

# Trek to Bucha Epilogue: Force Majeure (Act of God) – Part 1 (Economics)

*Using the video clips and blog posts - Trek to Bucha was shot with an eye towards documenting the economic impact of the war. This essay combines clips from the film to support the economic narrative and ideas being put forth. Clicking on the clips will bring the stories and inferences to life. The highlighted blog posts provide deeper dives into what was happening in real time on the trek.*

## Summary

**US Aid to Ukraine Requires More Than Just Guns.** Fresh loans and mortgages while war goes on can create an economic growth story and a more total victory for Ukraine.

Ukraine can use help over the long term and not just for its military. Property damage as documented in the film *Trek to Bucha* fits along a spectrum, from little/isolated damage from guided/cruise missiles in Lviv, to almost complete devastation from artillery bombardments in Irpin. If compared to a Cat-5 hurricane one might think of Irpin as where the eye of the storm hit. As we move away from the eye the damage becomes less and less. Overall, the damage and financial loss is as manageable as a windstorm event in terms of insured losses – at least from a retroactive point of view.

In short, Ukrainians can use not just guns but a bit more butter, too.

Insurance companies and banks with guarantees from governments and institutions could make Ukraine's citizens whole without a particularly large economic commitment. As territories are freed - like Bucha and Iziom - home and business owners should be compensated to the extent necessary to rebuild as if fully insured and Force Majeure clauses obviated. Similarly, damage in the "outer bands" of the storm - like Lviv - also need to be covered for missile strikes and other physical damage caused by Russian attacks.

Force Majeure – "Act of God" - Continent Condo. In this clip we see workers bringing businesses back to life at a coffee shop and journalist office. We also see empty condos with windows shattered and many blown up though most remain structurally intact it would appear.



Having to go through Warsaw to catch a ride to Lviv is a metaphor for the impact of the economic blackmail this terroristic war brings. The airports are closed in Ukraine making it difficult not only to get to Ukraine but also to do business as usual. In Warsaw we see a vibrant first world economy. We also find a Soviet Era graveyard in Warsaw – So much a part of the justifications and beliefs of Russia. [Ukraine Trek Day 1 - Flight to Warsaw](#)



Financial supports can create an economic growth story that will be a real victory against Russia. Loan guarantees, small business loans, mortgages for shelled homeowners – all to qualified paying borrowers. Plus, international underwriting supports for insurance carriers writing policies – again, to paying customers. Advanced banking, insurance, and other financial industry organizations in Ukraine exist to implement policies. Everyone will benefit. Except Putin.

A misperception in the West exists that Ukraine is largely destroyed and under attack everywhere. Personally, I had to travel to Bucha to see evidence of war firsthand. Actually there's a relatively small portion of Ukrainian unoccupied country that needs rebuilding. Yet the hard-hit areas are not rebuilding as they could if they received loan and underwriting supports.

We can't let Putin's terrorism stop Ukraine's economy. We need to help rebuild homes, businesses and lives.

## Economics in the Film

Economics is front and center in the Ukraine conflict: World energy prices and blackmail, food shortages, inflation, worldwide economic destabilization, interest rates/monetary policy, the list goes on.

Putin can't win the war so he has decided upon a terrorist campaign of cruise missiles that he can lob into Lviv, Kyiv, and other cities just to keep them down. The fact is civilians long ago began ignoring the sirens. They have learned to live with it.

*Trek to Bucha* contains an early documentation of the economic realities on the ground from Lviv to Kyiv to Bucha. It paints a picture of limited destruction in most areas, and yet devastating impacts in battle torn areas like Bucha and Irpin. These are the areas that most need the kind of financial assistance being proposed.

We start with the monolith in the middle of Lviv as well as the churches. Lviv is functioning with no visible damage though missile strikes are well documented. Life goes on though restaurants are impacted by curfews and liquor sale prohibitions..  
[Ukraine Trek - Lviv Walk Around](#)



South Florida I saw that insurance carriers can make a huge difference in rebuilding an economy. On the other hand, in Nepal I saw how the absence of insurance monies meant much longer rebuilds – if any at all - and the impetus for extended families to combine scarce resources to build new homes in which they lived together.

The effects that I saw in Irpin and Bucha were like those from hurricanes and earthquakes. Widespread damage to homes, businesses, vehicles, infrastructure, etc.

We should view the war damage inflicted by Russia in the same light: a Cat-5 hurricane or a 8.0 magnitude earthquake. If we treat the war as a fierce and massive windstorm for which Force Majeure clauses would not apply, like hurricane damage in the USA, citizens in Bucha, Irpin, Hostomel, and throughout Ukraine would be getting checks right now to rebuild even better than before.

