

ProClaim

Inside the World of Claims Adjusting

Fall 2016

What we
Learned in
Fort McMurray

- 3** Claims Control
- 6** Restoring Fort McMurray's only Hospital—STAT
- 8** Getting Fort McMurray's Schools Up & Running
- 10** Onwards & Upwards
- 10** GTS News

Fort McMurray: Canada's Worst Disaster

On May 3, 2016 Fort McMurray, Alberta was home to the largest catastrophe in Canadian history. Wildfires forced 88,000 people to evacuate their homes and caused more than \$3.5 billion in damage.

While the fires were still raging, the insurance industry sprang into action to respond to the complex needs of the many displaced Fort McMurray residents and businesses. When the smoke cleared, 18,000 structures were left damaged, requiring the quick thinking and deft touch of experienced professionals to bring them back to life and make the community functional again.

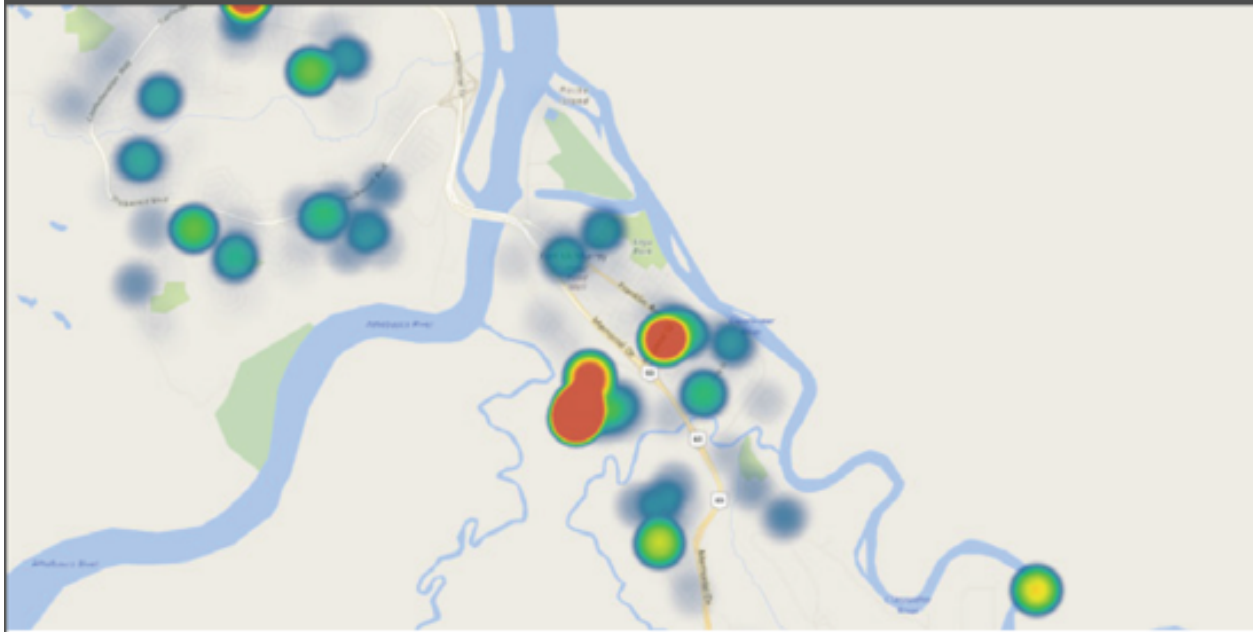
The collaborative energy of the entire industry—and its many partners—soon became “the single greatest success story in insurance circles in the last decade,” according to Steve Hansen, Executive General Adjuster, Crawford Global Technical Services.

From the Herculean efforts to re-open Fort McMurray's crucial lone hospital in June to the coordinated tactics to restore the community's schools by September to the ongoing claims adjusting mastery happening on the ground, Crawford & Company's elite executives and talented employees were essential.

Here you'll learn more about the crippling challenges, innovative solutions and unprecedented inter-industry cooperation from the perspective of some of Crawford's finest.



Crawford's Len Raymond



Claims Control

When the wildfires took root in Fort McMurray, it quickly became clear that this catastrophe would be one for the record books.

No segment was more affected by this massive disaster than claims adjusters. Adjusting property and commercial claims by the thousands is no easy feat. Doing it in dangerous conditions with unusual housing only served to compound the effects of long days and a seemingly never-ending number of files.

