

# The claims incurred from Gloria

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## Introducción

Consorcio de Compensación de Seguros (CCS) uses the term “claims experience” (siniestralidad for the Spanish) to describe a set of losses covered under Extraordinary Risk Insurance when they occur in one or more geographical zones within a relatively short time-span, which, in the case of those that are meteorologically induced, ranges from 1 to 7 days.

What we have come to refer to as “the Gloria claims experience” comprises loss events that took place from 18 to 25 January 2020, and at its core was the “storm Gloria”, which the State Meteorological Agency (AEMET) described thus:

*AEMET dubbed the depression (the seventh of the 2019-2020 period) Gloria on Friday 17 January at 00:00 UTC (01:00 local peninsular time) due to the issuing of red and orange alert levels in view of the gusts of wind, rain, snow and coastal phenomena that materialised from early in the morning of Sunday, 19 January across a sizeable portion of the north and east of the Iberian Peninsula, as well as over the Balearic Islands. Depression Gloria lasted as such only briefly, since it was absorbed by a larger low pressure system centring on the south of the Peninsula over the course of Monday, 20 January, which remained active throughout the rest of the week. The wind, rain, snow and sea storm which Gloria triggered and which the broader low-pressure area continued over the following few days was exceptional in nature, on account of both the meteorological readings and the effects experienced, (...)*

*According to data from the Civil Protection Service and other sources, the tally of deaths which can be linked to Gloria was 13 (as well as three missing persons), most of them in the Mediterranean over 20 and 21 January. There were also interruptions across the road and rail networks, electricity and telephone services were disrupted, the snow left some population centres cut off, several rivers burst their banks and both seafronts and large sections of the coast were destroyed, especially in the Ebro delta, which was completely flooded.<sup>1</sup>*

The extent of extraordinary flooding was very substantial, with 16,926 claims recorded in 913 municipalities in the regional autonomies of Catalonia, Valencia, Andalusia, the Balearic Islands, Murcia and Aragon at a cost of some 145.35 million euros.

Leading the way in the breakdown of the number of claims by kind of property were (as is usually the case) homes and condominiums with 11,047 claims, while business risks stood out in terms of overall costs, which, altogether totalled 73.82 million euros. The highest average costs were for civil works, notably harbour facilities, which were hard hit by sea-wash.

Turning to personal injury, the most recent figures put this at 13 deaths and 4 missing persons, mostly in Catalonia and the Balearic Islands and in the main attributable to the storm at sea.

<sup>1</sup> [https://www.aemet.es/es/conocermas/borrascas/2019-2020/estudios\\_e\\_impactos/gloria](https://www.aemet.es/es/conocermas/borrascas/2019-2020/estudios_e_impactos/gloria)



Figure 1. Gloria at midday on 19 January, with its focal point lying between Ibiza and Cape Nao (MODIS image from the SUOMI-NPP satellite) (AEMET).

A low-pressure storm as such is not a cause for a claim which CCS covers, but instead it should come under one of the forms of cover in Art. 2) of the Extraordinary Risk Insurance Regulations (RD 300/2004, hereafter the "Regulations"). In Gloria's case, two of the causes in the regulations were present:

- The extraordinary flooding defined in Art. 2.1.c) of the Regulations<sup>2</sup>, in both manifestations of this: flooding of land and sea-washes.
- Atypical Cyclonic Storms (TCAs, for the Spanish) where these feature gusting of wind at over 120 km/h, as defined in Art. 2.1.e), 4 of the Regulations<sup>3</sup>.

This two-fold cause gives rise to a doubling up of handling work, since CCS deals with flooding claims from start to finish (reporting, adjustment and payment), whereas almost all claims caused by TCAs are initially handled and settled by private insurers who subsequently apply for reimbursement via the mechanisms defined in the agreements which CCS and the insurance industry (represented by UNESPA, the Spanish Union of Insurance and Reinsurance Companies) enter into.

The handling of this claims experience was particularly complex: the causes of claims were numerous, it took in a vast geographical expanse and it followed hard on the heels of the historic cut-off lows of September and October 2019, while the Covid-19 lockdown was ordered at a typically critical moment some 40 days after the event. For the whole of this scenario, this marks the culmination of a period which put to the test the organisation's ability to tackle a situation of supreme stress which had to be sorted out just when Covid-19 left society in a state of shock and suddenly forced working from home to become widespread.

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<sup>2</sup> c) Extraordinary flooding: flooding of land caused by the direct action of rainwater, from thawing or lakes that have a natural outlet, from rivers or sea inlets, or from natural surface water courses when they overflow their usual channels, and sea-washes on coasts. This shall not be taken to include the kind caused by water from dams, canals, drains, main sewers and other underground watercourses built by man when they burst, break or stop working due to factors that do not count as extraordinary risks covered by Consorcio de Compensación de Seguros, nor rain that has fallen directly on the insured risk, or which has collected on its decking or terraced roof, in its drainage system or courtyards.

