



# Fort McMurray

## THE FACTS BEHIND THE TRAGEDY

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# Agenda

## Topics

**1** The cause of the disaster and facts about Fort McMurray

**2** Challenges

**3** Reality

**4** Summary

**5** Ongoing issues

**6** Conclusion

**THE CAUSE OF  
THE DISASTER**

**AND**

**FACTS ABOUT  
FORT McMURRAY**



# The cause of the disaster

In April and May of 2016, major forest fires ravaged parts of Northern Alberta. How did this happen?

The affected regions saw much less rainfall than usual in the spring of 2016 and temperatures were unseasonably high. Rain was much needed, but never came.

The blazing fires were intensified by high and changing winds, which pushed the flames into the city of Fort McMurray. The entire city was evacuated and the fires caused catastrophic damage.

# Facts about Fort McMurray

- Fort McMurray was founded in 1870 and became an official city in 1980.
- Fort McMurray is the population center of the Regional Municipality of Wood Buffalo. It is classified as an urban service area.
- Population in 2015: 78,382
- The city is located in Northeast Alberta in the middle of the Athabasca oil sands region. It is surrounded by the boreal forest.
- The city played a significant role in the development of the Canadian petroleum industry.

# The fires

- On May 1, 2016, a state of emergency was declared in the Regional Municipality of Wood Buffalo, including Fort McMurray.
  - More than 88,000 people were forced to evacuate their homes.
  - Starting June 1, 2016, residents were gradually given permission (in waves) to return to the various sectors of Wood Buffalo and Fort McMurray.
  - It was at this time that residents, authorities and insurance companies realized just how much damage had been done.
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- In total, the fires burned through 6,000 square kilometres in Northeast Alberta and Saskatchewan.
  - 2,500 buildings were damaged or destroyed.
  - Over 48,000 claims were filed with various insurance companies.

# CHALLENGES



# Challenges

Insurance companies faced a number of challenges during and after the catastrophe in Fort McMurray.

It all began from the day the evacuation was announced:

- 1) How would we reach our clients who were forced to leave their homes without even being able to grab their cell phones (never mind information about their insurance companies)?
  - ✓ The IBC provided support and insurance companies worked together
  - ✓ Insurance companies reacted quickly and sent representatives to the region
  - ✓ As much information as possible was collected to be able to reach clients (email, cell phone number, etc.)
- 2) Could we do quick validations of coverage and pay out settlements to cover clients' additional living expenses? Clients were in need and very vulnerable.



# Challenges (continued)

- 3) With the evacuation order still in effect, insurance companies had find creative ways to collect the following information:
- ✓ The scope of the damage, by affected zone, through detailed analysis of maps
  - ✓ Different types of potential losses (to help develop processes to settle claims quickly according to policyholders' coverage)
  - ✓ The damage to buildings (partial or total loss)
  - ✓ How much it would cost to reconstruct buildings that were considered a total loss

Different technologies were used to collect this information, including satellite images and computer software to estimate rebuilding costs.

- 4) Would we have enough specialized resources with the expertise to help settle claims (claims advisors, appraisers, cleaning companies, contractors, etc.)?

The overall goal:  
Be proactive and be ready to provide immediate support  
once the evacuation order is lifted.



**REALITY**

# Reality

Once the evacuation order was lifted and residents returned to the city, cleanup work began and the following challenges persisted:

- It was difficult to get to the city as there was only one functional road.
- It was difficult to find accommodation, given that the city is in an isolated region.
- There was increased demand for claims advisors and appraisers and limited availability.
- Requirements from local authorities, such as:
  - Finding local labourers
  - Sourcing local materials
  - Organizing on-site teams in Fort McMurray and the surrounding area

# Reality

Insurance companies needed to explain to clients and local authorities what was covered by insurance and what wasn't.

The “build stronger” approach suggestion is an example of the lack of awareness about insurance coverage.

Insurance companies were also required to manage various demands made by local authorities, including payment for on-site security agents, fences put up around major damage zones, and the use of products called tackifiers to keep toxic ashes from flying around.

To address these issues, the Insurance Bureau of Canada got involved and a Claims Panel involving several insurance companies was created.

# SUMMARY



# Summary

The IBC estimates the total cost of the catastrophe at \$3.7 billion

For Desjardins (all brands considered) the Fort McMurray forest fires represented:

- ✓ Over 500 auto claims
- ✓ Approximately 1,000 property claims
- ✓ Total expenses of \$68 million

One year after the tragedy, we had closed 87% of property claims (repairs completed and settlements paid)

To this day, approximately 40 claims remain open—some for total losses. We hope to have the majority of these finalized before the end of May 2018.

# ONGOING ISSUES

# Ongoing issues

## Finding labourers:

It is still difficult to find labourers with the skills required to complete some of the repair or rebuilding work.

Material and labour prices are increasing every year.

Condo claims are taking the longest to settle

Special situations  
(e.g., some local contractors have declared bankruptcy)

Legal issues



# CONCLUSION



# Conclusion

The Canadian insurance industry showed that is it able to manage a major catastrophe like the one in Fort McMurray. Companies were able to meet the needs of their insureds with efficiency, while managing claims costs to the best of their ability given the circumstances.

The Insurance Bureau of Canada was a key player throughout this catastrophic event, particularly when it came to informing and educating insureds. They also played an Important role in terms of providing information to local authorities.

**QUESTIONS**

