restore items commonly written off, which could have been salvaged. Things like lawn mowers and bicycles, for example, are

often written off when they should have been able to be effectively restored.

I think the issue is cost of restoration versus replacement as well as a lack of faith that items can be successfully restored generally sways people toward replacement. So, initiatives around more cost effective and reliable restoration would be good.

SM: Did Suncorp identify issues with builders and the complication with mold and water damage claims? Is there a way we can assist this in preparation for the next event?

BV: We saw a number of claims where mold was identified, but we also had a dispute over scope of repairs in general. We need to get better at dealing with the mold separately and taking care of this before it gets worse and then sorting out the scope disputes later on. So, I guess that is something you could focus on and assist us with in any future event and highlight any claims where you feel we are not doing enough to mitigate the damage.

SM: What did Suncorp learn from this event?

BV: We had a number of learnings from this event, and our event plan has been updated since. Probably the most important lesson for us is the value of having our internal assessors on the ground in the worst affected areas from the start. Although our claim finalization rate has proven that parts of the event plan we used were actually very effective, we also know that customers like dealing with our people who know our

product and can explain our decisions in a way they can understand.

When we are able to attend assessments with restorers, we see really good results, and we would love to be able to do more of this, but it can be very difficult logistically to set up dual assessments when you are dealing with large volumes of claims. We are reviewing our assessing allocation tools and booking systems to try to make dual assessments easier to manage moving forward.

INTERVIEW WITH KAYE GOUGH, CO-OWNER, DRIZAIR

SM: When does Drizair start to put strategies in place to handle large volume of claims?

Kaye Gough (KG): We work closely with a number of subcontractors across North Queensland who all own and operate their own small business. We look at how we can best bring our skill sets together as a team of different trades to best handle our customers' needs, whether this is to get through 20 claims or 250 claims.

We usually start the planning process well before wet season, and this year we have already started planning, following on from the recent floods we had in North Queensland, as this provided us with a good practice run on how we can better service volume claims in the future.

We learn from what didn't work so well and processes that worked very well, and we can continue with and improve on together where needed. We therefore need to have

After hitting the Airlie Beach region on March 28, 2017, it continued on through the west then turned south toward South East Queensland then over the border into New South Wales..





From left: Bruce Visser, Suncorp; Kaye Gough, Drizair; Scott McFaden, Coach 8; and Chris Mundscheck, RIA Executive Director

strategies and plans in place to make things happen when the time comes.

Our strategy is to have the workflow processes well in place and practiced long before claim surges occur. The planning remains adaptable and flexible to meet the variations including the type of event, whether this be cyclone, flooding or both, the impact zone location, vastness and travel involved and logistics.

SM: *How many contractors did Drizair put on the ground when Cyclone Debbie struck the Airlie coast?*

KG: Initially our Cairns manager and myself left Townsville and arrived on the ground in Bowen ready to start inspections on the Friday after Cyclone Debbie crossed the coast a couple of days earlier. The closest accommodation we could secure for ourselves at the time was in Ayr, approximately 115 kilometers north of the start of the impact zone at Bowen. I was then able to secure accommodation with a generator (where Ergon Energy were booked) in Airlie Beach, which then became our home base for the next three months. Airlie Beach

was chosen as base because of its central location to the affected areas.

I immediately deployed our 10 man mitigation cleanup crew from Townsville, and they commenced work at the start of the following week, three days after I started. The closest accommodation they could secure for the first week was in Ayr, then Bowen after that, and then in Airlie Beach a couple of weeks after that. So the travel initially was huge for all of us. Our Mackay-based subcontractor was engaged immediately, and when they had reached saturation point, our larger crew base then were able to cover the Mackay area as well by that stage. Drizair mitigation drying was deployed from Townsville the week after the cyclone had occurred, once properties had been prepped. During the course of initial phases, I also engaged a local Airlie Beach builders and other builders we had established relationships with to perform building preparation work.