<sup>3</sup> 4º.- Extraordinary winds, defined as those with gusting at over 120 km per hours. Gusting shall be understood to mean the greatest wind-speed maintained over a three-second interval.

The situation which the cut-off lows of September and October 2019 gave rise to has been examined in another article, so we will not delve any further into it. We shall merely recall that in January 2020 the CCS network of adjusters and its claims-handling structure were still experiencing a high degree of stress given the magnitude of those particular claims experiences and the flooding and sea-washes which came afterwards in November and December, when these occurred against the backdrop of depressions Amelie, Bernardo, Cecilia, Daniel, Elsa and Fabien. Thus, when the CCS had to face up to this event in January 2020 it did so with its network of adjusters and all of its central and territorial units handling compensation pay-outs under huge strain.

With regard to adjustment work, in combination with adequate allocation of available adjustment resources both novel usage of tele-adjustment and the cooperation of the insurance industry made it possible to take on this challenge within reasonable time-frames. With respect to internal management, the situation was overcome thanks to the fact that the organisation already had a tried and tested technology infrastructure in place so as to be in a position to share out the workload among the whole network of local offices, meaning that the pace of pay-outs kept up with that of adjustment work, albeit not without a huge effort.

## Extraordinary flooding

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Turning to personal injury, the most recent figures put this at 13 deaths and 4 missing persons, mostly in Catalonia and the Balearic Islands and in the main attributable to the storm at sea.

The claims experience was not even across all zones and neither were costs uniform among them. The biggest differences arose due to the force of sea-wash, a factor that is normally associated with serious losses, as well as from the variation in risk values according to whether these were located in industrial or holiday areas or zones having extremely disparate economic levels. We will now examine these characteristics for the claims in Catalonia, the Valencian Autonomous Community, the Balearic Islands and Andalusia, since this is where we find the greatest losses.

Province	Nº of Municipalities	Claims	Cost	Average cost
Barcelona	219	3,825	44,718,324.98 €	11,691.07 €
Girona	171	2,226	39,517,103.17 €	17,752.52 €
Tarragona	84	1,148	12,910,450.62 €	11,246.04 €
Lleida	42	102	600,034.15 €	5,882.69 €
<b>Catalonia, Total</b>	<b>516</b>	<b>7,301</b>	<b>97,745,912.92 €</b>	<b>13,388.02 €</b>
València/Valencia	160	2,909	8,366,106.44 €	2,875.94 €
Castelló/Castellón	34	1,787	10,262,880.61 €	5,743.08 €
Alacant/Alicante	83	1,716	9,280,109.23 €	5,407.99 €
<b>Valencian Autonomous Community, Total</b>	<b>277</b>	<b>6,412</b>	<b>27,909,096.28 €</b>	<b>4,352.64 €</b>

Province	Nº of Municipalities	Claims	Cost	Average cost
Málaga	22	2,330	13,197,980.91 €	5,664.37 €
Almería	9	21	41,532.30 €	1,977.73 €
Granada	3	4	4,042.07 €	1,010.52 €
Andalusia, Total	34	2,355	13,243,555.28 €	5,623.59 €
The Balearic Islands	50	462	5,462,285.17 €	11,823.13 €
Murcia	22	355	798,975.80 €	2,250.64 €
Teruel	10	38	176,596.76 €	4,647.28 €
Zaragoza	3	3	19,902.47 €	6,634.16 €
Aragon, total	13	41	196,499.23 €	4,792.66 €
Gloria flooding, total	913	16,926	145,356,324.68 €	8,587.75 €

Kind of property	Claims	Cost	Average cost
Homes and condominiums	11,047	40,170,177.35 €	3,636.30 €
Motor vehicles	2,934	9,860,858.36 €	3,360.89 €
Shops, stores & warehouses and other simple risks	2,380	57,607,108.26 €	24,204.67 €
Offices	110	1,203,190.66 €	10,938.10 €
Industrial	354	15,011,476.12 €	42,405.30 €
Civil works	101	21,503,513.93 €	212,906.08 €
Gloria flooding, total	16,926	145,356,324.68 €	42,405.30 €

## Flooding in Catalonia

In Catalonia river discharges rose sharply to flood levels, causing, among other losses, major damage to water treatment and distribution infrastructure, although overflows were not widespread, with the significant exception of the river Tordera at the border between the provinces of Barcelona and Girona, where costs were also very high. At the same time the sea prompted very serious wash losses, especially to harbours and uninsured public property, such as seafronts and beaches.

