Impacts of the Derecho Storm and the Importance of Catastrophe and Disaster Planning

Greg Gonnering & Tyler Vancura
Derecho

• Definition:
  – a line of intense, widespread, and fast-moving windstorms and sometimes thunderstorms that moves across a great distance and is characterized by damaging winds
  – Simply put, a hurricane on land
770 miles = 1240 km
DERECHO WIND SPEEDS
PRELIMINARY SURVEY

80 MPH +
100 MPH +
120 MPH +

WEATHER FIRST
DERACHO BECOMING MORE COMMON?

- 2019 Derecho July 19th and 20th
  - From Minnesota through Wisconsin
  - Power outages for up to 4 weeks in some spots
  - Over 100mph winds
  - 2 dead
Storm Response Procedures

• Have a plan in place
• Know responsibilities set for team
• Have relationships established with outside adjusting firms
  – Negotiate terms and pricing
  – Set expectations of claims service
• Template and Letters
Day 1 Expectation

• Contact all adjusters
• Set expectations with policyholders
  – Response time
• Prioritize claims based upon damage
  – Have resources prepared for additional living
• Fastrack claims
  – Severity of loss
Preparing to Work with Outside Adjusters

Have these ready:

• Forms and Endorsements
• Claims Handling Guidelines
• FAQ Documents
  – Staff
  – Agents
  – Policyholders
**LOCATION OF INSURED PREMISES:**

<table>
<thead>
<tr>
<th>ACRES</th>
<th>1/4 SEC</th>
<th>TIER</th>
<th>RANGE</th>
<th>TOWNSHIP NAME</th>
<th>COUNTY</th>
<th>ST</th>
<th>ZIP</th>
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<td>01</td>
<td>NE</td>
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<td>094</td>
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<td>PRAIRIE</td>
<td>055</td>
<td>IA</td>
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</table>

2407 180TH ST

**DEDUCTIBLE AMOUNT:** $1000 ALL PERIL

**INSURED ITEMS:**

<table>
<thead>
<tr>
<th>NO. NO.</th>
<th>DESCRIPTION</th>
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<td>001 001</td>
<td>COV A - CP SELECT</td>
<td>030 044 000 0000</td>
<td>ASPH 00</td>
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<td></td>
<td>COVERAGE C - PERSONAL PROPERTY</td>
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<tr>
<td></td>
<td>COVERAGE D - LOSS OF USE</td>
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<td></td>
<td>REPLACEMENT COST - COVERAGE C</td>
<td></td>
<td></td>
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|         | **14-00300:** NO FURTHER COVERAGE FOR DWELLING SHINGLES OR ANY RESULTING INTERIOR WATER DAMAGE UNTIL SHINGLES HAVE BEEN REPLACED. NO FURTHER COVERAGE FOR NORTH, EAST AND WEST SIDING UNTIL REPLACED.

**003 005 COV A-BF/RENTAL RESIDENCE**

<table>
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**002 006 GARAGE**

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|         | **14-00300:** NO FURTHER COVERAGE FOR METAL ROOF AND NORTH SIDE METAL SIDING UNTIL REPLACED.

**001 180 MORTON MACHINE SHED**

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|         | **14-00300:** NO FURTHER COVERAGE FOR ROOF METAL AND NORTH SIDE METAL SIDING UNTIL REPLACED.

**CONTINUED**
Preparing to Work with Outside Adjusters Continued

• Depreciation
  – Maximum depreciation
  – Cosmetic vs functionality
  – Endorsements used and where they find them

• Settling Authority
  – Settle and close the claim
  – Pay ACV only

• Bring in an engineer or consultant- who makes that decision?
Setting Reserves

• Prepare accurate reserves
  – Receive additional cashflow from reinsure
  – Helps with closing the books
  – Limits pulling too much from investments
Issues That May Come Up

• Policyholders not answering the phone
• If multiple claims for the same policyholder have occurred, a different adjuster may be assigned to each
• Policyholders may need additional guidance with the claim
• Policyholders may take advantage of the situation and want everything fixed
• CAT Adjusters may sound funny
CROP DAMAGE ALONE

• 43% of the states crops were damaged
• 14 million acres of crops
• 8 million acres of corn
• 5.5 million acres of soy bean
10 MILLION ACRES OF FARMLAND DESTROYED

STORM TEAM

KCCI NEWS
Question?