Flood claim - an update

Flood is a major risk that affect many parts of our country and is a worldwide phenomenon. Countries all over the world, experience the wrath of nature in the form of cyclones, hurricanes and typhoons. Recently, a hurricane christened Charley, the most powerful storm to strike the US since 1992, killed at least 16 and left millions homeless when winds of 140 miles per hour hit the southwest Florida coast. Losses due to the recent Hurricane Ivan, which stormed the Caribbean region late September, are yet to be ascertained. As the people across the region pick themselves up from the devastation, another storm Jeanne wreaked havoc in Dominican Republic of Haiti and South Eastern coast of Florida.

The fury of floods causes losses to property and lives besides infrastructure facilities like roads, bridges and communication facilities. It is therefore naturally prudent to have adequate insurance cover for such risks that man has no control over nor any known means to avert. Insurance is the only form of protection that is known to man and can at least recover the losses monetarily.

Recently, the heavy and incessant rains on 1st & 2ndAugust 2004, coupled with opening up of the floodgates of Madhubani Dam at Upper Silvassa, the entire area covering approx. 20 Kms radius in Dadra & Nagar Haveli and Silvassa were flooded and inundated. Continuous rain in the Gujarat region also inundated various areas of Surat and nearby areas. All approach roads to Silvassa and Dadra & Nagar Haveli were closed due to damage to bridges and washing away of roads. Heavy rain continued even on 3rd & 4th August, 2004 making it difficult to gain an approach to any of the affected areas. This has led to loss of 128 humans and several animals.

In a proactive approach, Bajaj Allianz immediately rushed a team from the Mumbai Regional Office on August 4, 2004 and got in touch with the clients based in the affected area. The team was given a clear mandate to survey and assess the loss based on the situation on the ground, assist in documentation formalities so as to ensure speedy settlement of claims with the minimum of inconvenience to the insured.

The team returned to Mumbai on August6, 2004 and the first on account payment started rolling out from August 8, 2004 within a week of the loss having taken place. Claims reported from Silvassa alone estimated were to the tune of Rs.14 Cr. On August 8, 2004, we had disbursed approx Rs. 2 Cr as on-account payments to various parties.

The devastation story repeated itself in Northern India when incessant rain hit Chandigarh, Bhilwara, Jaipur, Kota etc. Water levels reached heights of 10 to 12 feet resulting in extensive damage to factory buildings including machines and stocks lying therein. Electricity supply was disrupted for over a week, which further aggravated the situation preventing emergency measures and loss prevention activity, most equipment and stocks were under water for nearly 18 hours.

Closer inspections of the site after the event showed extensive damage to stocks and extensive rusting to machinery. In some cases, equipment and material were swept away from the original site by nearly 15 to 20 meters away from the original site.

After the storm calmed and when everything was gradually returning to normal, the Bajaj Allianz team worked at a furious pace to ensure that the claims payments were released as early as possible. This was absolutely necessary so that the clients could get back to work in the earliest possible time.

The status of claims reported and payments made by Bajaj Allianz as on September 30, 2004 is as under:

Particulars	Nos.
Total claims reported	227
Claims paid full	104
Partial Payments made	18
Claims withdrawn	36

Precautions

However there are some loss control measures which can be taken to minimise flood losses. They are:

- As far as possible, the godown should be selected in such a location where the surrounding road level is lower than the ground level of the place where the building is located.
- Building should have good plinth height, a minimum of 2 ft.
- If the complex has a compound wall and gate, the road level at gate should be higher than road level outside the complex.
- Storage inside the building should be done at a higher level, preferably at a height of 1-2 ft depending upon the nature of susceptibility of the items against water.
- Any items which are susceptible to water damage should not be stored in the open during the monsoons .
- Basement storage should be avoided. If basement occupancy cannot be done away with, it should be provided with dewatering pumps which could operate in the event of a water logging, to pump out the all the excess water.
- The complex should be provided with good storm water drains which should be cleaned regularly.