Losses were spread over wide areas, particularly on the coast, with claims reported from 516 municipalities, 54% of the regional autonomy, this rising to 77% in the province of Girona and 70% in that of Barcelona. Even so, the figure of 100 claims was only surpassed in 11 municipalities and in the vast majority we find less than 10, with an average of 14.

Province	Municipalities	Municipalities with claims	% of municipalities with claims	Claims	Claims / Municipality
Barcelona	311	219	70%	3,825	17
Girona	221	171	77%	2,226	13
Lleida	231	42	18%	102	2
Tarragona	184	84	46%	1,148	14
Cataluña	947	516	54%	7,301	14

Province	Municipality	Claims	Cost	Average cost
Barcelona	Malgrat de Mar	1,037	8,895,413.20 €	8,578.03 €
Barcelona	Castelldefels	653	3,177,370.80 €	4,865.81 €
Tarragona	Cambrils	196	1,183,050.76 €	6,035.97 €
Girona	Blanes	170	4,132,846.74 €	24,310.86 €

Province	Municipality	Claims	Cost	Average cost
Girona	Girona	169	5,369,137.77 €	31,770.05 €
Barcelona	Barcelona	145	6,409,321.00 €	44,202.21 €
Tarragona	Mont-Roig del Camp	142	1,654,682.26 €	11,652.69 €
Girona	Tossa de Mar	128	1,310,125.29 €	10,235.35 €
Barcelona	Tordera	124	1,551,019.39 €	12,508.22 €
Tarragona	Tortosa	117	218,956.58 €	1,871.42 €
Barcelona	Sant Pol de Mar	104	626,233.37 €	6,021.47 €

Kind of property	Claims	Estimated cost	Average cost
Homes and condominiums	4,538	16,669,090.63 €	3,673.22 €
Motor vehicles	1,066	3,477,489.07 €	3,262.18 €
Shops, stores & warehouses and other risks	1,275	42,138,999.32 €	33,050.20 €
Offices	59	845,107.61 €	14,323.86 €
Industrial	275	13,508,770.74 €	49,122.80 €
Civil works	88	21,106,455.55 €	239,846.09 €

The wide dispersal of claims was highly significant from the point of view of managing adjustment work, requiring adjusters to be highly mobile and spend a lot of time travelling, which made organising zones more complicated and slowed down the pace of visits. On top of this, a large portion of the risks concerned were in tourism areas or those where second homes were located, meaning that they were unoccupied when the flooding took place, for which reason flood scenarios were often only discovered and reported at a late stage, with many of them involving very tight time-frames in which to arrange visits.

Such dispersal is typical of heavy yet short-lived bursts of rain without overflowing of rivers - so called pluvial floods or run-off flooding. The water does not tend to cover wide areas but instead builds up where the topography favours this —in hollows and gullies and low-lying plains— or on account of urban development, which hinders the ground from soaking up the water so it penetrates risks directly from street level and prompts flow-backs to private drainage systems from the public sewerage or drainage network by overloading it or due to design defects. Such claims experiences do not usually involve high average costs as the water does not climb very high, except in basements.

The “extraordinary flooding in the zone” which Art. 6 g) of the Regulations<sup>4</sup> refers to was concentrated in just a few municipalities (mainly those in the Tordera and Castelldefels delta) while the rest were excluded from the movements of hillsides and landslides which rainfalls absorbed by wholly or partially exposed slopes tend to provoke.

The flooding in the municipality of Castelldefels, which lies in the area around the Llobregat delta (largely flat and at a low height above sea level) was the only significant instance of a concentration of losses primarily caused by rain-water flooding, with 653 claims. The average cost of 3,177 euros illustrates how the flooding was relatively less severe, as well as the lack of industrial risks.

<sup>4</sup> Article 6. Excluded risks.

(...)

g) Those caused by natural phenomena other than those stated in article 1 and, in particular, those occurring due to a rising water table, movement of hillsides, landslides or a build-up of earth, rock-falls and similar phenomena, unless these were evidently caused by the action of rain-water which also caused a situation of extraordinary flooding in the area and they occurred simultaneously with the flooding.

The worst-affected zone was the area surrounding the final stretch of the river Tordera in the municipalities of Blanes, Tordera, Malgrat de Mar and Palafolls, where rainfalls, overflows and sea-wash all combined and 1,416 claims were reported at a cost of 16.55 million euros.

Notable in the flooding were the cost in the industrial areas in the vicinity of the river and the high number of claims at several campsites located within its delta, where it caused losses to both their facilities and hundreds of caravans parked there.

The flooding at campsites prompts us to reflect on how vulnerable such premises are, often (and clearly in this case) being located in evidently floodable areas. This loss event did not turn into a tragedy thanks to the fact that occupancy was minimal in the winter season when this happened.