Getting from Warsaw to Lviv should just be a matter of a regularly scheduled train, bus, car or plane. The war has disrupted all the above as we see in the trip from Warsaw to Lviv on March 30th. On the way to Lviv we visited a well-stocked grocery store and gas station not far from the border. [Ukraine Trek - Trip from Warsaw to Lviv](#)



Homeowners and businesses can use international support from insurance companies and banks. They in turn can use guarantees from international monetary authorities and governments.

In 1992 I lived through [Hurricane Andrew](#) and since 2015 shot two documentaries about the earthquake rebuilding efforts in the Kathmandu Valley since the 2015 quakes (See [Piles of Bricks](#)). I'm familiar with the long- and short-term impacts of disaster assistance first-hand. And how regular folks come through with, or without, assistance from insurance companies and their governments.

After "Saint Andrew", which many recipients of insurance monies called the event in

A change in plans develops while in Lviv to go to Kyiv and ultimately Bucha. Trains working to Kyiv though no flights possible. Small hotels available on Booking.com [Ukraine Trek - Train Ride to Kyiv](#)



## From Warsaw to Bucha in the War's Early Days

The film and commentary are focused on the people in the aftermath. Of course, the country is still fighting a war. But apparently, Bucha, Irpin, Hostomel and the other towns in their predicament seemed to be left to fend too much for themselves. To the best of my knowledge from sources in Ukraine the towns are still under-resourced.

Kyiv was largely shut down though we still see no damage. Stores and restaurants are mostly closed with a heavy presence of soldiers and police. In Kyiv we find churches on the walkaround. [Ukraine Trek - Kyiv Walk Around](#)



Most wouldn't embark on a month-long journey to war torn Ukraine just for the fun of it. My reason was simple, When I saw the Zaporizhzhia nuclear power plant on fire I thought that as a guerilla documentarian I could get on a plane, take some gear, and document what was happening. My purpose? To bring awareness of the potential ecological catastrophes these war zone power plants represented.

I found normal people caught up in extraordinary difficulties because of their proximity to Russia. Restaurants, stores, transit; businesses of all sizes out of business

As I hiked into Bucha from Kyiv a week or so after the Russians pulled out, few resources were reaching victims of the attacks, at least not in terms that an American expects. Nothing akin to FEMA apparently exists in Ukraine. Nor anything like the American Red Cross, nor insurance carriers that I could see. No State Farm tables there.

No checks being cut. No car windshields being fixed, no garages open even if they wanted.

As we see in the film Ukrainians want to get back to work – and back in their homes. Payouts would mean businesses might recover at least some of the capital owners have laid out keeping their firms afloat and employees paid.

Most insurance policies will not pay off due to Force Majeure (“Acts of God”) policy clause exemptions contained in property and casualty (PC) and homeowner policies, even if the companies had the capacity to pay and people had the coverage.

Ukraine is not a rich country by Western standards. Interference from Russia even before the war is aimed at keeping it down. So, it is incumbent upon International financial institutions to step in.

On the way to Bucha we see a modern economy with skyscrapers, subway stations, the zoo, stores closed, etc. Barricades in the streets. And [St Volodymyr's Cathedral](#). [Ukraine Trek – Hiking to Bucha](#).



*“Worldwide gross domestic product in 2021 was at about 12.259 USD per capita. GDP in Ukraine, on the other hand, reached USD 4.567 per capita, or 200.09 billion USD in the whole country. Ukraine is therefore currently ranked 53 of the major economies. If this is calculated per inhabitant taking into account the purchasing power parity, then Ukraine is in the list of the world's richest countries in place 96.” - [Economics in Ukraine compared to the EU \(worlddata.info\)](#)*

More funds will result in more jobs for contractors and suppliers; the whole economy will benefit. All a bane to Putin.

We need home and small business owners on their feet ASAP.

Match restaurant turned into World Central Kitchen meal factory. An interview with Alex and Maxim - [Ukraine Trek – World Central Kitchen at Match Restaurant in Kyiv](#)



## How Might the Plan Work?

From a risk standpoint, these are hazards to be quantified actuarially – and then priced and offered to new and existing policyholders. They need support from the same countries that are providing arms shipments: the USA and Europe. Ukrainians want and need the West's economic system. Let's support them. Profitably.

On the hike into Bucha, I see the occasional factory and light traffic on the streets. In Bucha we begin to find the war damage. Including the bridge, restaurants, supermarkets, office buildings, businesses, condos and homes destroyed. [Ukraine Trek – Bucha](#)



There has to be a new view of the situation that counts this war not as an Act of God but rather just an act of Putin. Financial Institutions need to get their arms around what may be, and has already been, a protracted war taking place in a relatively small piece of the country.