What made this CAT different from all the rest? A series of hurdles that Crawford and the industry as a whole soared over—and learned from.

Delayed deployment

As Head of the Crawford CAT team, Mike Koch is accustomed to deploying resources in the immediate aftermath of a catastrophe. Insurers are typically quick to assess the impact of the event and determine their capacity to respond before calling Koch with a request for help in the form of adjusters able to get on the ground.

The Fort McMurray CAT wasn't quite so straightforward. Its remote location, the ongoing nature of the CAT—wildfires raged for weeks—and a complete civil evacuation of a fluctuating

population combined to create uncertainty about just how much support Crawford would need to provide.

"It's kind of like preparing for an exam scheduled for May 1st and then being told it's been delayed to the next day, but when you go in the next day it's been delayed again. This went on for weeks.

"I've been in the CAT world since 1992 and have been an adjuster for 35 years. This ongoing time delay was very unique and was a source of anxiety and uncertainty."

Claims support in huge numbers

Knowing they would need an unusually large number of adjusters, Koch and Walter Waugh, Regional Vice-President of Operations for Western Canada, hand selected some of the best and brightest claims adjusters at Crawford.

Many of them were from Global Technical Services and had been part of the Slave Lake, Alberta fire CAT and were experienced working with all stakeholders, from underwriters to brokers to policy holders.

"We needed people with a high level of experience and a high comfort level handling losses of significant value and, in some cases, with coverage complications or challenges," said Waugh.

In addition to their elite adjusters, they also engaged some less seasoned property adjusters on some of the less complicated residential losses. "They did a wonderful job responding to this event and it gave that group invaluable experience which will no doubt pay dividends for them in the future should an opportunity arise to do more CAT work in the country."

Although a small group of adjusters were allowed into Fort McMurray to assess essential services damage about a week after the fires began, they were subsequently re-evacuated when the fire changed direction and threatened parts of the city again.

"I've been in the CAT world since 1992 and have been an adjuster for 35 years. This ongoing time delay was very unique and was a source of anxiety and uncertainty."

On May 31st, the full group of 60 claims adjusters were allowed into the city to start their assessments. Another 50 adjusters were ultimately involved in handling the remote, telephone claims.

Remote location

Fort McMurray is one of the most isolated CATs Koch has ever worked on. With Fort McMurray International Airport closed, Koch and a team drove in a caravan from Edmonton and needed to stop 90 minutes south of Fort McMurray to fuel their vehicles and lay in a supply of food and water. While the oil camp where they lodged 50km north of the city would provide food and lodging, adjusters needed to self-cater their own food and water when working in the community since there was no potable water or food sources.

Every adjuster also needed to be equipped with safety gear like masks and Tyvek suits to wear in the fire-ravaged city. Bear spray and whistles were an unusual addition to their protective gear—handed out to provide a defense against a possible brush with wildlife back at camp.

"[As CAT specialists], we know how to quickly mobilize and deploy but it's different when you're as displaced as the claims you're working to adjust."

Unusual damage

Crawford Senior General Adjuster Mark Hale's role in the Fort McMurray CAT was to work on behalf of one of the largest P&C carriers in Canada. Embedded within this organization, he worked on 80 business claims.

With experience working multiple CATs all over the world, he says the landscape of the town after the fires resembled the aftermath of a hurricane. "There were neighbourhoods that were completely devastated sitting next to properties that appeared as though there was no damage."

While assessing businesses with minimal damage, he encountered dust on most of the surfaces, which he learned was part of the prairie town before the fires. "You had to ask yourself if the dust you were seeing was due to smoke damage or was it just the regular prairie dust?"

To be safe, he worked with an environmental consultant to swab-test for char deposits, which helped determine the extent of the cleaning.

Another big issue was stock claims. "Alberta Health Services were really strict about what you could and couldn't salvage. In the grocery stores, 90 percent of stock had to go. Anything in a bottle or a can, unless it was mechanically sealed, had to be disposed of," said Hale.

In one case, a hairdressing salon was ordered to remove all shampoos, conditioners and other products in plastic containers in case soot deposits penetrated the plastic and contaminated the contents. "Your gut is telling you there's no issue, but science and Alberta Health Services are telling you there is and you need to comply with that."