Overflowing of the river Tordera (Blanes, Tordera, Malgrat de Mar and Palafolls)	Claims	Cost
SHOPS, STORES & WAREHOUSES AND OTHER RISKS	131	6,186,493.45 €
INDUSTRIAL	22	1,432,858.74 €
CIVIL WORKS	5	3,427,389.76 €
OFFICES	3	571,427.62 €
MOTOR VEHICLES	233	792,354.24 €
HOMES AND CONDOMINIUM	1,022	4,138,978.12 €
<b>Total for the river Tordera overflow (Blanes, Tordera, Malgrat de Mar and Palafolls)</b>	<b>1,416</b>	<b>16,549,501.93 €</b>

Note: caravans mostly appear as homes, although they may feature as motor vehicles depending on the type of insurance, which is in turn according to whether they are used as mobile caravans or stationary homes, the latter being true in by far the majority of cases.

The sea-wash or coastal flood along virtually the entire coast was the most costly event, given that overall, even though it accounted for only 7% of losses, it represented 30% of the claims experience figure at 29.119 million euros, causing very substantial damage to harbour areas, especially marinas, at a cost of 11.08 million euros.

The sea's encroachment hit the paddy fields in the Ebro delta very hard, which did not have Extraordinary Risk Insurance cover, although they did have this under Combined Agricultural Insurance.

Cause	Claims	% of Claims	Cost	% of Cost
Flooding	6,764	93%	68,626,969 €	70%
Coastal Flood	537	7%	29,118,943 €	30%
<b>Catalonia, total</b>	<b>7,301</b>		<b>97,745,912.92 €</b>	

Finally, owing to the immense volume of water flowing and dragging matter from rivers along with it, there were losses to numerous items of water distribution and purification infrastructure, reaching a cost of some 6.07 million euros.

## Flooding in the Valencian Region

Developments during storm Gloria in the Valencian Region were in certain respects similar to those in Catalonia, particularly with regard to the extent and dispersal of claims, how tourist areas were affected and the major losses which coastal flooding brought about, the scale of which was relatively greater than in Catalonia, in terms of both number of claims and cost, and this accounted for 45% of losses.

Cause	Claims	% of Claims	Cost	% of Cost
Flooding	5,039	79%	15,372,116.28 €	55%
Coastal Flood	1,373	21%	12,536,980.00 €	45%
Valencian Autonomous Community, total	6,412		27,909,096.28 €	

Although there were no substantial breakage or averages at harbours or in civil works that were insured, the damage on seafronts and beaches was naturally very extensive, especially in Valencia province, even in the capital.

The sea-wash reached the buildings ranged along the sea-front where catering businesses tend to concentrate and the impact of the wave hits hardest and causes the greatest damage. Nonetheless, in several population centres the water penetrated as far as the third line of buildings or even further inwards, helped along by the orientation of the beach or features of the terrain.

Run-off flooding by rainwater was very abundant and in many municipalities this coincided with sea-wash. The river Júcar was also seen to burst its banks near its mouth in Cullera (Valencia), without any serious consequences for insured property.

While still relatively widespread, claims were somewhat less dispersed than in Catalonia, with an average of 23 losses reported per municipality, though those municipalities with over 100 losses were more numerous. Within this reach we can highlight two major zones:

- The coastal northern part of the province of Castellón, including places such as Peñíscola, Benicarló or Vinaroz. Quite apart from political and administrative divisions, this area was part of the same storm phase that affected the Ebro delta, with an extremely high proportion of losses associated with sea-wash.
- The southern half of Valencia's coast and the northern part of that of Alicante, from Valencia's metropolitan zone as far as Jávea, where the sea-wash was very substantial and the particularly heavy downpours of rain caused multiple losses relating to run-off.

The degree to which civil works were affected by sea-wash or flooding was barely 1%, whereas 51% concerned dwellings, 38% related to shops and simple risks and 7% to motor vehicles. The share involving industry was minimal, at only 3.5% of the cost.

