



sedgwick®



CATASTROPHE REVIEW

# AUSTRALIA'S BLACK SUMMER

”THOUSANDS OF CUSTOMERS LOST THEIR HOMES AND THEIR LIVELIHOODS. WE SET OUT TO HELP – WE DIDN’T JUST SETTLE CLAIMS, WE TOOK CARE OF PEOPLE.”

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## THE BLACK SUMMER OF 2019 – 2020



Our CAT review gives you an insight into our response to the devastating bushfire season that’s known as the black summer of 2019-2020 – highlighting just some of the challenges we faced and how we overcame them.

We’ve also tried to capture a little of what happened behind the scenes. From setting up an efficient CAT response operation to thinking outside of the box and going the extra mile to make things right for customers. How we were one step ahead in dealing with a huge influx of prevention of access claims, through to making sure we collaborated and communicated with everyone in the process.

The major loss we handled on Kangaroo Island was tragic – so much of the wildlife perished. The fires impacted many rural and remote properties, which made farm and livestock losses a key feature of this catastrophe. We also took extra special care of customers – particularly those who were vulnerable and finding it difficult to cope. Our building contractors went out of their way to care for people and suggest affordable options for those who were underinsured.

As loss adjusters and claims handling experts, we have the technical skills to help put things back to how they were, but behind every claim there’s a person – a victim. We see devastation firsthand and the raw emotions of traumatised people – worried about their family, home, business, or simply where they’re going to sleep that night. Our adjusters aren’t trained counsellors, but emotional intelligence is a critical skill.

As climate change continues to drive unpredictable and unstable weather patterns, our ability to plan, prepare and respond to the challenges of extreme CAT events will become increasingly important in the future. In any major crisis, we set out to help people and make a real difference. In the black summer of 2019 - 2020, I feel we really achieved that.

*Sedgwick – caring counts.*

### Phil Marshall

ANZIIF (Snr Assoc) CIP, DipFS and DipLA, AICLA (Aff)  
CAT Manager, Sedgwick Australia



# CAT PLANNING AND PREPARATION

*An unprecedented bushfire season*

**Phil Marshall**  
ANZIIF (Snr Assoc) CIP, DipFS  
and DipLA, AICLA (Aff)  
CAT Manager



*September 2019 – The bushfire season started early. A prolonged drought was followed by very high temperatures, strong winds and low humidity – day after day, week after week. When the fires started, they quickly became uncontrollable, and continued to burn for four months.*

Records would ultimately show that insurers received 23,362 fire damage claims in the subsequent weeks predominantly across New South Wales, Queensland, South Australia and Victoria. We were faced with the largest series of catastrophic claim events most of us had ever seen in living memory.

## LOGISTICS

January 2020 – we urgently mobilised teams of fire claim specialists to multiple locations, drawing on our expert resources from across the country.

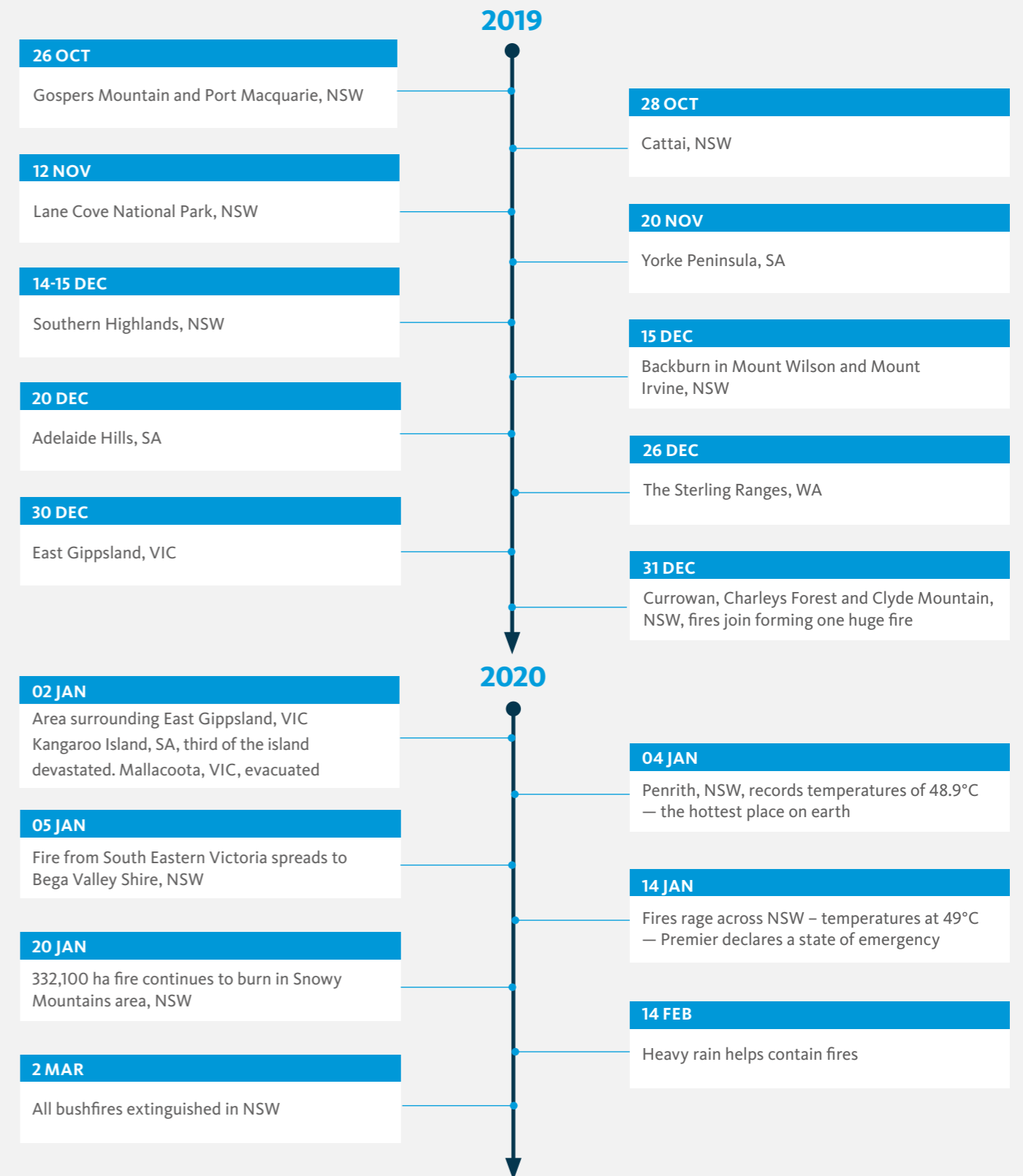
We set up a CAT response centre in Batemans Bay – an operational base for our CAT management team and technical loss adjusters working in the worst-hit areas in New South Wales and Victoria. We were the first adjusters on the scene by some ten days.