Economic climate of the city

Calculating business interruption claims was also complicated. Due to the decline of the oil and gas industry, which employed most Fort McMurray residents, the community had been experiencing a 20-30 per cent economic downturn in the two years prior to the wildfires.

This pre-fire economy and the post-fire reality needed to be considered, which sent many of the files to Crawford's forensic accounting

services. "Most businesses may be back up and running, but their customer base is not there. The slowdown in the economy continues and now you've got neighbourhoods that are devastated and people displaced. Once you've repaired the business, when do we cut off the business interruption?" said Hale.

"[As CAT specialists], we know how to quickly mobilize and deploy but it's different when you're as displaced as the claims you're working to adjust."

Crawford Forensic Accounting Services got involved to help make fair and reasonable calculations. Managing Director Jay Strano said one of the most challenging parts was agreeing upon the official date of a safe return to the city. "We saw a number of different dates applied. It was a bit of a challenge that required discussions with adjusters and insurance companies to determine a date they could agree on."

Lessons learned

Throughout the response to the Fort McMurray CAT, there have been a number of silver linings. Waugh says the remote location may have contributed to a lasting legacy for Crawford & Company.

"Being set up in the camp gave everyone an opportunity in the evenings to get together. We held nightly meetings to go over protocol and process issues and a daily debrief for each of the groups of adjusters. Collectively, we would spend time together as a larger group."

The teamwork and collaboration that came out of the close quarters were unprecedented for most CATs. "There was a tremendous amount of sharing of information, coaching and team building that I think has gone a long way for many of our adjusters to create some comfort that they

were capable of doing the job and managed to execute it," said Waugh.

Spending three to six weeks with colleagues from across the country also fostered a sense of belonging to a bigger entity. "I think the vast majority of our adjusters who participated would agree to do it again. The circumstances will never be the same but the team feeling is one that people will want to be a part of again."

"In many cases, new friendships were born and professional relationships as well. I think people will continue that communication from their home branches."

Collaboration didn't end with Crawford. Hale notes that the cross-industry partnership that saw him embedded within an industry partner's business was as rewarding as it was efficient.

"As a dedicated resource to one of our partners, I was empowered in a new and different way. The delegated authority across the board demonstrated trust between business partners. I was able to make instant decisions that moved files forward quickly."

In the end, the industry rose to the occasion of this spectacular CAT in ways both quantifiable and immeasurable. The lessons learned will undoubtedly echo in future disasters.



Restoring Fort McMurray's only Hospital—STAT

Like most of Fort McMurray, Northern Lights Regional Hospital was caught off guard when the wildfires began crackling across the community.

With only two hours' notice—and with fires visible only a few hundred metres across the highway—the facility was evacuated from top to bottom. The most critical patients were airlifted to Edmonton on chartered flights. Many others, along with medical personnel, spent the next several days in a makeshift hospital camp in Firebag, an oilfield camp north of the city.

"Nobody knew what we were up against because the entire location was locked down. All we knew was that this facility had to be up and running before any residents could return to the city."

Meanwhile, over in Edmonton, Steve Hansen, Executive General Adjunct, Crawford Global Technical Services, learned that he would be a key player in getting the Northern Lights Regional Health Centre operational again when the fires abated.

In a career spanning almost three decades, the task would prove to be a challenge like none he had ever experienced—and one that would be as rewarding as it was demanding.

Knowing the enormity of the undertaking ahead of him, Hansen sat on pins and needles waiting for his turn to get into Fort McMurray

and assess the damage at the hospital. "Nobody knew what we were up against because the entire location was locked down. All we knew was that this facility had to be up and running before any residents could return to the city."

On May 9, six days after the wildfires began, Alberta Premier Rachel Notley flew in to survey the damage in Fort McMurray, including a quick tour of the hospital. She reported that, although 2,400 structures were damaged, the hospital, schools and municipal buildings had been saved.

Buoyed by the good news, Hansen and his team joined a horde of first responders on a chartered Hercules military flight to Fort McMurray the following day. But his optimism was crushed the moment he walked through the hospital's main entrance. On closer inspection, the facility sustained significantly more damage than the Premier had perceived.

"My eyes immediately teared up [from smoke odour] and I turned to the guy beside me and said, 'Oh boy. We're in for it,'" said Hansen. "I've been doing this since the late 1980s and you gather a sense of how a building is affected immediately by your senses. The overpowering odour [in that hospital] indicated that this facility would require extensive cleaning."