Province	Municipalities	Municipalities with claims	% of municipalities with claims	Claims	Claims / Municipality
Castelló/Castellón	135	34	25%	1,787	53
Alacant/Alicante	141	83	59%	1,716	21
València/Valencia	266	160	60%	2,909	18
Valencian Autonomous Community	542	277	51%	6,412	23

Province	Municipality	Recorded claim applications	Estimated cost	Average cost
Castelló/Castellón	Peñíscola/Peñíscola	719	6,401,878.62 €	8,903.86 €
Alacant/Alicante	Dénia	563	2,587,033.15 €	4,595.09 €
València/Valencia	Daimús	366	884,619.13 €	2,416.99 €
Castelló/Castellón	Moncofa	281	809,032.23 €	2,879.12 €
València/Valencia	Cullera	254	1,091,934.06 €	4,298.95 €
València/Valencia	Oliva	243	893,682.77 €	3,677.71 €
València/Valencia	Tavernes de la Valldigna	234	943,587.69 €	4,032.43 €
Alacant/Alicante	Altea	188	2,117,218.50 €	11,261.80 €
Alacant/Alicante	Jávea/Xàbia	186	1,718,007.79 €	9,236.60 €
València/Valencia	València	160	603,377.32 €	3,771.11 €
Castelló/Castellón	Almassora	147	411,800.23 €	2,801.36 €
València/Valencia	Gandia	121	315,583.38 €	2,608.13 €
València/Valencia	Xàtiva	116	298,267.32 €	2,571.27 €
Castelló/Castellón	Benicarló	115	390,137.59 €	3,392.50 €
València/Valencia	Miramar	113	193,043.00 €	1,708.35 €
València/Valencia	Sueca	108	238,570.43 €	2,208.99 €
Castelló/Castellón	Almenara	104	817,963.71 €	7,865.04 €

Kind of property	Claims	Estimated cost	Average cost
Homes and condominiums	4,873	14,135,225.06 €	2,901 €
Motor vehicles	713	1,862,736.79 €	2,613 €
Shops, stores & warehouses and other risks	733	10,654,244.79 €	14,535 €
Offices	28	54,015.49 €	1,929 €
Industrial	54	943,523.98 €	17,473 €
Civil works	11	259,350.17 €	23,577 €

Together with the dispersal and relative significance of sea-wash, the third distinctive feature of this claims experience is that losses largely affected second homes and tourist facilities, such as bars, restaurants and hotels, precisely due to being located in the immediately vicinity of the coastline. As has already been pointed out, the claims experience in the low season for tourist areas makes it more complicated to organise timetables for adjusters, given that there are certain properties that cannot be visited until some months have passed since the loss event and several visits have to be made on public holidays, etc. For example, Peñíscola has a stable population of around 8,000 inhabitants which rises to 120,000 in summer, so 93% shifts location and a very high proportion of properties are shut off-season, not just the homes but also a large segment of business and catering operations that attend exclusively to visitors.

## Flooding in Málaga

In Andalusia the flooding took place almost solely in the province of Málaga, particularly in the capital, which led to a very different pattern of claims experience to those in Catalonia and the Valencian Region. Losses were concentrated geographically in an urban setting and involved usual places of residence rather than holiday homes, while there was no damage from sea-wash. This urban aspect led to a considerable relative share of the total in vehicle claims, at 54% by number and 33% by cost. This was thus the largest item; even bigger than homes.

Only Málaga itself and Torremolinos topped 100 claims and, of the other four municipalities which saw over 50, three were in the immediate vicinity.

Flooding was especially fierce in the Campanillas working-class district of Málaga because the river of the same name burst its banks. This is a low-income “dormitory suburb” where we can find an abundance of basements fitted out as homes, which were flooded to the top. The water knocked down walls of schools, carried off several vehicles and destroyed shop windows. The event was exceptionally serious from a social standpoint, as it affected many families who experienced great hardship in replacing even their most basic belongings, which called for a particularly swift and considerate response from the CCS.

Although this concerned a poor urban cluster, the force of the spate and the layout of the zone caused the average cost of damage to homes and condominiums was comparatively high, at 6,443 euros, although this was obviously far below the like figure for the Balearic Islands (11,445 euros) which was brought about in districts populated by those with significant purchasing power.

Municipality	Claims	Cost	Average cost
Málaga	1,708	11,377,023.65 €	6,661.02 €
Torremolinos	174	554,248.92 €	3,185.34 €
Cártama	79	239,491.32 €	3,031.54 €
Marbella	74	172,891.32 €	2,336.37 €
Coín	72	145,952.68 €	2,027.12 €
Alhaurín de la Torre	55	321,027.73 €	5,836.87 €

Kind of property	Claims	Estimated cost	Average cost
Motor vehicles	916	3,808,515.98 €	4,158 €
Homes and condominiums	575	3,704,484.03 €	6,443 €
Shops, stores & warehouses and other risks	188	3,291,763.16 €	17,509 €
Offices	18	295,866.17 €	16,437 €
Industrial	10	147,128.54 €	14,713 €
Civil works	1	129,265.77 €	129,266 €

## Flooding in the Balearic Islands

The low-pressure storm in the Balearic Islands hammered tourist areas particularly hard and the effects of the sea-wash were proportionally the greatest.

