

# After the storm - Rising challenge of a massive windstorm claim

When a huge tornado resulted in one of the largest ever marine cargo insurance claims, QBE responded quickly and competently pulling out all the stops to wrap up a very significant claim in record time.

Shortly after midnight on Tuesday 3 March 2020, a devastating tornado struck Nashville, Tennessee, causing damage costing over \$1.5 billion. This was the sixth most costly tornado ever recorded in the US, leaving a trail of destruction 1,500 metres wide and 60 miles long. At its peak, it reached EF3 on the Enhanced Fujita scale, with winds of up to 165mph.

At around 1am, the Tornado struck two industrial estates east of Nashville where five distribution centres held hundreds of millions of dollars of computer equipment owned by QBE's customer, a global tech giant. Two of the five buildings, their roofs torn off, were so badly damaged nothing could be salvaged. In both cases, the primary insurer's \$25m limit was completely overwhelmed.

QBE acts as lead insurer on the excess layers of the customer's worldwide marine cargo insurance programme. Within 30 minutes of notification, QBE's claims team had spoken with the broker. They immediately recognised that this could be one of the biggest single claims ever seen in the marine cargo market. QBE wasted no time appointing a trusted specialist firm of loss adjusters, who were on the scene just hours later.

Massive claims like this are what keeps risk managers awake at night - and the reason they buy insurance. QBE's claims team was determined to deliver the right result for the customer, minimising the impact on its balance sheet and operations. At every stage, they acted swiftly and decisively to smooth the path to a timely and equitable resolution.

The first step - just three weeks after the loss - was making a detailed presentation to the following insurers on the excess layers, clarifying the nature and scale of the loss, and securing buy-in for QBE's proposed approach.

Discussions with the broker progressed through June. A number of potentially challenging issues were raised, discussed in a pragmatic and collaborative spirit, and amicably resolved. The claim was formally accepted in July, with a payment on account of \$75m. The focus then shifted to resolving the balance of the claim as quickly as possible, with the customer's risk manager proposing an ambitious target-date of the October month-end.

Wrapping up a claim of this scale in just seven months was always going to be challenging. QBE provided the funding required to allow the adjusters to commit significant additional resource. At QBE's request, the broker also secured the primary carrier's agreement for QBE to take the lead in handling the claim, allowing it to drive rapid progress through summer and autumn, constantly keeping the customer, the broker, the primary and the following insurers fully informed and onside.

QBE's approach is all about giving each loss the focus and attention it needs, engaging constructively and collaboratively to deliver the best outcome for the customer. A claim like this (eventually costing over \$320m) is the ultimate test of that approach. With a final payment agreed by mid-October, QBE delivered on their promises.

The customer's broker was full of praise for QBE's role in resolving this major claim:

**'This wasn't exactly straightforward, but you managed the whole process with aplomb. We were set the deadline of October month-end by the client, and because of the positive attitude you adopted we were collectively able to deliver on that. Your expertise, handling, and timeliness of service demonstrated once again why the QBE is the best leading market for claims in London and why we recommend your service so highly to our placing team.'**



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