That means loans to rebuild even while the war rages. That means loan forgiveness of prior mortgages. It also means getting airports reopened and transit normalized to the extent possible. There has been war going on in Ukraine's east for almost a decade and Kyiv's [Boryspil Airport](#) stayed open until February 24<sup>th</sup> when Ukraine closed its airspace. We need to get back to that. If more advanced missile defense systems and the like are needed to keep jet liners safe then supply them.

When a territory formally occupied or shelled by Russia opens up, like Bucha and Iziom, guaranteed mortgages and business loans need to be made available as soon as flexible underwriting guidelines can be established taking into account Ukrainian specific risks - and subsidies -

taken into account and priced for.

Force Majeure clauses in existing insurance policies need to be ignored retroactively and a worldwide risk pool established - with guarantees to insurers and reinsurance pools.

Actuaries and underwriters will need to study and calculate the magnitude of the risks involved, but presumably the overall risk liability is likely measured in the tens of billions. 2017's [Hurricane Harvey](#) in southeastern Texas topped out at more than \$125 billion alone. Intriguingly, Ukraine is about the size of Texas and most of the war damage so far has taken place in its Southeast. Here are some specifics:

- Instituting new PC underwriting that considers the risks of missile strikes and other relatively rare events is vital. Reinsurance of Ukrainian companies is likely the preferred transmission vehicle for guarantees to reach consumers. Stringent oversight will be vital to mitigate corruption.
- International banks and mortgage lenders should begin mortgage lending to victims of shelling as soon as practicable. The latest technologies should be utilized to minimize costs and increase service.
- Many will need to have their former loans written off. Victims of shelling will need new loans to rebuild.
- Many mortgagors who have lost their jobs will need time to get back on their feet in the form of payment forbearance much like mortgagees benefited in the USA during Covid-19. Similar allowances need to be applied to small business owners and other borrowers affected by Russian bombing.
- Test the concept. To begin, go to the western suburbs of Kyiv and use them as a case study. They were the first to be liberated and presumably an excellent test case. The area's limited size, sophisticated populace, and relative wealth are all positive factors. The atrocities committed upon them make the area unquestionably deserving. There will presumably be many more areas reopened as Ukraine retakes its territory.

Hotel Park Viktoria. Victor's interview touches upon so much including the lost business and damage from the Russian invasion. Not to mention the emotional trauma, lost schooling, travel impacts and costs, family separations, murders, etc. We also see friends around the dinner table and what appears to be a robust trade in cognac.



The Junk Yard segment shows the economic loss in terms of cars and tanks – and lives. Not only do we see the devastation of personal property but also the tragically wasted defense expenditures of Russia.



Estimates of losses vary widely:

“Physical damage to Ukraine's buildings and infrastructure from Russia's invasion has reached roughly \$60 billion and will rise further as the war continues,” World Bank President David Malpass said recently. [World Bank estimates Ukraine physical damage at roughly \\$60 billion so far | Reuters](#)

On the other hand:

“First quarter 2022 results season has shown that reserving assumptions for Russia’s invasion of Ukraine varied widely, with limited reported losses of \$1.3 billion against an industry loss range from the war of \$10 billion to \$15 billion,” according to analysts at RBC. [Limited war losses so far, but key uncertainties remain: RBC - Reinsurance News.](#)

Bucha drive through and Igor’s Condo: People’s lives/careers interrupted since Feb 24<sup>th</sup> is ongoing for many. So much property damage: cars, trashed condos, businesses. Two months cooking over open fires in the middle of winter. Infrastructure coming back. Kids and families largely gone.



This wide range is presumably tied to levels of insurance on the various properties, presumably much was self-insured. But much is also likely tied to Force Majeure clauses limiting the liability of carriers. Annual revenue of financial and insurance business entities in Ukraine in 2020 was approximately \$10 billion. • [Ukraine: financial and insurance businesses revenue 2020 | Statista.](#) For comparison’s sake the USA’s is close to \$5 trillion. • [Banking, Finance & Insurance in the U.S. 2021 | Statista.](#) Presumably, the Ukrainian PC industry is in tough shape.

It could be many years, if ever, that all former Ukrainian territories will be returned. Therefore, the amount being underwritten now is limited. Bucha had a population of about 53,000 before the war, the mayor says. ([Some war-ravaged parts of Ukraine try to rebuild as fighting rages elsewhere : NPR](#) by Jason Beaubien). It is a small town.