The losses essentially took place on the island of Majorca, on the southwestern and north-eastern coast and in some inland areas and, to a lesser extent, on the island of Minorca. In no municipality did they exceed 100, the places with most losses being Manacor, due to rain, and Felanitx, a coastal town affected by coastal flooding, with almost triple the cost.

As we saw with the claims experiences in Catalonia and the Valencian Region, sea-wash has tremendous destructive capacity. It can produce very high costs, most of all if it affects infrastructure, as in the case of Catalonia. Defined as a form of flooding in the Regulations, it is not a straightforward case of the immersion of items in water, since it entails the added harmful impact of the mechanical energy which wave action provides; it does not merely engulf objects in water but it also breaks them, physically undermines building structure and is capable of causing serious damage to major infrastructure, among other end results.

In the case of the Balearic Islands the sea-wash mainly struck high-end homes and residential communities forming condominiums, forcing up total and average costs. It was precisely the homes and condominiums that accounted for the most claims (79%) and cost (77%) in the claims experience, and the average cost of these (11,445 euros) is strikingly greater in comparison with that for the Valencian Autonomous Community (2,901 euros) and given similar causes. This speaks to the disparate force of the phenomenon, as well as the discrepancy in the value of properties.

Cause	Claims	% of Claims	Cost	% of Cost
Flooding	290	63%	2,732,388.09 €	50%
Sea-wash	172	37%	2,729,897.08 €	50%
The Balearic Islands, total	462		5,462,285.17 €	

Kind of property	Claims	Cost	Average cost
Homes and condominiums	365	4,177,415.07 €	11,444.97 €
Motor vehicles	26	109,538.99 €	4,213.04 €
Shops, stores & warehouses and other risks	62	843,306.80 €	13,601.72 €
Offices	3	6,425.28 €	2,141.76 €
Industrial	5	317,156.59 €	63,431.32 €
Civil works	1	8,442.44 €	8,442.44 €

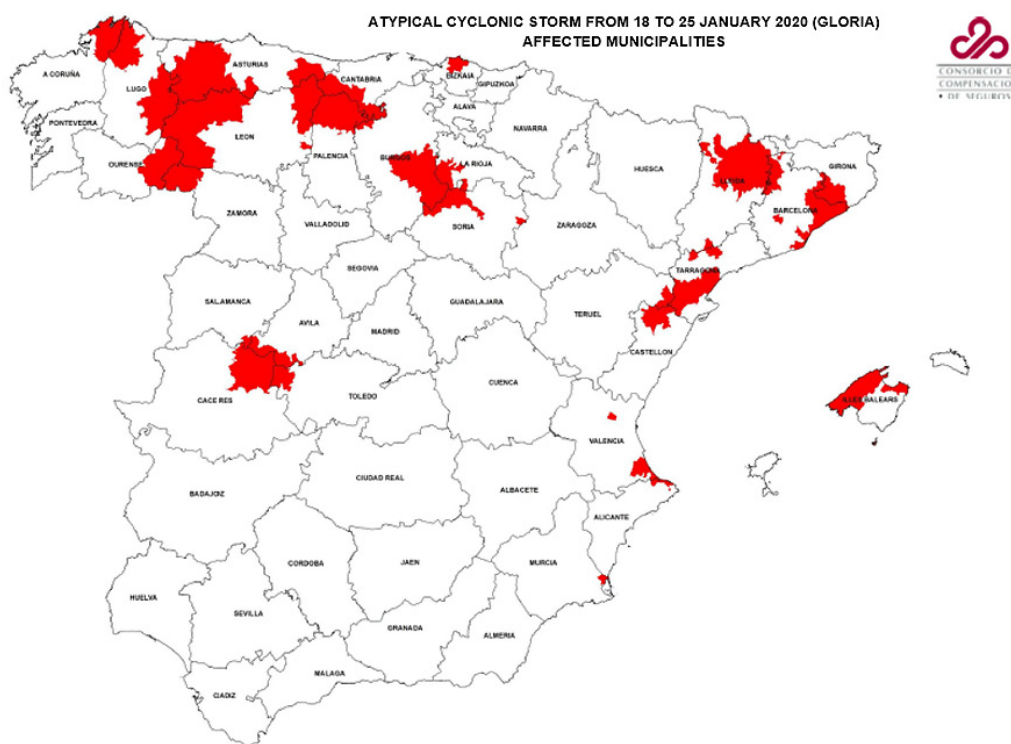
Island	Municipality	Claims	Cost	Average cost
Mallorca	Manacor	97	650,224.57 €	6,703.35 €
Mallorca	Felanitx	87	1,609,683.62 €	18,502.11 €
Mallorca	Santanyí	45	532,964.00 €	11,843.64 €
Mallorca	Sant Llorenç des Cardassar	36	360,459.43 €	10,012.76 €
Menorca	Sant Lluís	35	1,097,625.74 €	31,360.74 €
Mallorca	Son Servera	22	46,011.00 €	2,091.41 €
Mallorca	Capdepera	18	287,809.99 €	15,989.44 €
Menorca	Ciutadella de Menorca	13	136,552.64 €	10,504.05 €
Mallorca	Palma	10	324,271.48 €	32,427.15 €

