
Hurricane Wilma

October 15-25, 2005

Situation and Response Paper



Prepared by Crawford & Company

www.crawfordandcompany.com

November 14, 2005

Hurricane Wilma October 15-25, 2005

Briefing

Crawford & Company offers the following information, maps, and images of Hurricane Wilma.

Through Crawford Catastrophe Services, Claims Management Services, Global Technical Services, and Global Marine and Transportation, the Company is responding to personal lines, commercial, and marine losses in Florida, the Caribbean, and Mexico.

This briefing provides facts and figures, photos and maps of affected areas, and issues of concern to the industry.

Information in this briefing is drawn from a variety of sources. Every effort has been made to reference the appropriate credit or attribution. The information contained herein is accurate to the best of our knowledge at the time. Critical business decisions should not rely solely upon this information, but rather, should be made only after facts can be verified independently of our report.



Wilma in Context of the 2005 and Previous Hurricane Seasons

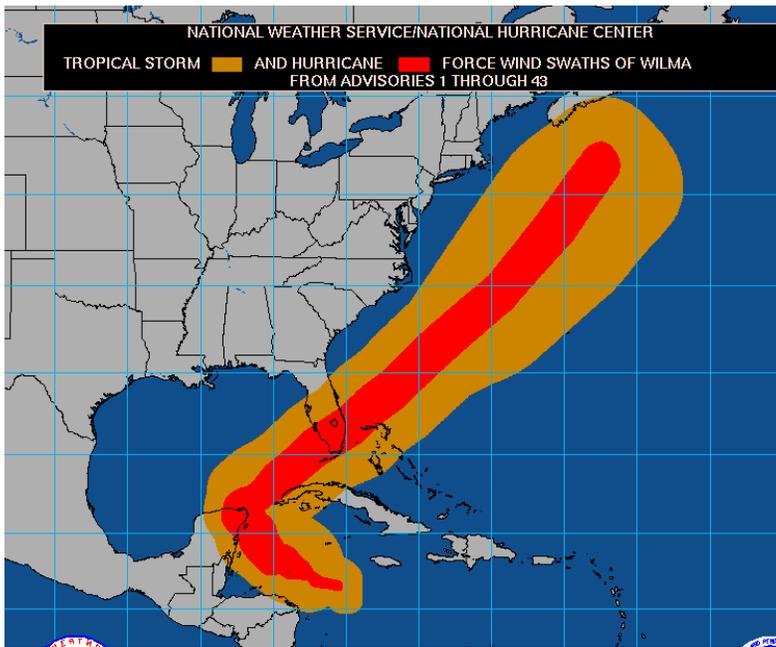
Hurricane Wilma was the 21st named storm, 12th hurricane, and sixth major hurricane of the record-breaking 2005 Atlantic hurricane season. It was also the third category-five hurricane of the season.

At its peak, Wilma was the most intense tropical cyclone ever recorded in the Atlantic basin and the tenth-most intense globally, with the lowest atmospheric pressure ever recorded in the Western Hemisphere of 882 millibars (26.05 inHg) at sea level. Wilma was history's third category-five hurricane to develop in October, the other two being Hurricane Mitch in 1998 and Hurricane Hattie in 1961. Wilma represents only the second time 21 storms have formed in any season, and Wilma formed nearly a month earlier than the only previous 21st storm (in 1933).

Wilma made several landfalls, with the most destructive effects felt in the Yucatán Peninsula of Mexico, Cuba, and in the United States in Florida. At least 47 deaths have been reported, and insured damage in the United States is estimated by Risk Management Solutions as being between \$8 to 12 billion. Total damage likely to be in the \$15 to 20 billion range, which would rank Wilma among the ten costliest hurricanes ever recorded in the Atlantic.

Storm History

Wilma originated in the second week of October 2005, becoming Tropical Depression 24 on October 15. T.S. 24 reached tropical storm strength at 5:00 a.m. EDT October 17 (09:00 GMT), making it the first storm ever to use the "W" name since alphabetical naming began in 1950, and tying the record for most storms in a season with 1933. Wilma strengthened steadily and became a hurricane on October 18.



Hurricane Wilma began to intensify rapidly during the late afternoon EDT of October 18. In a 24-hour period, Wilma strengthened from a strong tropical storm with 70 mph (110 km/h) winds to a powerful category-five hurricane with 175 mph (280 km/h) winds. With Hurricane Wilma, 2005 became the first year on record to host three category-five storms in the Atlantic basin (the other two being Hurricanes Katrina and Rita).