Hansen and a crew that included industrial hygienists combed all 330,000 square feet of the building—from operating suites to patient rooms to emergency areas to administrative offices

to rooftop mechanical rooms to an intervening mechanical floor not seen to the public.

"We ran air tests right away, including for volatile organic compound counts (VOCs). Just inside the doors the VOC numbers were around 0.6, in comparison to outdoor levels of 0.2 to 0.3. But as we moved further into the hospital, the numbers crept up to 1.2 to 1.7 and averaging 1.5," said Hansen.

With the assessment complete, the team was ordered to evacuate until May 14. Hansen and his crew of 10 representatives from restoration firm Service Master of Edmonton, who would become the hospital's main contractors on the project, immediately hopped a flight back to Edmonton and booked a private room in a restaurant to sketch out a plan. "We drew out what we could foresee would be challenges, including no infrastructure, no power, no water and no housing."

Over the course of a few hours, they came up with an aggressive plan, sketched out on a napkin, that would allow a course of renewal over 21 days—to be complete June 4th—"if everything went exactly according to plan and we had no hiccups."

Inadvertently, Premier Notley once again took that challenge and turned it up several notches, releasing a statement to the media that the facility

and the city would re-open to residents June 1st.

As the shock of the new deadline set in, Hansen and his team, working with Facilities Management & Engineering (FM&E), KFR Engineering, EllisDon

Consulting, and in consultation with Alberta Health Services executives and other government officials, prepared to make it happen.

They planned to run two 12-hour shifts daily to clean the facility and all of its equipment, including five separate furnace-cleaning crews to address the extensive HVAC systems. With no potable water in the city, it was arranged that workers would stay at an oilfield camp just north of the city.

Just when plans were in place and everyone had mobilized, the Fort McMurray wildfire threw them another curve ball. "On May 15, the fire turned and blocked the roadways to the camps where everybody was housed. One shift of crews couldn't make their way into the city and the other couldn't make their way out," said Hansen.

Another evacuation order went into effect and restoration efforts were halted. "We lost more than half a week to the re-evacuation but we were still determined to make that June 1st deadline."

Part of that plan included a phased approach. The crews would ensure the ER, ORs, radiology and lab work would be complete by May 29,

while support services, including laundry, which could be shipped out, could wait until June 6.

This was no mean feat considering potable water was not available until June 5. "We managed to get a special tie-in before anybody else in the city. Our goal for the Phase 2 target was beat by a day."

The third phase involved turning over the rest of the facility by June 15. "We had such an efficient team that we were able to ramp down the night crew after two weeks and we were still able to turn over the facility by June 8," said Hansen.

In the end, a complete turnover could have been complete by June 21st, but Alberta Health Services pushed it back a week after recognizing that only 60 per cent of the city had returned by the end of June, which decreased the demand for a fully operational facility.

Lessons learned

Looking back, Hansen says the secret to the success of this enormous operation was the efficient way the insurance and other industries came together to work toward a common goal.

"Between Service Master, EllisDon, Werlinger & Associates, KFR Engineering, ASE Environmental, the insurers and Alberta Health Services, we all came together to achieve what I think is the single greatest success story in insurance circles in the last decade," said Hansen.

Beyond the technical proficiency and expertise, he says many people brought important life experience to the work, which was a huge factor in facing a daunting deadline. He points to his own life experiences as a nationally certified hockey coach and softball coach, umpire and instructor. "This is no different than coaching a team to succeed in a tournament. You set goals and then you empower the team to do what they have been trained to do. You keep a close watch and tweak before your opponent gets an upper hand on you."

"Our opponents were magnitude, re-contamination, air quality and time. The good guys won this one."

Hansen also notes that the supreme focus on a common goal and every individual's commitment to positively contributing were critical.

Today, not only is the hospital fully operational, but the costs for the entire project are coming in at 40 per cent less than what Hansen and the team of appraisers had projected. Hansen attributes that to the collaborative nature of the response to this catastrophe.

"The success is a testament to the fact that different facets of the industry can come together, do their jobs and do things right."

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Getting Fort McMurray's Schools Up & Running

The smoke still hung in the air when Len Raymond arrived in Fort McMurray in mid-May.

Tasked with leading the efforts to assess and restore 41 school buildings in the community's public, Catholic and Francophone school boards, the Senior General Adjuster, Crawford Global Technical Services, called on his military and firefighting background to get the job done.