## Wind loss (atypical cyclonic storm)

Accompanied by the rainfall and coastal flooding, storm Gloria had a strong wind component, which impacted on some of the flooded zones, though on several others besides. The simultaneity of these was significant in part of Lleida and on the Catalanian coast (although it also extended to the interior of Tarragona and penetrated Teruel), certain areas of the Valencian coast, at the boundary where the provinces of Valencia and Alicante meet, and on the western coast of Majorca.

The wind blew through a good part of the north of the peninsula without bringing flooding, where this affected the north and east of Galicia, part of Asturias and Cantabria, the southeast of La Rioja, the north of Cáceres in Extremadura and entered Castilla-La Mancha in Toledo and other areas of several provinces in Castilla y León that border on the latter zones, as well as part of Biscay and certain municipalities in Murcia next to the Mar Menor.

After the claims had been incurred, CCS asked AEMET for information on the zones that might have been affected by TCA. With events of this magnitude, the initial findings which AEMET offers are checked against the information received from the industry on strongly affected areas which might have been omitted for want of measurements. AEMET examines this information along with the data obtained from its teams and ultimately draws up a wind-speed map. Via a geo-referencing system, this is converted into a map of municipalities. By applying what is stipulated in the final sub-section of Art. 2.1.e) of the Regulations<sup>5</sup>, we arrive at the final delimitation of the coverage zone which extends to the municipalities, both where the data and estimates with regard to wind gust speeds are very reliable and those in the neighbourhood where some degree of doubt remains.



<sup>5</sup> For the purposes of geographically delimiting the area which the weather phenomenon described affected, Consorcio de Compensación de Seguros will furnish the State Meteorological Agency with any measurements beyond the latter's scope which it receives or may receive, so that the Agency can check them comparatively, and shall seek its collaboration in marking out the geographical delimitation by extrapolation of existing measurements using the most advanced scientific criteria with a view to achieving the greatest possible level of homogeneity in defining the area in question and avoiding exclusion of isolated points regarding which there is reasonable doubt, even if these might be lacking in specific measurements and taking into account readings taken in bordering municipalities and, where appropriate, those adjoining these.

In the case of the TCA named as Gloria, this geographical delimitation exercise which the CCS conducted was made public via a briefing note of 31 July 2020 that was disseminated via the CCS website and sent out to insurers through UNESPA. This also gave notice that the handling of reimbursement for pay-outs of compensation sums to insured parties by insurers would be processed pursuant to Clause 10 of the “collaboration agreement on the handling of claims and reimbursements arising from them on account of the materialisation of extraordinary risks”. CCS and UNESPA signed a new addendum to this on 30 July 2020, thereby passing the specific aspects of handling, adjustment and pay-outs for claims into the form of a single document.

This addendum did not just reference the Gloria TCA but applied the same reimbursement system to a further four TCAs that occurred within a three-month period around Gloria:

- TCA from 11 to 14 December 2019.
- Daniel, Elsa and Fabien TCAs, from 16 to 22 December 2019.
- TCA in the Canary Islands from 22 to 24 February 2020.
- Jorge, Karine, Myriam and Norberto TCAs, from 27 February to 7 March 2020.

The addendum did not substantially change the system already in place since the handling of TCA Klaus, but instead retained and brought up-to-date certain enhancements already established following the handling of other TCAs that had taken place over the 10 years of the agreement’s life; essentially the reduction of “dispatches” or blocks of case files which each insurer claims to two plus one reopening (this was originally three plus one) and the complete disappearance of paper-based processing work.

In broad terms the system consists of the payment of an advance of 80% of the amount claimed having received each dispatch, following which the sums involved in claims of over 30,000 euros and a sample from those of less than 30,000 euros are reviewed and adjusted by applying the conclusions from the sample analysis to the whole set of claims, while the possibility of double sampling exists if any of the parties does not consider the conclusions from the initial one to be representative. After the adjustment has been made, the resulting difference is settled. The reimbursements claimed after this process are examined on an individual basis.

An external team of adjusters performs the task of reviewing and adjusting, being supervised by another internal team of adjusters.

Not all of the private insurers are party to the agreement, mainly due to not being members of UNESPA (firms operating under the Freedom to Provide Services regime) or to specialising in business risks with terms and conditions that are not in harmony with the dynamics of the reimbursement process (large deductibles). There are also policies without wind coverage, especially in the line of auto insurance with only third-party coverage. In all these cases compensation is paid out under the usual procedure of direct settlement of claims to the insured. The figures which we provide in this article refer to reimbursement under both the agreement and these special circumstances.