Given the magnitude of the events in different states, we also set-up seven other CAT response offices in Sedgwick locations, to manage the wide-ranging fire losses as they happened.

We thoroughly considered all the potential issues, and had structured procedures, processes and briefing documents, to cover every likely scenario. In any CAT, there are problems and obstacles, situations where you have to think on your feet, but we had the key operational elements in place to support our emergency response.

# BLACK SUMMER TIMELINE

*Bushfire events as they unfolded*



## CHALLENGES

**Threat to life** – our colleagues were moving around in restricted zones, and we checked the ‘Fires Near Me’ app regularly. One adjuster was visiting a remote rural property, and when he went to leave he found trees had fallen across the long driveway, completely blocking his exit. He had to wait until the debris was cleared, but if he’d left site a few minutes earlier, the outcome might have been entirely different.

**Access** – we needed a permit to enter some areas, many of which were very remote. We couldn’t get to Mallacoota for two weeks. A colleague with a private pilot’s licence flew a couple of our adjusters into Bairnsdale. They then found a local builder who offered to drive them around so they could begin to assess the extent of the damage in the region.

**Customer care** – there was widespread property damage, most were total losses. Many customers were devastated and deeply traumatised. The emotional toll of this event was unprecedented, and it was important to have vulnerable customer guidelines in place. Our teams had to be fully briefed and prepared – they had to be sensitive and empathetic in their response.

**Rural claims** – a significant element of losses related to livestock, farm fencing and animal feeds. We had agricultural specialists on the ground, and we provided detailed guidelines to help and inform our specialist property adjusters.

### Temporary accommodation

With so many displaced people, temporary accommodation became almost impossible to find, but our teams worked tirelessly, sourcing an endless range of options for customers to consider. Many had livestock



to care for – so we found caravans that could be sited on their land, while homes were rebuilt or repaired.

### Caring for colleagues

Working on the ground in a CAT event of this severity is incredibly difficult, and the enormity of the damage was daunting. We had to take care of our people and make sure they were coping with the stress. Our colleague resources team worked in the background, checking in regularly with the adjusting teams.

**Christmas holidays** – the fires were relentless, and they were at their height during the peak holiday season.

## SMART TACTICS

**CAT operations manual** – we produced a complete guide on the logistical aspects of setting up and managing the CAT response operation – the administration processes, responsibilities and a full list of ‘go-to’ people for support with local and wider issues.

**Adjuster toolkits** – we prepared detailed catastrophe briefing manuals – including technical information and supporting checklists, re-build rates, fencing rates and Consumer Price Index (CPI) calculators – everything our adjusters needed to validate every aspect of every claim. We also provided fast facts and client

instruction guidelines as a quick point of reference, as well as advice on how to deal with approaches from the media.

**Underinsurance** – from previous experience, we know underinsurance is an issue in around 30% of claims. We pre-agreed with most insurer clients that we would complete a detailed costing document, take lots of photos, and then cash settle claims as quickly as possible, based on our measurements and cost calculations. Underinsurance was a particular problem in the Southern Highlands.

**International support** – colleagues in Ireland worked on claim files while our adjusters in Australia were sleeping. A team in New Zealand sent out reports on our behalf. We also had 14 global adjusters from within the group, who came over to help with business-as-usual work, freeing up our local resources to deal with sensitive bushfire claims.

**Express builder assistance** – on low-value buildings claims, particularly in the subsequent floods – we used approved panel building contractors to help validate losses. A practical solution that enabled us to resolve this type of claim efficiently and quickly.

Phil Marshall: “Whenever there was a pressure point, it was instantly addressed and resolved. Everyone stepped up and made things work – our teams did more than we could have ever possibly expected.”

Client feedback: “Just a quick note to let you know that [we] are very impressed with your initial response, especially what you’ve done in Batemans Bay. The ‘boots on the ground’ this week and the interaction with [our agent] specifically, cannot be underestimated. Please pass on our thanks [to everyone] who responded in Adelaide, the North Coast of NSW, Yeppoon and Vic.”



# PREVENTION OF ACCESS CLAIMS

## Setting new standards

*Business interruption (BI) and prevention of access (PoA) claims were a massive feature of the black summer bushfires. We handled over 500 PoA or hindrance to access claims, with more than 50% coming from the tourism sector. The bushfires escalated during the peak Christmas season – two months of the year when people typically go on holiday, and a time when caravan and camping parks can earn up to 50% of their annual turnover.*

As the potential scale of the bushfires became increasingly obvious, we had to get on the front foot. Some exceptionally complex policy coverage issues had to be considered, which we were determined to address before we were inundated with a wave of PoA claims.

While technically the terms of every policy were very clear, the extraordinary nature of the situation would inevitably create grey areas. We knew we could be contesting claims for months to come, and this wouldn't be to the benefit of anyone. We had to find a solution that would provide a fair outcome for our insurer clients and their customers.

### Different scenarios

From previous experience, we knew the range of issues and different scenarios that had to be considered. Situations where businesses located in fire exclusion zones might remain untouched, whereas others, which were still accessible, could suffer. Some policies stipulate that road closures must be within a certain radius of the insured – 50km is quite standard – for cover to engage. But the various road closures would impact quite severely on many customers across a much wider area.

### Ground rules

We wanted to be prepared and ready to help people who were in an extremely

stressful situation and in desperate need of financial support. To achieve this, we had to have a process in place that would pre-empt any delay in our response, speed up first progress payments for customers and improve the claims experience.

Working through the policy issues and the questions they raised, it was clear we had to make some commercial assumptions. We needed some definite ground rules so that we could work quickly, without scrutinising every report.

### FAS task force

Two weeks before any PoA claims had been lodged, we set up a task force – a team of professional accountants and BI experts from our Forensic Advisory Service (FAS). They organised an intense schedule of multiple meetings and calls with our insurer clients.

We provided all the technical information that would enable insurers to consider how they might best interpret the terms of the policy. We discussed the issues and problem-solved.

Consider hindrance to access, for example – technically once the road re-opens, there's no longer any hindrance. But in this particular instance, people were very unlikely to return to an area that was still considered unsafe. So, we suggested that insurers should allow a reasonable additional period on top of the road re-opening date, providing a favourable interpretation that would avoid potential disputes and allow quicker payments to insureds.

### Vast areas evacuated

By November, new bushfires were starting all over New South Wales, and they were spreading fast. As we headed into Christmas – the two busiest months for tourism across the country – the

situation was becoming dire.

Vast areas had been evacuated and some of the exclusion zones extended across some 800 kms. Even once access restrictions had been lifted, many rural road and towns were still closed due to their extensive damage. It could be months before visitors would return.

### Settling claims quickly

The situation was unprecedented because of the sheer scale of the bushfires. Most of the PoA claims we received were from camping and caravan parks, where thousands of holidaymakers had cancelled their bookings. The average claim we received was around AU\$200,000.

