

CLIENT ALERT

INSURANCE AND RISK ADVICE FOR BUSINESSES AFFECTED BY TROPICAL CYCLONE DEBBIE

HEAVY RAINS, HIGH WINDS AND FLASH-FLOODING ASSOCIATED WITH TROPICAL CYCLONE DEBBIE, HAVE CAUSED EXTENSIVE DAMAGE ACROSS NORTH QUEENSLAND.

ON TUESDAY 28 MARCH, THE INSURANCE COUNCIL OF AUSTRALIA DECLARED THE CYCLONE A CATASTROPHE. HOWEVER, IT WILL BE SOME TIME BEFORE THE ULTIMATE COST OF THE DAMAGE CAUSED BY CYCLONE DEBBIE WILL BE KNOWN.

AS CONDITIONS IMPROVE BUSINESS OWNERS AND THEIR EMPLOYEES SHOULD FOLLOW GUIDANCE PROVIDED BY THE APPROPRIATE AUTHORITIES BEFORE ACCESSING PREMISES.

Preparing for a claim

While many affected businesses will be focused on immediate clean-up and recovery issues, as an initial response to insurance needs, businesses should consider making preparations for a claim that properly quantifies the extent of loss and damage under their property and business interruption policies.

As the cyclone has affected large areas of North Queensland, businesses should also be prepared for flow-on effects from the damage, particularly supply chain disruptions, which could affect or delay the return to normal business operating conditions.

The following preliminary actions should be considered before and during the lodgement of claims:

Appoint a co-ordinator/key contact:

- Request that individuals from the insurer notify your business' key contact in advance of gaining access to a damaged facility and ensure that the nominated person is at every meeting with the loss adjuster.
- Ensure all staff are aware that any requests for access or information are to go through the key contact.

Take photographic or video evidence to depict:

- An item's existence.
- An item's condition.

Quarantine the following pre-loss information:

- Maintenance records for real and personal property.
- Fixed assets lists.
- All budgets/forecasts.
- All historical sales data.
- Meeting notes/minutes dealing with plans for business, including capital improvements.

Where possible, ensure that all computer files are backed up and copies removed to a separate site:

Capture costs.

- Maintain a separate voucher package for each claim disbursement. The voucher package should include a description of disbursement, copies of purchase orders, invoices, etc. Allocate a special PO number and ask suppliers to quote this on all invoices.
- Create a separate general ledger account or subaccounts for:
 - Permanent repair/replacement costs for each damaged building affected by the loss event and track loss-related disbursements by building.
 - Temporary costs on same basis as above, including unusual vehicle usage.
 - Costs to mitigate sales loss or impact of damage (e.g. temporary hire of equipment).

If in any doubt, record it so that it can be reviewed at a later date.

For all in-house labour, note:

- Movement details.
- Additional labour hours, by employee and by building location (if this can be allocated), including a breakdown for straight time and overtime.

Maintain employee time cards indicating straight time and overtime.

- Employees should be instructed to file separate expense reports for all costs incurred relating to the loss event.
- Maintain the following records:
- Chronology of events related to the loss and the impact that the loss has on their operations.
- Diary notes of phone call and discussions with customers and suppliers.

Business Continuity considerations

As the full impact of the cyclone is assessed, many businesses are considering diverting or shutting down operations in order to protect their staff, assets and revenue streams. In preparation against flooding, businesses should:

- Actively monitor and follow the advice provided by emergency services in a timely manner.
- Locate their business continuity plan if it exists and conduct a very quick review.
- Ensure arrangements are in place to contact staff, suppliers and customers, including ready access to telephone, email and home address details.
- Secure critical records and files including accounts, customer lists, inventories, insurance details etc.
- Activate plans to isolate or protect assets and equipment to minimise damage or loss.
- Secure property and assets to prevent potential theft and looting.
- Determine and advise critical suppliers and customers of likely outage, impacts and alternative servicing arrangements.
- Test arrangements to divert telephony and other critical services.
- Be timely in their decision making and be prepared to be out of their premises for multiple days.

Cleaning up

Before taking any steps to re-enter premises business owners should seek the advice of the emergency services and building authorities. Prior to entering a cyclone affected premises, the exterior of the property should be inspected for loose power cables, gas leaks, hazardous materials/substances (i.e. asbestos building products) structural damage and unfamiliar debris that may have been uncovered or deposited in the area.

Where such damage is identified or exists then an appropriately qualified and competent person should ensure that a risk assessment is undertaken and appropriate controls put in place, prior to entering the area.

Where incoming services are identified as damaged, these should be confirmed in writing as “dead” by the appropriate utility service provider and smoking/naked flames or other sources of ignition prohibited.

Those involved in clean-up activities should wear appropriate PPE/clothing including good footwear, gloves, coveralls (to minimise skin exposure to potentially harmful substances) eye protection and respiratory protective equipment. Antibacterial – wipes and sanitizer should be made available to enable people involved in the clean-up to clean themselves, without the need to find a water supply. It is also recommended that persons involved in the initial recovery activities are appropriately immunised for tetanus (within the past 10 years).

It is important to check the premises prior to any clean-up commencing and then regularly during the clean-up for animals and insects that may have sought refuge in unusual places, especially spiders and snakes.

Next steps & contact information

Insurance coverage will depend on a number of factors, including the terms of your policy. If you have insurance questions or wish to notify a potential claim please contact your Client Executive by phone or email. Alternatively, you can contact Richard Lance (02) 8864 8279 or Bruce Ballment (07) 31 15 4562.

marsh.com.au

Disclaimer: This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable and through our experience as insurance brokers, but we make no representation or warranty as to its accuracy or appropriateness for your individual situation. Marsh shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein.

Marsh Pty Ltd (ABN 86 004 651 512, AFSL 238983) arrange insurance and are not an insurer. LCPA 17/0022

© Copyright 2017 Marsh Pty Ltd. All rights reserved. M17-3520.