## Volume of claims and costs itemised by region in relation to TCA Gloria

As one might expect, the major TCAs which the wind causes produce a far higher number of claims than floods lead to (except in very extreme circumstances), although the average cost is much lower. Thus, compared to the cost of nearly 8,600 euros for flooding, windstorm does not even come to 1,400 euros, yet this does vary a lot depending on the ferocity experienced in each zone. Even though Aragon is an outlier relative to the mean with a very low number of claims in Teruel, it is Catalonia which has the highest average cost, and this despite the downward pressure which the large number of claims reported suggests. Within the rest of the scope of the TCA we only find significant figures in the Valencian Region and the Balearic Islands, which is consistent with the seriousness of the impact of sea-wash in the three autonomous communities; a phenomenon necessarily associated with wind.

This distribution is also in keeping with the notion of “Spain left empty”, as large areas included within coverage are only scarcely populated with little economic activity, and ultimately have only small exposure.

Regional autonomy	Province	Claims	Cost	Average cost
Aragón	Teruel	25	122,588.23 €	4,903.53 €
Asturias	Asturias	30	13,913.60 €	463.79 €
Cantabria	Cantabria	2	319.38 €	159.69 €
Castilla - La Mancha	Toledo	4	1,000.35 €	250.09 €
Castilla y León	Burgos	646	446,395.71 €	691.02 €
Castilla y León	Ávila	116	124,297.77 €	1,071.53 €
Castilla y León	Soria	163	91,998.27 €	564.41 €
Castilla y León	León	79	59,333.15 €	751.05 €
Castilla y León	Palencia	84	50,367.52 €	599.61 €
Castilla y León	Zamora	12	11,133.92 €	927.83 €
Castilla y León	Salamanca	17	6,571.92 €	386.58 €
Castilla y León, total		1,178	27,920 €	787.71 €
Catalonia	Barcelona	28,981	41,527,407.66 €	1,432.92 €
Catalonia	Girona	1,172	2,930,125.27 €	2,500.11 €
Catalonia	Tarragona	428	754,972.62 €	1,763.95 €
Catalonia	Lleida	165	186,806.66 €	1,132.16 €
Catalonia, total		30,746	45,399,312 €	1,476.59 €
Valencian Region	València/Valencia	5,365	6,075,175.27 €	1,132.37 €
Valencian Region	Alacant/Alicante	1,876	2,344,320.15 €	1,249.64 €
Valencian Region	Castelló/Castellón	13	25,767.93 €	1,982.15 €
Valencian Region, total		7,254	8,445,263 €	1,164.22 €
Basque Country	Bizkaia	14	3,858.43 €	275.60 €
Extremadura	Cáceres	524	335,040.38 €	639.39 €
Galicia	A Coruña	56	57,720.65 €	1,030.73 €
Galicia	Lugo	71	52,887.58 €	744.90 €
Galicia	Ourense	17	8,078.76 €	475.22 €
Galicia, total		682	457,586 €	670.95 €
The Balearic Islands	Illes Balears	1,521	1,531,953.93 €	1,007.20 €
La Rioja	La Rioja	1	218.85 €	218.85 €
Murcia Region	Murcia	590	713,138.08 €	1,208.71 €
Gloria ACS, total		41,972	57,475,392.04 €	1,369.37 €

Risk class	Claims	Cost	Average cost
Homes and condominiums	37,693	34,293,702.47 €	909.82 €
Motor vehicles	2,109	19,571,020.47 €	9,279.76 €
Shops, stores & warehouses and other risks	1,594	2,821,950.66 €	1,770.36 €
Offices	449	510,117.22 €	1,136.12 €
Industrial	119	184,545.62 €	1,550.80 €
Civil works	8	94,055.60 €	11,756.95 €

## Conclusion

The claims experience which the low-pressure storm Gloria caused represents one of the events having the most profound impact in the recent history of the CCS.

On the one hand, because of the concurrence of wind, flood and sea-wash losses, which in turn affected very diverse zones in Spain.

On the other hand, as regards its timing, Gloria took place over a time of major prolonged stress —it was preceded by a succession of high-impact claims experiences from September to December 2019, then followed up (right in the midst of the handling work for it) by the declaration of a state of emergency and lockdown prompted by Covid-19.

Finally, these circumstances led to a Public-Private Partnership to handle compensation pay-outs being developed, not only to tackle the handling of extraordinary wind (TCA) claims but also to extend in some cases to insurers who voluntarily collaborated with CCS by supplying adjusters to value flood and sea-wash damage.