

### **Cyclone Insurance: Do you have it? are you protected?**

At 33, with a flourishing career as a banker and having just moved into his newly built home in Rakiraki, Vinal Kumar and his young family were living the dream.

The future looked bright and everything seemed to be going right, until the unexpected suddenly happened.

Just five months after they moved in, the dream turned into a nightmare when Tropical Cyclone Winston made landfall in Fiji in February 2016. The young family watched helplessly as strong winds lifted the roof right off of their house, before wreaking havoc on what was left inside.

Vinal, who had invested all he had into the construction of the new home said the family felt broken.

As the cyclone built up, Vinal and his wife were reluctant to leave their house at first because of the sacrifices they had made and the money they had spent on the construction of the property. But, as the winds quickly grew in strength and started to strip away the roof and inflict damage to the inside of the house things grew very dangerous.

“We were deciding on whether to stay in the house or to leave when the howling winds really struck,” says Vinal. “My wife frantically told me that the roof was going...I had to grab my little boy and run to the neighbour’s house, banging desperately on the door for him to let us in.”

“Later when we saw what had happened in the aftermath of the cyclone, we were devastated. Most of the roof and some of the walls had gone. There was no ceiling left and none of the contents survived as the rooms had been flooded.” The cost of damage to the roof alone was over \$70,000.

The young family was in despair and a feeling of helplessness quickly set in. Having seen the full extent of the destruction Vinal gave up hope of trying to rebuild and contemplated permanently moving out of his home as he had minimal resources to repair the damage and return the house to its former state.

That was until he remembered the insurance company, and the insurance policy that he’d bought as a condition of obtaining a home loan. He had signed up without really understanding what the insurance policy could do should anything unexpected happen. In fact, Vinal did not remember the insurance policy until his neighbor asked about this. So he contacted his insurance company and a representative from the insurer visited him and his wife two days after the natural disaster had happened and assured them that their home was covered for cyclone damage.

“What a relief!, suffering this sort of damage is one of the things that you normally think won’t happen to you, but honestly, you never know when these kinds of things are going to strike,” said Vinal.

“Without the insurance protection I would not have been able to do anything and my house would not have been rebuilt because I had minimal savings to fall back on. Everything we had was put into that house when my wife and I decided to have it built.

“I thought insurance was just a formality. I did not really consider how it could protect me against this sort of major loss. But it’s clear that it’s really important to have insurance and be prepared.”

The family’s insurance company contacted the couple and regularly followed up on the progress of the renovation work until it was completed.

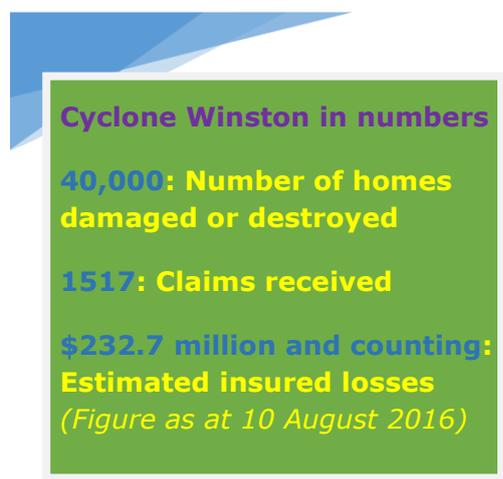
“We really appreciate the way they have helped us out. They have been excellent and have got us back on our feet.

The Cyclone Winston experience also taught Vinal more about insurance. The cyclone cover that was taken out prior to moving in only covered the house, not the contents, a decision he regrets immensely because it meant he had to use some of his modest superannuation savings and also take out a bank loan in order to furnish the renovated home.

Smarting from the experience and having understood the importance of insurance, Vinal who will soon renew his cyclone cover will make sure that the contents of his home are covered as well, even if it means having to pay a little more.

Sadly, unlike the Kumar family, not all affected homeowners had cyclone insurance cover. Of the 40,000 homes that were damaged or destroyed by Cyclone Winston, insurance companies only received 1,517 claims showing that most people are not protected by cyclone cover and are still exposed to financial losses caused by cyclones.

These homeowners are relying heavily on the Government. Most of these homeowners are low-income earners who do not have social or financial protection to withstand such risks, an issue that both Government and insurance companies are desperately looking to address.



Post Cyclone Winston the rebuilding process across the country only underlined the need for more people to get insured. Whilst the protected homeowners in areas devastated by Cyclone Winston have moved back into their renovated homes, many of the unprotected majority still live in temporary shelters, awaiting further assistance.

Fiji is now approaching the next cyclone season and it's worrying how few people are prepared for this.

In recent times cyclones have become more frequent and stronger, such is the reality not only in Fiji but elsewhere in the region.

Ordinary citizens have become increasingly vulnerable to the growing extremes of climate change.

Insurance can offer protection against many risks that people face yet uptake of all types of insurance in the country is low at about 12%.

It was reported at a recent stakeholders' workshop organised by the Consumer Council that only 18,000 out of 184,000 households in Fiji are insured, leaving the vast majority of homes at risk.

Insurance companies are working to increase peoples understanding of how the industry works, what insurance policies cover, how claims can be made and why certain building standards are so important before cyclone insurance cover can be bought.

To get the cover an engineer's certificate confirming that a house is able to withstand wind speeds of up to 200km per hour is needed, this is typically what is seen with a category 3-cyclone event.

After Cyclone Winston it was discovered that less than 10% of the Cyclone Certified homes had been damaged, and the extent of damage was a lot less than would have occurred if the homes had not been certified.

Although costs are incurred in paying to get an engineer to inspect a property, to upgrade the property if needed and get an Engineers Certificate issued certifying that the property can withstand a category 3 cyclone, this cost is minimal in comparison to the costs that have to be paid to repair or replace a home if it's not covered by insurance.

Cyclone insurance is an addition to a Household policy, which will cover the building, and maybe the house contents.

Contact an insurer provider to learn more about cyclone insurance, how to get it and what it will cost.