



# Construction in the Caymans

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Very large, very well designed hotel

All designed for the latest earthquake and windstorm codes

Contract Price in excess of US\$150 million

Period in excess of 36 months through three windstorm seasons



The project was due to finish during November of 2004, just prior to the main holiday season

Other portions of the project were to be handed over to private owners as very luxurious condominiums at the same time

In addition works included very extensive landscaping and infrastructure



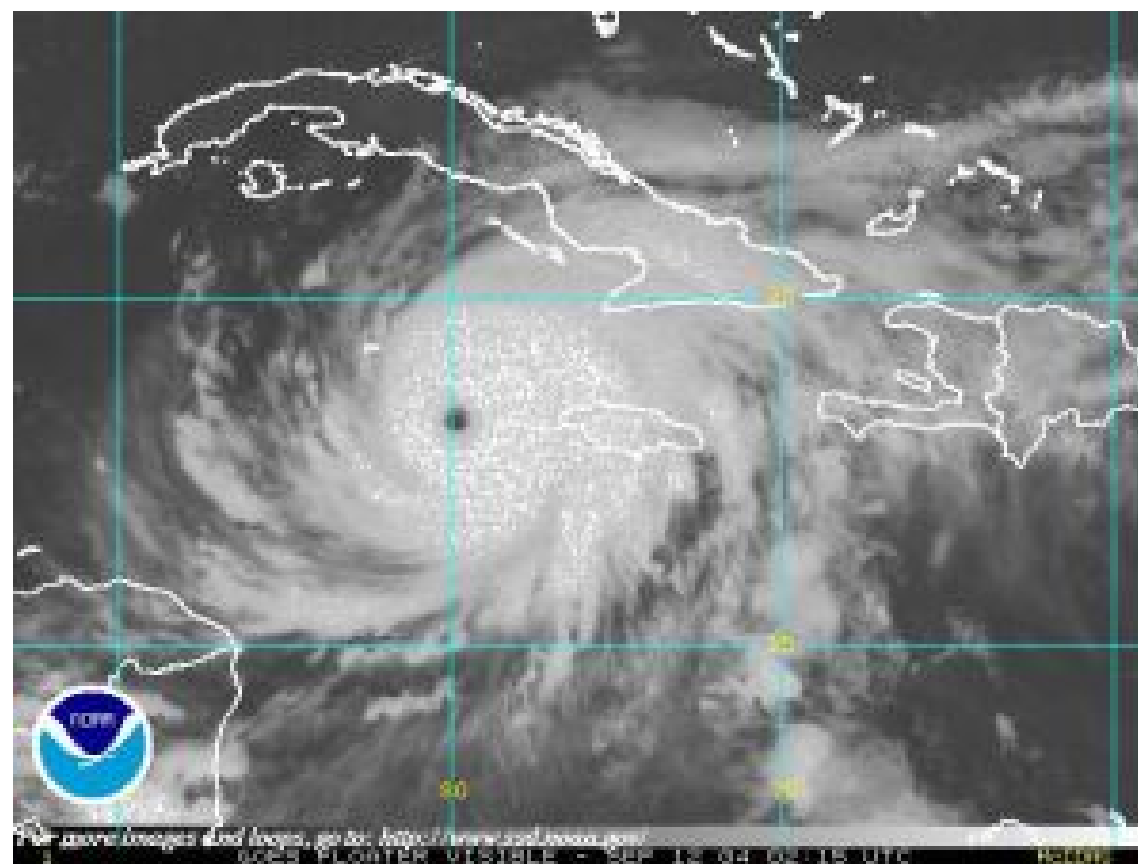
## Cover offered

This was a fairly standard cover for the time

A relatively wide CAR form with liability and delay in start up covers, with a reasonably high rate and deductible structure.



## What happened





## Hurricane Ivan

This was a unique event a category five hurricane

170 miles per hour winds

Lots of water

Storm Surge



On receipt of the hurricane warning from the meteorological office the site commenced its safety plans

Lots of the personal were evacuated

The site was made safe (relatively)



The lower opening were sandbagged to prevent ingress of water

The scaffold was secured with additional ties and the boards doubly secured to prevent them from being pulled off

Many other minor measures to reduce the impact of the storm

All in all a lot of work was done





The storm hit, one of the biggest ever known.

The storm moved slowly across the Caymans building in intensity for more than two days.

Whilst in its static state the storm lifted the sea level higher than most of the island.

Rain and wind driven sea lashed across the island tearing apart the infrastructure and much of the island property



All in all the Cayman Islands were a mess









The hotel however didn't look too bad!!





First impressions from the adjustor implied that although a bit bent and battered the hurricane precautions had stood up well and damage although significant wasn't as bad as the rest of the island.



Investigations continued and the situation worsened

Water had got into the building and every floor had been  
flood

Fish shrimp and crabs littered up floors

The water filled the lower levels



The water had been lifted of the sea and driven under the roof which lifted slightly and also through air conditioning openings.

The Water flowed through the vertical risers, and exited through every floor of the building

The salt water corroded all of the electrical and mechanical equipment it remained in contact with.





In addition the wet humid conditions caused mould to form on the finishing

The wet wood works swelled

Damage was extensive and compared with earlier estimated many multiples higher.



Delays were worsened by the state of the infrastructure and also by the difficulty of procuring materials and labour, all of which served to multiply the claim



## Could anything have been done

At the end of the day what could have been done to lesson the impact of the claim

Probably very little, the circumstances involved an unprecedented storm that not only destroyed the Caymans but wrecked havoc across the Gulf of Mexico and throughout the Caribbean



Sometimes claims happen, and insurers have to pay out,

Sometimes despite all of our efforts Mother Nature demonstrates her strength!