"I definitely brought my military and fire training background to this job and was able to integrate quickly into the environments and understand the hazards people would face."

"When you look at photographs of the [damaged] schools, you see the building and the furniture, but what you can't see and photograph are odour and contaminants that permeate everything."

As a former Canadian Forces Reservist and current volunteer firefighter and fire investigator, Raymond was ideally suited to help prepare Fort McMurray's schools for re-occupation in September.

He created two rapid assessment technical teams (RATT) each comprised of an insurance adjuster, project manager, quantum surveyor and industrial hygienist.

RATT Alpha and RATT Bravo immediately began working their way through the buildings, taking air swab samples and surveying the

damage. "We triaged the schools the same way we would medical patients to identify the most critically affected structures," said Raymond.

Air quality testing indicated high levels of contaminants in many of the structures. In addition, all hard and soft surfaces, including electronic and musical equipment, needed to be meticulously tested to determine if its life expectancy had been compromised.

"When you look at photographs of the [damaged] schools, you see the building and the furniture, but what you can't see and photograph are odour and contaminants that permeate everything," said Raymond.

Like many of those on the ground in the early days, Raymond and his team were evacuated May 15 when the fire changed direction. "We were chased by fire and smoke as we raced to get out of there. When I first got on the ground with my team at 3pm the sun looked like a little red dot in the sky and it was raining ash."

The teams were able to re-enter five days later and secure accommodations in a nearby oil camp. "The big thing was being able to secure space because there was real competition between the public sector, including emergency service workers and restoration workers and then on top of that you also have regular oilfield workers and additional environmental people to deal with the assessments."

Raymond estimates there were about 475 people working on the school structure restoration process alone.

Once the initial assessments were complete, the RATT teams divided and conquered. RATT Alpha, comprised of professionals from Crawford, Service Master of Edmonton, HFS Construction Consultants and ASPR Environmental, addressed the Catholic and Francophone school boards in Fort McMurray. RATT Bravo, made up of specialists from Crawford, Premier Fire and Flood Restoration, MKA Canada Inc. and APSR Environmental, took care of the Public Schools in Anzac, Fort MacKay and Janvier. In total, both teams dug in to manage the restoration of all 41 buildings.

Some schools were more affected than others, depending on their proximity to the fire, but smoke damage was virtually universal. "In this fire event, not only did you have smoke and soot coming in, but the temperature inversion in the area held the smoke there for a very long time."

"This could not have been accomplished without the help we received from the school boards. They were involved with each step of the process. Everyone had to think outside of their comfort zone to come up with innovative solutions."

One of the biggest factors with respect to contamination was whether the HVAC system was on when the rapid evacuation occurred. Some schools were left with windows open; others experienced smoke damage that seeped in through the HVAC system.

Raymond says one of the most challenging schools to work on was Holy Trinity Catholic High School. As one of the newest schools in the region, it had a sophisticated HVAC system that was more complex than some hospitals.

"We charged a very innovative group of people, from engineers to project managers, right down to tradespeople to come up with a methodology to take care of [restoring] the HVAC for this school.

"As an LEED-certified school, it was technologically very advanced. We were ultimately able to replace all of the ducting in that school through innovative techniques to get that system up and going."

Other challenges throughout all of the buildings was determining whether soft, porous materials like paper products, ceiling tiles and carpeting could be as thoroughly decontaminated as hard surfaces such as desks and chairs.

The hard work and hurdles leapt paid off. When the first day of school rolled around in September, all but three were able to open as scheduled. "This could not have been accomplished without the help we received from the school boards. They were involved with each step of the process. Everyone had to think outside of their comfort zone to come up with innovative solutions," said Raymond.

Lessons learned

The Fort McMurray CAT experience demonstrates the power of integration and cooperation across the industry, says Raymond.

"We were dealing with subscription policies, so there were multiple insurers involved. Having them on board weekly conference calls and getting their input early on was critical to ensure everyone was on the same page and there's a clear understanding of the direction we're going in.

"When we're unified, we're able to harmonize very quickly and see results fast. That was what we saw in Fort McMurray."

He also expects to use the concept of the RATT teams again. "We put aside individual company colours and came together as a team. From boots on the ground to the adjusting team to the insurers and the insureds, everyone worked together to look at the whole problem and come up with a process. I am very proud of the collaboration and solutions developed at all levels to overcome the challenges we faced."