

A CONSISTENT PROCESS

Natural disasters such as hurricanes and cyclones can wreak havoc across a vast area with their destructive winds, heavy rainfall, flooding and sometimes harmful storm surges. Damage to key infrastructure is to be expected and this can often include interruption to mobile telephone networks that can be so important to the relief and recovery efforts. These interruptions are usually caused by a mixture of damage or destruction of cell phone masts and power outages.

When this happens it usually means damage spread across a wide area and often in remote and difficult to access locations. Only the most severe catastrophes will completely knock out a mobile phone network, cell mast configuration usually means that the mobile phone company is instead faced with reduced network coverage and signal quality and potentially a sizable daily revenue loss.



FIRST PRIORITIES

Scott MacGregor is a Senior Loss Adjuster with Integra Technical Services and has significant experience dealing with major losses involving wide-spread infrastructure damage. He suggests the “first priority is to help the Insured get back up and running and make sure that there is an agreed process in place to identify the damage and validate the claims. The Insured will be looking for assurance about the certainty of insurance and this will most definitely support that objective.”

Quite often firms will use their own network of engineers spread across a broad area so it's important they follow a structured methodology, where they report on the same basis and make consistent repair or replace decisions. Scott worked on a sizeable claim some years ago where “the Insured head office were suggesting that the damaged mast equipment would be replaced, yet it quickly became apparent that the engineers were going to upgrade some of the older equipment which hadn't previously been contemplated by head office.”

FOCUS ON QUICK WINS

Getting the network up and running requires the Project Control Team to address a number of early challenges. Where masts have suffered a power outage, how easy is it to get fuel generators to the sites of those masts which will deliver the most benefit? Is it possible to use a cell on wheels (COW) where the network has 'blank' spots?

QUALIFY BUSINESS INTERRUPTION INSURANCE CALCULATIONS

As Scott explains this raises a Business Interruption (BI) Insurance coverage question. Does the BI Insurance cover loss of power where this does not result from property damage?

This is not the only BI Insurance consideration; whilst the reduced network coverage may affect revenue in some areas, it generally follows that mobile phone usage increases following a loss. Equally, whilst a telephone mast may be out of use and not generating revenue it's signal would normally pass to the next telephone mast, which may be generating double the usual average revenue. And finally, there is the 'but for' test and whether that relates to the event or damage to the property.

USE EXPERTS TO ASSESS DAMAGE

The telephone masts will each have complex electrical equipment, including a computer control panel. Where the mast has toppled damage to the electrical equipment can be obvious, but that is not always the case. The telephone company will want to be sure that the equipment has not suffered any hidden damage that could lead to early degradation or deterioration and increase their operating costs in the future.

Scott suggests that “an expert electrical engineer that can check an early sample of damaged masts can be invaluable. They can help the Insured make sensible decisions not just in terms of damage assessment but the repair methodology. Time and again I've seen these experts help both Insured and Insurers.”

Following a process that helps the Insured get up and running and provides them with certainty of insurance is important for all major losses. The distinction with infrastructure losses that spread across a wide area is making sure that there is a structured and consistent process in place to identify damage and validate claims.