As claims were coming in, we had everything in place and could get to work immediately. Insurers and all other stakeholders had made reasonable commercial allowances, in agreement with underwriters and reinsurers. This enabled us to make progress payments as early as ten days after a claim had been submitted.

Rodney Milford: "We settled claims quickly, and complaints were minimal. We saved a good deal of heartache for customers and reduced any potential headache for insurers, brokers and agents. Our FAS teams' proactive approach towards the handling of PoA claims has set new standards for any future CAT events."

### SMART TACTICS

- FAS team ahead of the game
- Ground rules agreed
- Complex policy issues resolved
- 10 days to first progress payment
- Minimising complaints
- Creating new standards for future CATs

Rodney Milford  
Partner, Forensic  
advisory services



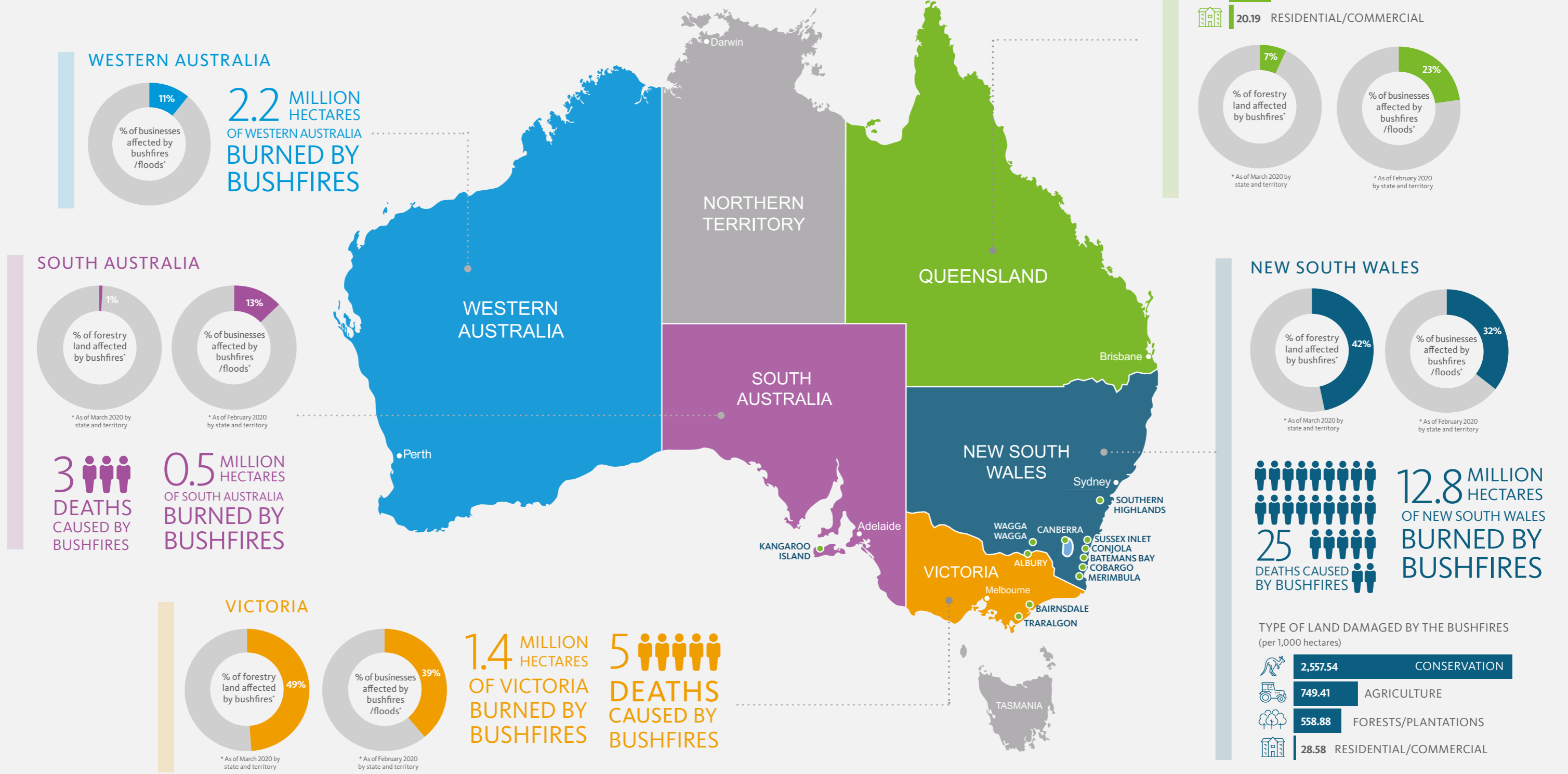
500  
POA CLAIMS

1,300  
BUSINESSES  
IMPACTED

# BUSHFIRES IN NUMBERS

## The impact on area, land and business

THE TOTAL AREA BURNT WAS **30%** LARGER THAN THE 2019 BRAZILIAN AMAZON FIRES, AND NEARLY **5 TIMES LARGER** THAN THE 2020 CALIFORNIA WILDFIRES



# BATEMANS BAY

## Settling claims, helping people

*We arrived in Batemans Bay as soon as NSW State restrictions allowed. We were the first adjusters on the scene and this is where our CAT team would stay for the next two months, well into the New Year. There were over 1900 claims in the area, and the vast majority were total losses. There was intense media scrutiny – every claim was critical – everyone needed help fast.*

A local presence is essential to any CAT response, and Batemans Bay was a good, central base, that would enable us to manage claims across the worst affected areas. We covered many geographically diverse fire sites, with a wide range of property damage losses.

### Boots on the ground

Day one, we went straight out to meet brokers and agents. Batemans Bay is a small town with a close-knit community, and many brokers know their customers as colleagues and friends, which made some of the claims very personal. Working together, we built a daily list of jobs that had to be assessed, and we allocated the right loss adjusting skills to each claim.

A team of 14 expert property adjusters had already been mobilised, so we immediately had boots on the ground. They were all given comprehensive CAT response briefing guidelines, detailing individual



insurer client protocols and procedures, as well as health and safety guidelines and recommendations. Everyone knew what they had to do and how the process worked.

### Volatile situation

The bushfires were still very volatile. When our adjusters had access to inspect losses, they were always on standby – ready to evacuate the area at short notice when advised it was too dangerous.

Site inspections were challenging in many other ways. The fires had destroyed road signs and mailboxes, so finding the loss address was a feat in itself. Many properties were also completely unrecognisable as they had been reduced to a pile of ash, with just a few sheets of corrugated roofing to indicate where the building had once stood.

We monitored the safety of our adjusters on an hourly basis. They checked in after appointments, so we knew where they were at any point in time. PPE was essential, particularly when dealing with older properties where asbestos was likely to be present.

### Tragedy and loss

No briefing could prepare our team for the scenes they were about to face. In so many cases, customers had lost everything – homes and businesses. For some, the reality of their predicament had yet to sink in. The raw emotion in the community was palpable.