Wilma set a record for the lowest pressure ever recorded in an Atlantic hurricane when its central pressure dropped to 884 mbar (26.10 inHg) at 8:00 a.m. EDT (12:00 UTC) on October 19, then dropped again to 882 mbar (26.05 inHg) three hours later.

Above: Wilma's Path (source: National Weather Service)

Wilma's Landfalls

Mexico's Yucatán Peninsula

On October 21, Hurricane Wilma made landfall on Mexico's Yucatán Peninsula as a powerful category-four hurricane, with winds in excess of 150 mph (240 km/h). The hurricane's eye first passed over the island of Cozumel and then made official landfall near Playa del Carmen in the state of Quintana Roo around midnight on October 22 EDT with winds near 140 mph (224 km/h). Some portions of the Yucatán Peninsula experienced hurricane force winds for well over 24 hours. The hurricane began accelerating in the early morning hours of October 23, exiting the northeastern tip of the Yucatán Peninsula and entering the Gulf of Mexico as a category-two storm.



Above: Mexico's Yucatán resort area.
(source: *Washington Post*)

South Florida

Hurricane Wilma regained some strength before making a third landfall just north of Everglades City, Florida, near Cape Romano, at 6:30 a.m. EDT October 24 (10:30 UTC) as a category-three hurricane. At landfall, Wilma had sustained winds of 125 mph (200 km/h). Over the Florida peninsula, Wilma weakened slightly to a category-two hurricane, leaving Florida and entering the Atlantic at that strength about six hours later.



Left: Wilma's path through south Florida.
(source: *Washington Post*)

