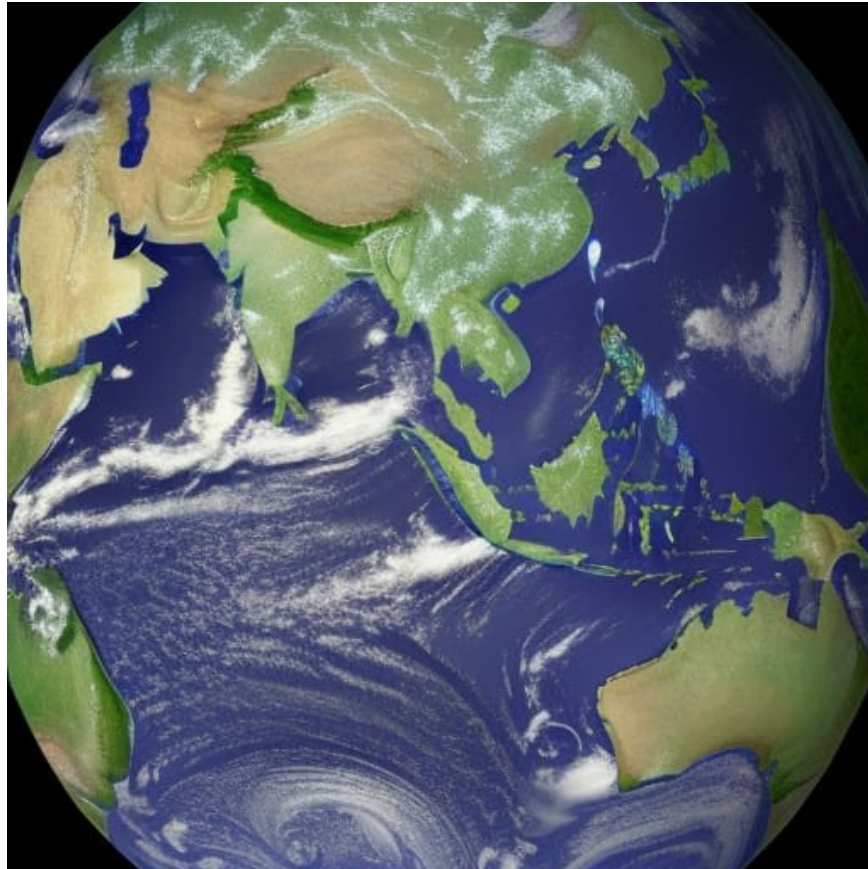


# Flood and Catastrophic Insurance

By Mrunal Pandit, FIII

## Tackling Climate Change Challenges

**Introduction:** The consumer goods industry faces numerous challenges as a result of climate change. To ensure the sustainability of our organization, we have adopted a comprehensive risk management strategy that addresses both property and human capital protection. In this blog post, we discuss our experiences and the steps taken to overcome these challenges.



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## **Adapting to a Changing Product Mix and Expanding Geographical Footprint**

Our organization, a leader in the consumer goods space, has seen its product mix evolve over the years. While previously focused on plantation-driven produce like tea and coffee, the introduction of new product lines such as ready-to-eat packaged foods and edible goods has expanded our geographical footprint and diversified the nature of our risks and compliance requirements. This change made it necessary to reassess our risk management strategies.

## **Addressing Climate Change-Related Risks and Property Damage**

In the past, climate change-related events were not a primary focus for our organization. However, as incidents of catastrophic events and property damage to our plantations increased, we realized the importance of a proactive approach to mitigating these risks. We developed a plan to address these challenges and protect our assets from the impacts of extreme weather events.

## **Implementing a Prudent Risk Management Plan**

Our risk management plan involved monitoring extreme weather events, impact assessment, communication protocols, and documentation. We formed a dedicated team of key personnel who collaborated with insurance agencies to develop a set of steps, methodologies, and protocols. This ensured transparency, integrity, and proper documentation in the claims process, ultimately leading to a faster turnaround time for claim settlements.

## **Evaluating the Nature of Damages and Their Impact**

Past damages to our properties were mostly due to fires, flooding, earthquakes, or landslides. However, the magnitude of losses wasn't significant until the unprecedented flooding in the Munnar region of Kerala in 2018. This event prompted us to evaluate whether it was a one-off occurrence or a sign of more extreme weather events to come. We decided to adopt a proactive approach, understanding that the frequency and geographical spread of such events would likely increase.

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## **Implementing a Standardized System of Communication and Documentation**

To effectively manage the impact of extreme weather events, we prioritized implementing a standardized system of communication and documentation. This involved sensitizing onsite and operations personnel and ensuring that documentation was consistent, even during weather events that disrupted communication lines. In the first 24 to 48 hours following a catastrophic event, capturing images of the damage was crucial since further weather events could exacerbate the situation.

## **Coordinating with Insurance Agencies and Onsite Personnel**

When a potential cloudburst and extreme weather event was predicted in the Munnar region of Kerala, one of our first steps was to inform our insurance agency about the possibility of a weather-related damage claim. We coordinated with onsite operations personnel to ensure the safety of employees and their families while maintaining communication lines and backup resources. We also worked with the operations team to document the damage across various areas within the plantation, including residential areas, administrative offices, schools, and access roads.

## **Assessing Damage and Identifying Repair Priorities**

The flooding and subsequent rains affected nearly every area within the plantation, requiring us to assess the extent of the damage and prioritize repairs. By working closely with operations teams, onsite personnel, risk management teams, and insurance companies, we were able to identify the most critical repair needs and associated costs. This collaborative approach ensured that all stakeholders were on the same page regarding next steps.

## **The Importance of Preparedness and Response Protocols**

By taking proactive measures to address the risk of climate change-related events, we were able to better prepare our organization for future challenges. We set up a 24/7 quick response team, established templates to guide various stakeholders through the repair and

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restoration process, and sensitized our organization to the potential recurrence of such events. We also collaborated with finance and operations teams to establish similar protocols in other regions at risk of being impacted by climate change.

## **Lessons Learned from Subsequent Events**

Our preparedness was tested in subsequent years, as Kerala's Munnar region experienced more severe flooding in 2019 and we faced additional challenges in Hyderabad and Assam in 2020. These events reinforced the unfortunate reality that the geographical spread, frequency, and magnitude of climate change-related events will continue to increase.

## **Conclusion: Adapting to the Evolving Landscape of Climate Change Risks**

In conclusion, understanding the potential impacts of climate change and implementing strong response protocols, communication strategies, and documentation processes are essential for organizations in the consumer goods industry. Over the past few years, my role has focused on refining and expanding these measures to ensure our organization is well-prepared for the evolving landscape of climate change risks. By being proactive and adaptive, we can minimize the impact of these events and continue to thrive in the face of adversity.