A local farmer, who also worked as a fire captain, was out saving other people's homes, and all the while his own farm was burning down. We heard so many traumatic stories of fear, tragedy and loss.

Mark Murphy  
Senior Adjuster, Property



Our adjusters allowed the time to talk to people and provide emotional support. We wanted to help wherever we could, resolving any immediate issues or problems and encouraging customers to take their time to decide what they should do next.

### Glare of publicity

The media followed the industry's response to the bushfires very closely – this pressure continued, every day for five weeks. We were also working under the new General Insurance Code of Practice agreed for 2020, and so performance was under scrutiny, across the board.

We had pre-agreed a shorter reporting format with insurers so that we could get payments out to customers faster. We also built close working relationships with local brokers and agents, to troubleshoot complaints and issues before they escalated.

### Staying the course

We always had 14 adjusters on the ground at any point in time, working and living in the Batemans Bay area for two-week stints. The weather was extremely hot and unpleasant, and the days were long. Our adjusters would work for 12-15 hours and then meet up for a de-brief, usually over dinner that night or at breakfast early the next morning.

### It didn't end there...

20 January – Severe storms rolled across New South Wales, hitting Sydney with giant hailstones and wild winds, which created a new surge of flood and property damage claims. Overall, our CAT response lasted two and a half months – making it our busiest CAT year so far. And then COVID-19 hit.

11,000  
BUSHFIRES IN NSW

2,448  
NSW HOMES DESTROYED

6.9%  
OF NSW WAS BURNT

14,519  
NSW HOMES SAVED  
BY FIREFIGHTERS

1,900  
SEDGWICK CLAIMS

Mark Murphy: "We went to Batemans Bay to make a difference. We lived up to Sedgwick's core values – caring counts, for people and for clients. We made sure everyone on the team lived up to our high standards of accountability and integrity."

### SMART TACTICS

- Pre-determined CAT management team – ready to travel immediately
- Established a CAT office in Batemans Bay before any other loss adjusting firm
- We looked after people – made time to empathise and help
- Right skills in the right place to get the job done
- Shorter reporting – payments were made quicker
- We simplified complex processes to make adjusters' job easier
- Managed stress – reducing problems for adjusters and supporting them
- Co-ordinated approach – everyone knew their job, and the work flowed

### LOGISTICS

Structure – our CAT response operation was headed up by a pre-determined team:

- CAT Manager
- Assistant CAT Manager
- CAT Technical Manager
- CAT Administration Manager

All vastly experienced in loss adjusting processes and catastrophes.

CAT office, accommodation, communications and transport – our logistics team booked out a motel close to Batemans Bay. The CAT office was set up in the motel conference room, and we used a storeroom for all our PPE and safety equipment. The motel provided accommodation and breakfasts for all colleagues working in the area. Car hire companies provided suitable rural vehicles, where required, and internet coverage was secured.

# KANGAROO ISLAND

## Devastation of the Wilderness Retreat & Eco Lodge

**Brett Hanlon**  
Dip Bus (Loss Adj) Dip Bus (Gen Ins)  
FIFAA FCLA ANZIIF (Fellow)  
Head of Property (MCL) &  
National Executive MCL Adjuster



During the first week in January, fierce bushfires spread across Flinders Chase National Park. The vast majority of wildlife and vegetation was destroyed, and Kangaroo Island Wilderness Retreat @ Eco Lodge lost all buildings, contents and stock. It was a multi-million AU\$ claim. Our adjuster, Brett Hanlon, was one of the first people to arrive on the island, and witness the devastation.

Before the area was officially declared safe, insurers requested that we accompany the owners of the resort, Mr and Mrs Kerber, on a site visit – they were desperate to see the extent of the damage to this popular tourist destination. They knew the area very well and organised a boat to take us on the short trip across to Kangaroo Island.

### 90% of koalas killed

It was a two-hour car journey from the jetty to the retreat, and nothing could have prepared them

for what they were about to see. The fires were still burning, and the stark, scorched landscape was black, hostile and alien.

Sadly, 90% of the koala population on the island had been killed, as well as thousands of kangaroos, wallabies and other livestock. The decimation of wildlife was appalling.

Some animals had survived. We rescued a joey, trapped in the bottom of a water tank. Obviously trying to reach water, he had hopped into the tank and was unable to jump back out. Other animals had returned to regular feeding areas, but with no one around to put food out for them, they were going hungry. The scene was desperate and heartbreaking.

### Razed to the ground

As they drove through the main gates to the resort, it was apparent that the whole complex had been razed to the ground. Where the substantial 40 room lodge had once stood, there was just ash and the remains of corrugated roofing. Mr and Mrs Kerber were extremely upset and emotional. While the buildings and contents could be replaced, the wildlife

was at the very heart of the resort – it was harrowing to see that so many animals had perished.

Sadly, this was the second total loss Mr and Mrs Kerber had suffered in the black summer bushfires. Just a few weeks earlier, they had lost their home in the Adelaide Hills, escaping in their vehicles with only the clothes they were wearing. All their possessions, including irreplaceable keepsakes inherited from recently departed parents, had been destroyed and they were homeless.

### Understanding and support

This genuine, hard-working couple had lost everything in two separate spontaneous fires, it was unthinkable. When the time was right, we began to talk through their options and how we could help with next steps. There was nothing we could do about the property at that point, but while we were there, and on several return trips, we took food and did what we could for the wildlife.