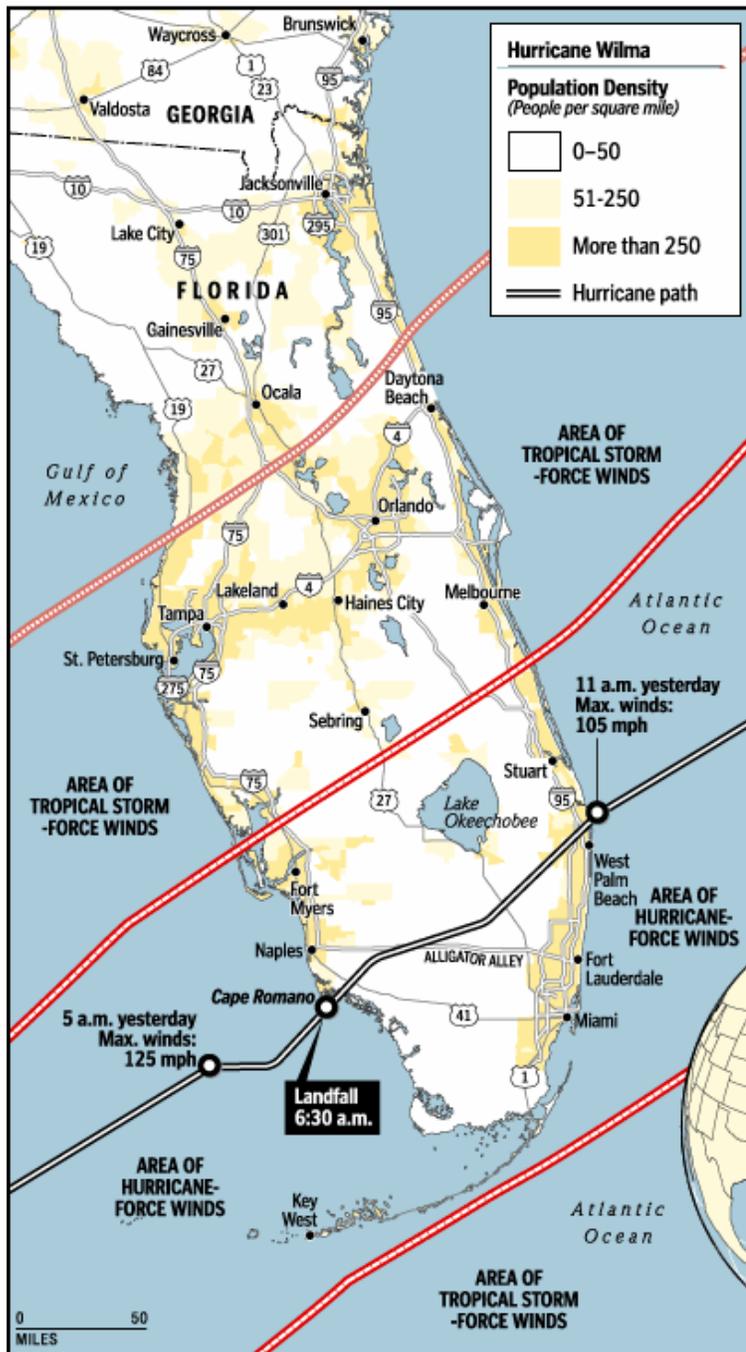
Florida Evacuation Orders

A mandatory evacuation of residents was put in effect for the Florida Keys in Monroe County. News reports suggest, however, that as many of 80 percent of residents may have ignored the evacuation order.

Mandatory evacuations were also in effect for all Collier County residents living west or south of U.S. Route 41. Other areas included in the mandatory evacuation were Seagate, Parkshore, The Moorings, Coquina Sands, Olde Naples, Aqualane Shores, Port Royal, and Royal Harbour.

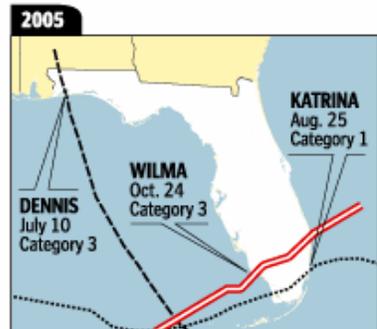
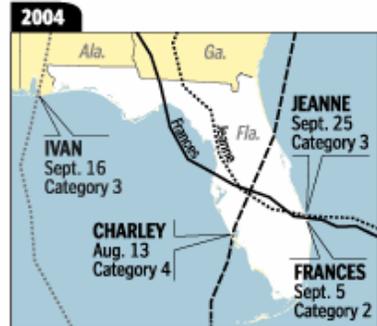
Wilma's Course Through Florida

(source: Washington Post)



The Gulf's Punching Bag

Florida has been hit by seven hurricanes in 2004 and 2005, including Ivan, whose center hit Alabama, with hurricane-force winds reaching into the Panhandle.



The Human Toll

Wilma claimed one death in Jamaica as a tropical depression on Sunday, October 16. At least eight deaths were reported in Mexico. In Cuba, a bus carrying evacuees crashed, killing four people, including three foreign tourists.

At least 22 Hurricane Wilma-related deaths were reported in the United States, all in Florida. Wilma was also blamed for at least 15 indirect deaths.

Wilma's Economic Impact

Mexico

The popular Mexican resort towns of Playa del Carmen, Cozumel, and Cancún all suffered significant damage from Wilma, causing major loss of tourism income.

The Governor of Quintana Roo, Félix González Canto, said in an interview: "Never in the history of Quintana Roo have we seen a storm like this."

Insured damage in Mexico is estimated at between \$1 to 3 billion and \$2 to 5 billion in total damage. Structures throughout the Cancún area suffered extensive damage. The area experienced significant flooding, many downed trees and power lines, and a heavy accumulation of debris. Rainfall amounts in excess of 23 inches (590 mm) were reported in several areas, with Isla Mujeres reporting 1,637 mm. On Cozumel, the damage was extensive but not as catastrophic as originally feared. Cozumel suffered many broken windows, fallen trees, and power lines but not widespread structural damage. Witnesses on the scene compare Cozumel after Wilma with the scene after Hurricane Emily in July of this year; Emily was similar to Wilma in intensity but moved faster through the area.



Above: Photo take from a Cancun hotel.
(source: public domain)

Wilma's Economic Impact

Florida

Wilma left a swath of downed trees, power outages and blown-out windows that stretched from the Gulf Coast beachfront neighborhoods of Naples through the state's rural middle to the downtown buildings of Miami and Fort Lauderdale. Florida officials, for their part, offered a mixed assessment in the wake of the storm's path. On the Gulf Coast, officials seemed relieved that damage was not worse, while in the Keys and on the Atlantic Coast, residents and authorities appeared surprised by the extent of the devastation. Hurricane Wilma carried an unexpected punch as it crossed Florida from the Gulf to the Atlantic. Hurricanes often dissipate swiftly after landfall, but Wilma dropped only from a category-three to a category-two hurricane during its six-hour surge across the Florida peninsula.



Florida Power & Light reported that more than 3.2 million customers (roughly six million people) lost electrical power during Wilma and that full restoration would take weeks. Residents of south Florida were advised to boil water before drinking it; sewage systems were inoperative due to power outages; fuel was undeliverable due to lack of power; mobile and land-line telephone services were sporadic; for a week or more after Wilma, there were shortages on many commodities, including ice, water, and gasoline.