These are proverbial “rounding errors” for the world’s central banks and treasuries - and the world’s insurance carriers. The costs are particularly low given that rebuilding would not begin in areas that are not yet liberated. However, damage from Russian airborne attacks (drones, missiles, etc.) in places like Kyiv, Lviv, Kharkiv, Odessa, and other cities caught in the war but never occupied, would also be covered. In other words, if you are a Ukrainian property owner that wants to rebuild, you are covered.

Hlib Vyshlinsky, the executive director of the Centre for Economic Strategy [Contacts - Center for Economic Strategy \(ces.org.ua\)](#), a think tank in Kyiv, says the war is expected to slash Ukraine's economy by at least a third in 2022. Vyshlinsky believes the war has entered a new phase and that Kyiv and other areas where fighting has ceased could be able to rebound fairly quickly. But in this latest stage of the war, he predicts, fighting will continue in some parts of Ukraine while businesses and residents will get back to their prewar work in others. [Some war-ravaged parts of Ukraine try to rebuild as fighting rages elsewhere : NPR](#)

Ukrainian citizens feel deeply for those in war ravaged territories but also understand that most of them are not in the fight directly. Their duty, as told by their leaders, is to do their job. And for most that means getting their economy back up and running. They would likely support financial sacrifices to help those that have borne the brunt of the fighting.

This should be a Ukrainian effort as well. Premium subsidies from Ukrainian sources also require consideration. However, the bulk of funds will need to be international.

In short, we need to price out the damage, claims, risks. and hazards and let the actuaries do their job. We will find a manageable sum.

Hotel Park Viktoria (Part 2) - Tour showing where the workers stayed. Locks destroyed. “No one thinking about money...someday someone will but not now.”



## Conclusion

Many feel that it's too soon to talk about full reconstruction. That first they need to finish the war and then rebuild. I would respectfully disagree for three principal reasons:

- 1) We don't need to wait – resources and workers are available.
- 2) We don't know how long the war will go on. In fact, it's been going for the better part of a decade already. Ukraine needs to get back to some economic normalcy ASAP.
- 3) Ukraine, and its economy, will rebound all the faster when rebuilding happens sooner than later.

Plus, few things might be more important to the war effort than showing how formerly occupied and devastated areas can come back with targeted and much deserved support. These are likely excellent investments and sources of good business long into the future.

Similarly, nothing will encourage and enable refugees to come back home more than getting their houses, condos, businesses, and jobs back. This will take money and courage. Courage, they have plenty of. We have the money.

Likewise, what works for Bucha and the Western suburbs will be an example for the rest of Ukraine as it is liberated. Many other cities already need to be included on parallel tracks. Cities like Izium, Kharkiv, and many others to come.

Going back to Kyiv we rode (not hiked) across a new auxiliary bridge and demolition of the one I hiked in on. Kyiv is coming back to life. Markets, restaurants, coffee shops coming back. Soldiers largely gone. Young family back. More people on the streets. Match (WCK) is still in business.

[Ukraine Trek - Kyiv \(Part 2\)](#)



Of course, the risks are real and ongoing. But as we see in the film, in areas away from the battlelines, the risks to most are not much different than what we live with in the USA all the time. The risk of a missile or drone strike in most of Ukraine outside the battle zones, while real, is slight. They need to be seen – for the time being at least - as quantifiable risks of living in a free Ukraine.

It reminds me of how we Americans have to live with the constant threat of dying in a mass shooting. Or in a hurricane. Or in an earthquake, Or a flood, Or a fire. The list is long. All Acts of God (and all insurable risks by the way). Yet the chances of being impacted by any of these is small. Just like by a Russian cruise missile.

Ukrainians have already largely adapted to this kind of reality. We all do to some degree depending upon where we live and what our particular environment and risks are. I live in Miami, so I live with hurricanes and shootings.

Ukrainians live with Putin.

Irpın shows massive property damage in a rather small area. We see a supermarket coming back with electricity recently reestablished in the area. Talk with a resident about how a normal life is impossible. Armored column taken out here. The entire street has been destroyed and needs to be rebuilt. Destroyed supermarket and looted ATM's. [Ukraine Trek - Irpin](#)



[Steve Richards](#) is managing director of [TheoEco Institute \(TheoEco.org\)](#), a non-profit focused on economic and ecological entanglements globally. Since 2015 he has directed five socially conscious guerilla documentaries and writes on related topics. He has a corporate risk transfer background and holds economics and finance degrees from the University of Miami (BBA) and Babson College (MBA), with related post-graduate work at Yale Divinity School. He recently spent a month (March 28<sup>th</sup>-April 25<sup>th</sup>) filming "Trek to Bucha" ([TrekToBucha.com](#)) where he went from Boston, to Warsaw, to Lviv, to Kyiv, to Bucha, and back. This Epilogue sums up what he came away with in terms of economics and potential action steps in Ukraine.