3 BILLION  
ANIMALS  
IMPACTED

2.46 BN  
REPTILES

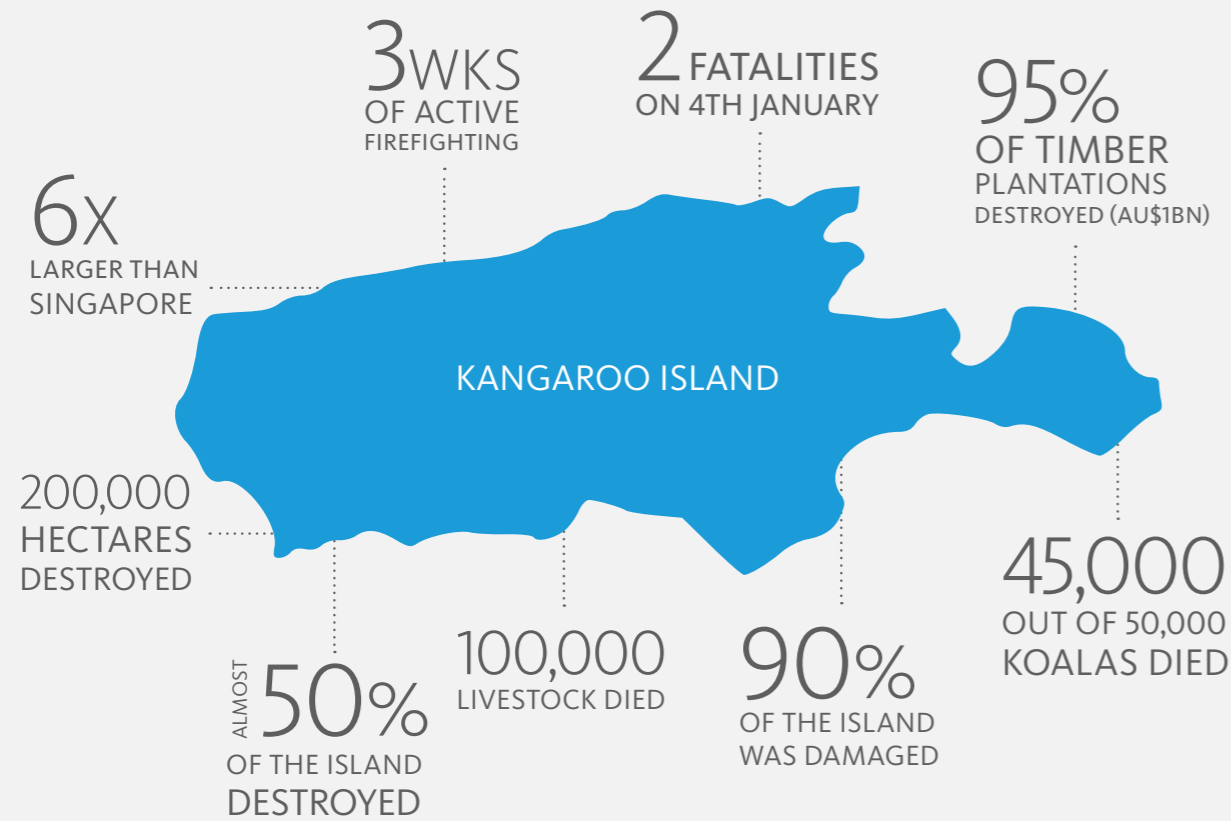
180 MN  
BIRDS

143 MN  
MAMMALS

51 MN  
FROGS







**Everything had to be replaced**

We structured a reinstatement plan. There was a massive amount of debris on the central and western areas of the island, that had to be cleaned-up and removed. Almost all documentation for the property had been destroyed, and so we commissioned 'like-for-like' building plans for tender purposes and referenced various Internet and social media photographs for additional pre-loss information.

It was a sizeable resort, with a commercial kitchen that catered for 100 covers, 40 guest rooms, staff accommodation, laundry facilities, housekeeping,

workshops, generators, water treatment and sewage treatment plants – everything had to be replaced. We talked Mr & Mrs Kerber through a plan of how this could be achieved and made sure that they knew our support would be ongoing. We committed to being in contact weekly until the claim was settled.

**Business interruption**

Given the magnitude of the damage, reinstatement of the lodge was going to take at least 18 months to complete. While we discussed how they wished to proceed, we organised a substantial emergency payment to assist with their cash flow.

Whilst discussing next steps, the Kerber's received a phone call. The tenant in an investment property they owned in Adelaide was breaking the lease and moving out – what else could go wrong?

Mr & Mrs Kerber's domestic policy would pay for temporary accommodation, so we suggested they live in the vacant property while the new house was under construction, and their insurers would pay the rent. What seemed the last straw was very quickly turned into a positive. We also cash-settled their home in Adelaide, enabling Mr & Mrs Kerber to focus on rebuilding their lives.



**Bad luck**

Sadly, their run of bad luck wasn't to end with the bushfires. Mr Kerber decided to buy a new tractor so he could deal with some of the clearing up himself. He found the ideal machine on the Internet – costing AU\$ 20,000, which he paid upfront. Unfortunately, it was a scam. As soon as the money was transferred, the fraudsters shut the website down. Mr Kerber lost it all.

**Happy outcome**

We provided Mr and Mrs Kerber with a range of options. They were already in the middle of re-building their Adelaide home and Mr Kerber, at 72, was keen to retire. We negotiated a settlement that worked for both Mr and Mrs Kerber and their insurer and received the following message;

"We would both like to give you our overwhelming thanks for all that you have done for us. It has been a pleasure to meet and work with you. In a time of unknown you have made it easier for us than we imagined it would be. If you are ever in Woodside we would love to have you see our new home, share a drink and meal if you can."





# COLLABORATING AND COMMUNICATING

*For great customer outcomes*

Debra Kerr  
Head of Relationship Management



*At the very start of last summer's bushfire season, we were talking to insurers, brokers and agents, sharing the structure of our CAT response plan. One of the biggest challenges in any CAT event is keeping all stakeholders informed and involved. We worked hard to maintain a collaborative approach, to secure a good outcome and claims experience for customers.*

Meeting insurer and broker expectations during a CAT event is challenging. Understandably keen to keep abreast of the situation, they needed a clear overview of what's happening on the ground, and regular updates on how we're caring for their customers.

Whenever our business development team received a call from an insurer or broker, with a problem or a request, we immediately put it in front of the right person and it was actioned. We made sure that customers understood we were there to help, working closely together with their insurers and brokers to make things right for them.

We were also quick to respond when a customer wasn't coping well. Our adjusters were briefed to recognise the signs that a customer is vulnerable, and our customer care manager would be asked to provide additional support.

We would also update the insurer, broker and agent – we made sure they were involved at every stage in the process.

### **The Insurance Council of Australia**

In every CAT situation, the Insurance Council of Australia (ICA) does a great job in bringing the insurance industry together – consolidating communications at every level: with local councils, within each state and Federal Government, the media and the affected communities.

Throughout the black summer of 2019-2020, we communicated regularly with the ICA. When they organised public meetings – a local forum where customers can raise questions and discuss insurance issues – we took part and played a prominent role. This was an excellent opportunity to get on the front foot with customer problems and make sure they were resolved, quickly.

Debra Kerr: "Everyone worked collaboratively during last summer's CAT – insurers, brokers, agents, builders, restoration companies, adjusters – it was amazing to see so many people ready to go the extra mile to help. It's raised the bar for all future CAT events."

### **SMART TACTICS**

- Collaborative approach – working together
- Regular communications with the ICA
- Took part in public meetings
- Went the extra mile to help
- Raising the bar for future CAT events



# CARING FOR VULNERABLE CUSTOMERS

## Extra help and support

Australia – the land of extremes. So many Australians are resilient, particularly our hard-working farmers – but for some, the devastation of last summer’s bushfires was the last straw. Our customer care manager was there to provide additional support and care for those who found it difficult to cope.

During the fires, many people were evacuated to emergency centres set up in nearby towns. When the adjuster accompanied them to visit their property, it was often the first time they had seen the extent of the damage to their home. We didn’t rush them, and we made time to listen. We gently suggested they could work on positive tasks, such as writing a list of contents for each room – taking a small step forward on to the road to recovery. But some customers needed extra help.