Left: Downed power lines in Florida.
(source: public domain)

Issues Related to the Hurricane Wilma Event

First-Party Coverage Considerations

The application of policy coverage for loss exposures in south Florida has been addressed by various concerns. Although damage was less than officials anticipated on the Gulf Coast, Wilma remained unexpectedly potent as it moved eastward.

- Along the Gulf Coast, reports indicate the damage was largely limited to trees, signs, screened porches and scattered roof shingles, as well as some flooding.
- Low-lying and agriculture-heavy Glades County reported significant damage to mobile home parks, as did Broward, where 40 percent of the county's mobile homes were left uninhabitable.
- Broken glass littered streets in Miami, where the wind and pressure had smashed countless windows.

Business-interruption loss exposures may be complicated due to lingering power outages and fuel shortages in Wilma's aftermath that deprived many businesses access to supply chains and/or customers.

- As of November 3, Florida Power & Light had restored electricity to 87.3 percent of the 663,500 **Palm Beach County** customers who lost it as a result of Hurricane Wilma, the utility reported.

- Nearly 81 percent of the 956,500 **Miami-Dade** customers who lost power had it restored by November 3.
- In **Broward County**, 74.7 percent of the 862,800 customers who lost power had it restored by November 3.

Accessibility to Affected Areas

Although Crawford & Company, other T.P.A.s, and insurers set up induction centers in central Florida and elsewhere prior to Katrina, immediate access to affected areas was delayed due to power and fuel shortages, discussed above. As well, housing for adjusters was in very short supply following Wilma. Traffic was also slowed drastically by nonfunctioning traffic signals.

- By November 2, the Miami-Dade Emergency Management reported that 880 traffic signals were still unpowered, 164 were in flash mode, and 1,755 traffic signals were operational. Approximately 1,050 stop signs have been replaced.

Heavy Volume of Vehicle Claims

Florida's largest auto insurers have reported that the companies received more auto-damage claims from Hurricane Wilma than from any of last year's hurricanes. The insurers cited wind as the cause of most of the vehicle damage. Although fewer cars were destroyed than in Hurricanes Katrina and Rita, falling tree branches, airborne roofing, and other wind-borne debris caused a great deal of scratches, dents, and broken windows. As of November 1, one of the large insurers had received 35,409 auto claims, more than its auto claims after Hurricanes Frances and Jeanne combined and far ahead of the 19,440 auto claims it received after Hurricane Charley.

Marine, Ports, and Transportation

Marine claims were beginning to flow in to Crawford & Company's Global Marine and Transportation (MAT) unit by the week of October 31. MAT expects that most claims will be for pleasure/recreational craft. The major commercial ports and terminals are on the state's east coast and are well-protected from strong storms. Initial reports indicate that the large, high-volume terminals of Port of Miami, Port Everglades, and Port Canaveral escaped serious damage.

Availability of Qualified Adjusters

Given the scope and scale of this year's hurricane season, recruiting and retaining qualified CAT adjusters has emerged as an issue for third-party administrators. Crawford & Company is responding by providing expedited training for CAT adjusters and deploying them to affected areas under close supervision.



November 9, 2005

Assignments:

Crawford Catastrophe Services:

Phone: Contact your local Crawford & Company office

Fax: 888-CRAWCAT (888-272-9228)

E-mail: catclaim@us.crawco.com

OR: **XactAnalysis users can make electronic assignments**

South Florida: Crawford Catastrophe Services Local Office

Phone: 305-698-0831

Fax: 305-698-0837

1411 Commerce Way, Suite 300

Miami, Florida 33016

Property Services

Tom Carstens, Vice President, Property Services

Office: 404-847-4292

Mobile: 630-306-6586

Fax: 404-847-4028

Thomas_Carstens@us.crawco.com

Global Risk Administration

Phone: 1-800-526-4557

Fax: 404-240-4382

Global Marine and Transportation

Phone: 912 927 7577

CRAWFORD_MAT@us.crawco.com

For additional information, contact:

Capt. John Tirel

Office: 404-847-4554

Mobile: 404-429-1256

Fax: 404-240-4382

John_Tirel@us.crawco.com

Jack van Lieshout

Office: 912-927-7577

Mobile: 912-247-2724

Fax: 912-927-7587

Jack_van_Lieshout@us.crawco.com