SM: *How did that assist in getting through jobs and staying with KPIs?*

KG: As events are not your normal run-of-the-mill EOL, we would never be able to meet EOL KPIs, purely due to the sheer volume at hand. I find our customers are very understanding of this, as they and their assessing teams are all very much in the same boat. By engaging the subcontractors that I did for Cyclone Debbie, I was able to attend to a property in the first instance and be a representative of our customer, and communicate on-site with their insured as to the work required, expectations and time frames. Following on from the initial visit, I would prioritize and arrange subcontractors to attend. This process assisted us in getting through the claims more efficiently than in the past, and in a timely manner.

SM: *What troubles did you have straight away when you hit the ground?*

KG: Accommodations, location, power, clean, comfy, cooking facility, getting food, where to eat, power, fuel, ATMs down, road closures or partial closures, access to properties, trees down, flooded in, mobile phone going flat early in the day.

SM: *Did you find working with the insurance builders panel easy as a contractor and a TPA?*

KG: Generally speaking, our initial phases of Make Safe Mitigation work were done independently from panel builders. We did not engage panel builders. Their workload did not assist with availability for us. We used our own builders. Any panel builder that engaged us to perform work, we had established good working

relationships with, and this relationship worked well as usual, whether we were a TPA or not. They were familiar with our work and vice-versa, and we would get the job done.

SM: *Did you as a TPA identify any issues with your contractor restorer panel that may help us all in the room?*

SG: No issues of real concern with our contractor restorers; however, some points for consideration may include:

- Inspect each and every property and include inspection for pre-existing damage and take plenty of photos.
- Submit scope and quotes promptly if authority increases are required.
- Keep up communications with both the insured and us so that we all know what is going on.
- The use of common sense always goes a long way.
- If you can justify something to me, then I can justify this to our customer. If you can't justify your actions, then I can't either.

SM: *What did you do to reduce stress?*

KG: Many of you can probably relate to the scenario I was in. Reducing stress levels was pretty close to impossible for the first three months, and I was not very good at practicing what I preach as my usual routines of gym and running went on the back burner. Sleep did not come easily, and two to three hours of sleep a night became normal as the report writing was a constant calling.

Tavern time was essential for unwinding, and this time also provided us with wonderful time spent with fellow restorers, builders and subcontractors. Some great introductions can be made over a beer at the pub while everyone is being themselves.

When I had the opportunity to go back up to Townsville for a couple of nights, it was to go to the hair salon (with laptop in hand to keep working). I was also fortunate at the time to have a fire restoration project on the go at home, and that was to attempt the restoration of a sentimental piece: a 1941 brass and copper dive helmet. That actually provided me with the best stress relief at the time.

SM: *What did Drizair learn from this event?*

KG: We learned several things from Cyclone Debbie, and this has consolidated some internal event response processes and enabled further changes to improve how we respond to what we are given by our customers. Having

“ Sleep did not come easily, and two to three hours of sleep a night became normal as the report writing was a constant calling. ”

a plan in place, no matter how grandiose or small, helped me when the actual time came to swing in to action. We started developing relationships a couple of years ago with a great range of subcontractors that are on the same page as us and worked well with us on BAU claims. From there, we were able to identify where and how we could work together with event workflow processes and those that were able to commit resources during claim surges. This worked well for Cyclone Debbie.

The value of securing accommodation was once again highlighted and is the issue with each and every event we have ever attended. Where you locate yourself is important in relation to reducing daily travel, by being centrally located. It also is important to be close by/ walking distance to taverns and food to refuel. I find it helps to be able to live a bit of a normal life instead of being holed up in a tiny motel room.

The value of the initial independent, up-front inspections was highlighted for me and has now become part of our norm for BAU. From there, I am able to allocate the exact resources where needed. I also learnt that next time around I need a dedicated driver to get me to where I need to go so I can conduct business from the passenger seat.



Scott McFadzen, WLS, has more than 20 years of experience in restoration and specialist remediation services in his role as the director of a full turnkey restoration company in North Queensland. He is a Restoration Industry Association (RIA) Water Loss Specialist (WLS) and also an IICRC-approved WRT instructor who trains technicians through his Coach 8 hands-on training facility. McFadzen specializes in providing practical advice for governmental authorities, insurance adjusters, associations and training organizations, and building relationships across different sectors of the industry. He regularly consults with other restoration companies, loss adjusters, claims staff and insurance companies on water damage claim handling.