### Supporting adjusters

Following a major catastrophic event, people are inevitably emotional and upset. Some find making any decisions or pivotal choices for their future extremely

stressful – this is when we introduce our customer care manager.

Based in our CAT response operation in Batemans Bay, Kim Scaysbrook was there to support our adjusters on the ground. When they became aware that a customer wasn’t coping – perhaps because of other life challenges they were facing – Kim would be asked to contact the customer and provide one-to-one help and support.

### News agency – case study

A news agency affected by the bushfires had a BI claim that our FAS team was handling. The business was owned by two couples working in a partnership. One couple had suffered their own personal tragedy just before Christmas and were grieving. The other business partners were working hard, desperately trying to keep the business afloat.

The wife of the working partners was deeply distressed, and Kim was asked to assist. Kim reassured her that we would

do our best to help, and reiterated our FAS team’s suggestion that they deal directly with the company accountant, for ease. Kim also passed on details of their insurers’ counselling services to consider, when they felt the time was right. The customer really appreciated the extra care and consideration at such a sad and sensitive time and sent a personal note of thanks through to the FAS team.

### Struggling with dementia – case study

The bushfires hit the small community in Cobargo, NSW, hard. One customer’s farmhouse had completely burned down, and they were staying in temporary accommodation. The husband had early-stage dementia, and his wife was struggling to work through her various options.

The couple’s grown-up children lived in Canberra, and they didn’t have anyone locally who could help. The wife felt she needed to be nearer to town and within easier reach of medical support, but her husband wanted to stay close to the farm because it was familiar.

Decisions were needed to move things forward, and Kim stepped in. She explains: “The customer needed someone to discuss her options with. I encouraged her to think about everything carefully. Did she need a two-storey house? Perhaps single level living would be more practical going forward.

“Simple things like suggesting a list on the fridge that would remind her husband of jobs that needed to be done and tasks that had already been completed. A kind, reassuring voice at the end of the ‘phone helped this customer work through all the decisions she needed to take.”

Kim Scaysbrook  
Customer Care Manager



“WE RECOGNISE THAT A PERSON’S VULNERABILITIES CAN GIVE RISE TO UNIQUE NEEDS, AND THAT THEIR NEEDS CAN CHANGE OVER TIME AND IN RESPONSE TO PARTICULAR SITUATIONS.”



### Cancer patient – case study

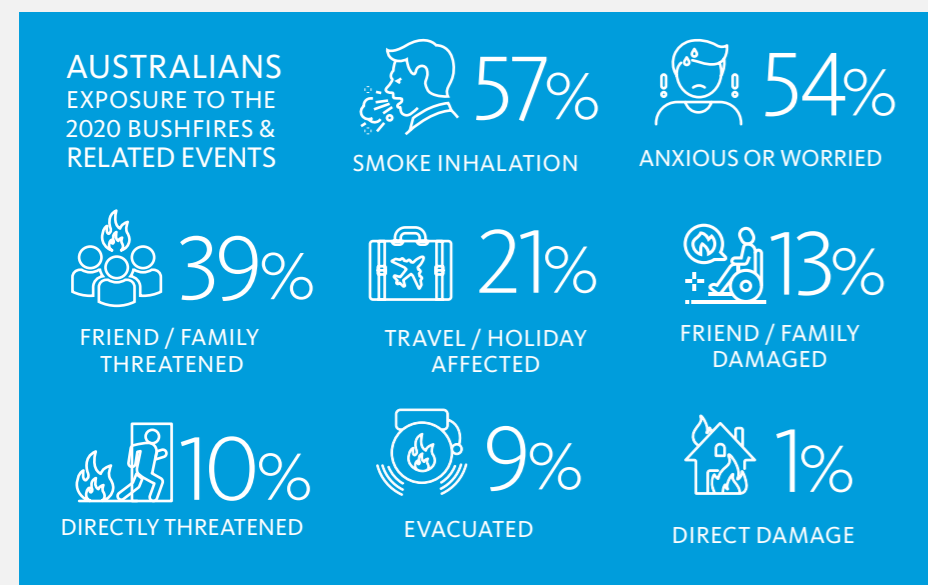
“A couple lived on a farm that was completely destroyed in the bushfires. The husband was going through cancer treatment and after the fire they were staying with their son, in between cancer treatments. All the husband now wanted was to see his wife in a new home. He said that once his cancer treatment was finished, they would be happy to move into a caravan on the farm, while their house was rebuilt.

He was practical about the rebuilding project and wanted to use a local firm to support workers in the area. I escalated the claim with insurers so that everyone was aware of how unwell the husband was, so they could keep an eye on the file. The customers were really pleased to receive our call – they knew we were thinking about them and that we appreciated they were going through a tough time.”

Kim Scaysbrook: “We offer support and guidance throughout the process, and customers’ know they can call 24/7. This enables our adjusters to devote more technical time to each claim. I’m incredibly proud of our business – the work our adjusters do and the help and support we can provide at such a tragic time in people’s lives.”

### General Insurance Code of Practice – 1 January 2020

“We are committed to taking extra care with customers who experience vulnerability. We recognise that a person’s vulnerabilities can give rise to unique needs, and that their needs can change over time and in response to particular situations.”



# RURAL AREAS HIT HARD

## Supporting struggling farmers

Andrew Smith  
Senior MCL Adjuster



28 years with the New South Wales Rural Fire Service, Andrew Smith is no stranger to large bushfires, but Australia's black summer was different. It's normal to see one-off events, where a fire takes hold and burns for several days, decimating towns and villages. Sometimes they extend to two or three weeks, but four months – this was unheard of. The blazes were considerable – they were campaign fires.

The farming community was severely affected. Our rural claim specialists handled around 50 total loss home and farm claims, and 200 partial losses. Some of the partial losses were for larger rural properties in the area, where the excess was around AU\$500,000.

To support colleagues working across the country, who might not be familiar with farming terminology and this type of situation, we provided a comprehensive set of rural claims guidelines. We gave detailed rates for different breeds of cattle or sheep, as well as replacement costs for the various fencing options. This enabled our wider teams to deal with a diverse range of complex farm property and livestock losses.

### 2000 cattle lost

We managed claims for thousands of kilometres of fencing and countless heads of livestock, as well as sheds, hay, feed and machinery. One farmer lost over 2000 head of cattle – the fires had cornered the herd in a paddock, and they were unable to escape.

Visiting farms in badly hit areas was very difficult. The whole landscape was black, it was hot, the entire scene was of death and destruction – images you would rather forget. Most farmers love their animals, and they were visibly moved. Their heartbreak rubs off on you too.

### Community spirit

The animals that had survived, and no longer contained by fencing, were free to roam the forest and other properties. The council put in temporary stock pens to keep them safe until owners could identify and reclaim their animals.

People in the community were very keen to help others and there many donations of stock feed. Some kind individual went out and acquired hay from a merchant in

Western NSW and trucked it back some 800 kms to the area, to help the stricken farmers feed their animals.

We visited an elderly couple who run an Alpaca farm on the south coast. The husband was 82 years-old and suffering from dementia. Faced with the prospect of sorting out the insurance claim, his wife just didn't know what to do next. It was a partial loss, and it wasn't difficult to resolve, but they really appreciated a helping hand – the customer was extremely grateful.

### Blazeaid

Blazeaid was set up a few years ago, following the bushfires in Victoria. Retired contractors and other blue-collar workers volunteer to go out and help re-build fences. The farmers supply the materials, and the volunteers provide their services free of charge, often working out on farms for months on end – Australian people are truly amazing – always pulling together.

### Uninsured

Many farmers had been suffering in drought-affected areas for many years, and as a result, they were struggling financially. To cut costs, some had reduced their level of insurance cover. So, not only were they dealing with the loss of their home, business, livestock and damage to personal property, we then had to tell some customers that they didn't have adequate insurance cover – that was tough.

In some of the outlying rural areas, up to 60% of people were uninsured. Of those who were insured, many were left with nothing even after insurance pay-outs, due to mortgages and loans. Government assistance was available, but it was often delayed and quite complicated to obtain.

### Fire-retardant

This time around the bushfires impacted more densely populated areas. The water air tankers used to douse the fires from the sky, often use a fire-retardant. This is a non-toxic additive that's mixed with food-grade dye so that the pilot can see where water has hit land.

Last summer, twenty-four million litres of fire-retardant water was dropped across New South Wales. Many homes, vehicles and water collection systems in the fire zones were stained red with retardant, and people found it difficult to accept that it was harmless. Insurers stepped up and agreed to pay for houses to be cleaned and water tanks cleaned and re-filled, which wouldn't typically be included in the insurance schedule. Insurers were really supportive – they were quick to act and nothing was too much trouble.

### Responded sensitively

We tried to deal with everyone equally and get out quickly to the most urgent claims – but they were all urgent. A sense of sadness pervaded across all of them, and we responded sensitively. Insurance can't cover everything – and so many people were just grateful to have escaped with their lives.

Andrew Smith: "It was the busiest 6/7 months anyone can ever remember, and by the time we'd finished, we were all shattered. Everyone worked so hard on some incredibly complex claims – we're still getting thank you cards and letters from customers."

### SMART TACTICS

- Rural claims guidelines for adjusters
- Providing rates advice and rates
- Covering various types of fencing
- Identifying different categories of livestock



20 MILLION  
HECTARES OF  
LAND BURNT

20%  
OF AUSTRALIA'S  
FORESTS DESTROYED

5,469  
OUTBUILDINGS  
DESTROYED

24 MILLION  
LITRES OF  
FIRE-RETARDANT  
WATER USED



# BUILDING CONTRACTORS

## Rebuilding homes, restoring lives

Daniel McCullagh  
Manager - Supplier  
Partnerships



*During the black summer bushfires, around twenty different building contractors were on the ground in New South Wales and Victoria – and far from looking for potential contracts and future work – they just went there to help.*

Suppliers within our contractor network were among some of the first people to respond to last summer's bushfire crisis. They set up food, water and rest stations for the fire crews and victims, and they helped care for people within the community.

Acting with integrity, contractors were quick to understand the emotional challenges. People had lost so much – photographs and keepsakes, memories and treasured possessions – their distress can't be overstated. And they found it reassuring to talk to someone about practical solutions that would help put their lives back on track.

### Ready to help

Our building contractor network wasn't impacted by the bushfires, so they immediately scaled up and were ready to engage with customers face-to-face. When you're looking at a property that's a total loss, you don't need to be on-site very long to work out what has to be done. But, very much like our own loss adjusters, the building community spent hours with customers – just talking and listening.

Some contractors set up offices locally, just for a few weeks, so customers didn't have to drive far to meet with their builders and discuss their requirements.

### The main challenge

Following a major flood or storm, the structure of most properties remains in reasonably good shape and generally repairable, but after a major bushfire, the vast majority of homes are totally destroyed.

As mentioned earlier in this review – one of the main challenges was whether customers had adequate insurance to cover a like-for-like rebuild of their property. For those who were underinsured and struggling for options, our bigger development contractors were extremely helpful. By offering a selection of their 'off-the-shelf' standard building designs, customers were able to choose a new home that suited their needs and their budgets.

In many cases, customers also took the opportunity to redesign their properties, making them perhaps larger or more modern, rather than opting for direct reinstatement. This meant that cash settlement was the most straightforward way of settling their claim.

### Clearing the debris

There was a massive amount of fire debris that had to be removed, from various zones right across the country – but particularly in New South Wales and Victoria. And this had to be done before any building works could start.

The clean-up was largely taken from insurers' hands. Where there were widescale losses, each state, working with local councils, appointed a single contractor to carry out the project and coordinate the recovery aspect with insurers.

Much of the waste included hazardous materials, mainly asbestos – which was often used in the original build of so many older properties – and, together with the sheer volume that needed to be disposed of, suitable tipping sites had to be carefully sourced. This took quite a while to organise.

### Rebuilding homes

A standard house rebuild programme – including redesign, engineering and all necessary building regulation approvals – can take anywhere between 20 to 25 weeks. New building work, even where the structure of a property is only partially damaged, still needs full building approvals, and all plans must meet the latest bushfire regulatory requirements.

We reinstated over 100 properties, and our suppliers helped countless customers, with advice, free quotes and workable suggestions, giving them hope in desperate times.

Alternative accommodation was covered, but it's only when customers' get back into their own homes that they can really start restoring their lives.

Daniel McCullagh: "Every one of our suppliers did whatever they could to help. They treated the crisis with a massive amount of empathy and professionalism, and this was much appreciated by everyone."

20 SPECIALIST  
BUILDING  
CONTRACTOR  
FIRMS ON SITE

+100  
HOMES REINSTATED

# CAT MANAGEMENT

## The future challenges

Scott Abbott MAIB  
Manager - Building  
Consultancy Services



The frequency and intensity of disasters worldwide has increased due to climate change. And as temperatures and sea levels continue to rise, more droughts, heat waves, and extreme weather events will occur. In Australia, direct and indirect disaster costs are predicted to increase from AU\$18.2 billion per annum, to AU\$39 billion by 2050. What can we do to mitigate these risks for the future?

There's no doubt that the world is suffering the effects of global warming, and climate change is creating a more unpredictable and unstable environment. The science, data and modelling can no longer be ignored.

Air and sea temperatures in Australia have steadily risen since 1910. (Figure 1)

### A part to play

Among the 56 developed nations, Australia ranks last in the 2020 Climate Change Performance Index. We all have a part

to play in improving and mitigating the effects of global warming, but it requires active support not just from individuals – we also need the full commitment of organisations, corporations, and governments, worldwide.

Key risks identified for Australia in the future include:

- More frequent and less predictable storms
- Floods and bushfires with greater intensity and frequency
- Cyclones will decrease in frequency, but increase in intensity

### Legacy risk

If more disasters occur, we will see increased insurance premiums, more displaced communities, and more damage to infrastructure and the environment.

Black summer 2019-2020 – the insurance industry reported that 99% of damaged

or destroyed residential buildings were on or within 500m of declared bushfire prone areas. Following the 2009 Black Saturday disaster, the Australian Standard AS 3959 – Construction of buildings in bushfire-prone areas, was adopted by the Building Code of Australia in 2010. However, 74% of the buildings destroyed in last summer's fires, were constructed before the code was introduced.

“Historically, poor land use planning has contributed to the negative impact hazards have had on the built environment, as well as inaccurate mapping.”

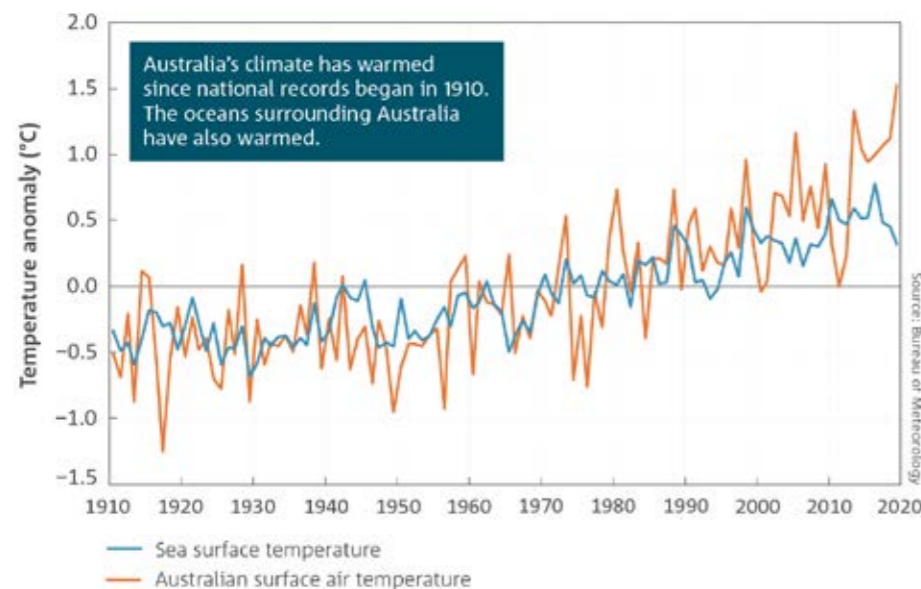
Australia's built environment has been influenced by land-use decisions in the past, and lack of any regulations requiring specific consideration to existing vulnerability, has resulted in what is known as 'legacy risk.'

### Adequate tools – accurate data

The absence of accurate data and visibility across these legacy risks will see increased insurance premiums. And unless mitigation measures are undertaken by all stakeholders, including customers, insurance claim volumes will increase each year, across each disaster.

The Royal Commission into National Natural Disaster Arrangements was established 20 February 2020 and has identified that decision-makers need adequate tools and accurate data for effective assessment against future climate change risk.

Figure 1- Time Series of Australia's Temperatures (adapted from Abbott 2020)



“HISTORICALLY, POOR LAND USE PLANNING HAS CONTRIBUTED TO THE NEGATIVE IMPACT HAZARDS HAVE HAD ON THE BUILT ENVIRONMENT, AS WELL AS INACCURATE MAPPING.”

Lessons learned – from Black summer 2019-2020

- Vulnerable areas and regions need to be clearly identified, so people can make informed decisions on where they choose to live
- Firefighting equipment must be upgraded on a more regular basis including communications equipment
- Our fire seasons are less predictable, so we have to build a national capacity of aerial firefighting equipment, reducing our reliance on overseas availability
- Indigenous land management practices differ from emergency-driven management hazard-driven activities, and must be integrated into future mitigation measures
- ‘Building Back Better’ does not guarantee resilience against future disasters
- Insurance premiums need to be more affordable for all people, and specific to individual risk in vulnerable hazard areas
- Customers need to manage their own risks adequately with insurance cover and not rely on charity and government assistance for relief and recovery
- Better preparation in times of extended drought conditions
- Effective communication from a National Cabinet for greater information sharing and critical updates



The information for this article has been adapted from: Challenges from the Recovery and Reconstruction Efforts: 2019 - 2020 Black Summer Australia, November 2020 – authored by Scott Abbott.

“INDIGENOUS LAND MANAGEMENT PRACTISES DIFFER FROM EMERGENCY-DRIVEN MANAGEMENT HAZARD-DRIVEN ACTIVITIES, AND MUST BE INTEGRATED INTO FUTURE MITIGATION MEASURES.”

Better prepared

Through experience of past CAT events, measures had variously been taken to improve resilience across the country, but the rage of the black summer bushfires found new areas of Australia to spontaneously cut a swathe. And, unlike previous disasters, responders were required to tirelessly assist displaced communities, often putting themselves at risk. All responder participants needed to be co-ordinated to ensure the safety and efficiency of the response and recovery efforts.

Over 100 local governments responded to last summer’s bushfires and while the scale was unprecedented, the weather conditions building up to this event gave all the warning signs – and there are some things that we could have done better.

Important role of insurance

Insurance plays an important role in managing natural disaster risk. It’s success depends not only on customers maintaining adequate insurance cover, but also the right level of support from insurance professionals and other direct responders to the industry sector.

Good preparation, mitigation, response and recovery plans are becoming increasingly vital, and this pressure can only increase in the future.



Disaster response and recovery recommendations

- Government must establish clear guidance on removal of debris arrangements
- Transparent and collaborative processes – across all stakeholders in the disaster response and recovery
- Indigenous forestry management practises should be considered and integrated into a National Disaster Plan
- Interoperable communication equipment would provide more effective and efficient communication – across participants from all states and agencies
- Real time data information sharing between federal, state and local governments, and agencies.
- A central co-ordinating disaster management agency – with a clear structure, established roles and responsibilities
- Improved land use planning should be established, and long-term buy-back schemes introduced in highly vulnerable locations



COVID-19

The current pandemic will continue to be a major consideration for months to come. We already have vast stocks of masks, sanitisers, gloves and we’ve appointed several COVID-19 site inspectors – we are COVID safe.

Adjusting remotely

We’ve introduced a virtual assessment tool, using real time video technology. This enables us to carry out site visits remotely, interacting with the customer while taking video footage and photographs of the loss. This new, COVIDsafe solution improves communication with the customer throughout the desktop assessment process.

On CAT standby

If we should experience any extreme weather-related events over the coming months, we are prepared. Our CAT management teams remain on standby and our logistics are fine-tuned.

*We’re ready to help whenever you need us – instantly, across Australia and globally.*

# Global solutions. Local expertise.

If you would like to learn more about our catastrophe response or other services, please contact:

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