

The following are case studies from the Loss Adjusters, though correct names and location details etc have been excluded to help protect the privacy of the people who were involved.

#### **Impact Damage to WWII Aircraft Hangar:**

A client had a loss involving impact damage to a Second World War aircraft hangar in Cheshire. The tenant tried to drive a truck through the roller shutter door but missed and knocked down part of the gable wall.

The Insurer's adjuster measured the building and told the client that the sum insured was inadequate on a reinstatement basis and indicated that the claim would be reduced by about a third to reflect the underinsurance.

The adjuster who was appointed on the client's behalf observed that repairs to the damaged wall would be sufficient and settlement could be agreed on an indemnity basis. The Insurer's adjuster agreed the sum insured was adequate on this basis and as a result applying proportional reductions for underinsurance (average) did not apply.

A satisfactory outcome for all involved.

#### **Explosion in Glass Works:**

A manufacturer of double glazing made a claim when an explosion destroyed part of their only glass toughening machine. The replacement components for the machine had to come from China and as they were a direct replacement for the damaged ones assessing the cost of this proved relatively simple - and in fact no assistance was required by the client's appointed adjuster to quantify this element of the claim. What proved significantly more complex was calculating the consequential losses that the policy would cover during the seven months that it took for the machine to be repaired and re-commissioned.

Some of the costs incurred buying in replacement glass from competitors to meet existing contracts and customer's needs were covered. There were transport costs to move the replacement glass around that were additional to those normally incurred and delays were unfortunately introduced into a system that was very time sensitive. Speed of delivery had previously been a feature of the companies offering to customers. Overtime was worked coping with the demands that were made having to work around the schedules of the sub-contract suppliers even though the client's labour force was not now making the toughened glass themselves because they couldn't use their machine. Opportunities to quote for new contracts were lost because the company could not be certain that they would have continuity of supply - and it proved impossible to hide from customers that there was no longer an ability to turn around one off orders quickly.

The client's appointed loss adjuster was able to assist the client in quantifying the claim properly. When this was done it transpired that the consequential losses under the business interruption section of the policy were some four times the cost of replacing the machine. This even surprised the client and broker who were both extremely pleased with the outcome that was negotiated by the adjuster.

#### **Exercising Reasonable Care:**

A contractor carrying out work on a motorway unfortunately caused damage to a passing motorist's vehicle. The situation was unusual in that the car had been travelling on a road beneath a bridge on which the company were working. Although they had used the required safety cones in compliance the Road Traffic Act, it did not prevent an accident when a scaffolding tube was accidentally dropped by an operative and landed on a "live" carriageway below.

The company's Insurers initially denied liability on the grounds of their failure to exercise reasonable care whilst carrying out the works. The adjuster's intervention clarified that the works were conducted in accordance with the prevailing guidelines and that the accident was an unfortunate and unforeseen event. They were eventually able to persuade the Insurers that their position was unduly harsh and that it would be appropriate to provide indemnity to the Insured by handling the claim in full.

All liability policies include a requirement to exercise "reasonable care". It's a matter of judgement as to what amounts to recklessness in any circumstances. A policy will not provide cover to an Insured who has knowingly been reckless in carrying out their activities but by the same token it's important to evaluate what precautionary steps have been taken to prevent an accident.

### **Flooding of Factory:**

A client was devastated by flooding in 2007. An adjuster was provided to the client to give assistance. The ensuing claim was satisfactorily resolved and afterwards the Finance Director was so pleased that he volunteered the following testimonial.

'On 26 June 2007 the factory in Sheffield was completely flooded to a depth of over four feet. The following day we were faced with managing the crisis of clearing up the factory and keeping our key customers happy, but just as importantly dealing with, what we soon discovered, was going to be an insurance claim with complexities that I never imagined would take up so much time. We quickly recognised the losses on stock and plant ran into many hundreds of thousands of pounds and we did not know where to start with our loss of business claim - which eventually exceeded £1m. Fortunately our insurance brokers had planned for this type of disaster and they provided us with assistance from a loss adjuster. This meant we got the services of Roger Topping and his team at TopMark Adjusters who were on site within 48hrs to meet with both our management and the insurer's own loss adjuster. It was clear that we needed their experience and expertise in dealing with the problems we faced. They played an important role in handling our claim and negotiating on our behalf directly with the insurer's loss adjuster for the vital interim payments that allowed us to continue trading. This enabled us to focus on the critical issue of getting the plant up and running again. Without this technical support the company would have found it very difficult to deal with the insurance claim particularly at such a stressful time.

Our company is one of Europe's largest specialist tungsten carbide manufacturers. We partner market leading multi-national companies to develop solutions that minimise costs, enhance products and allow them to excel in global markets. Handling normal routine insurance claims for break-ins, minor personal injury, etc is relatively routine work for most small/medium sized manufacturing companies. However the issues arising from the floods in June presented managers/owners with problems that were overwhelming without expert help and advice. Some of our neighbours did not have the help that we received and suffered as a consequence. We have been delighted with the help that we received and I would have no hesitation in recommending the service provided to us and our insurance brokers.'

### **Difficulty over Hot Work Warranty:**

A plumbing contractor intimated a claim to their Public Liability Insurers as a result of an unfortunate fire whilst carrying out work in a customer's home. The Insurers took the view that insufficient care had been exercised when carrying out the works and therefore declined the claim on the basis of breach of the Hot Work Warranty. Hot Work Warranties are a requirement which feature in many policies where tradesmen are working away from their usual place of business applying heat (e.g. by a blowtorch, using a tar boiler or the like).

The Insurers backed their decision with the findings of a forensic investigation but with assistance from an independent adjuster the client was able to challenge the position. The adjuster identified the alternative interpretations of the policy that could apply and also contended that it was incumbent upon the Insurers to prove that they were treating their customer fairly in the situation. Fortunately, the arguments our adjuster advanced enabled the policyholder to secure an agreement from the Insurers to pay a substantial proportion of the claim without admission of policy liability. This was a considerably better outcome than the policyholder faced if there had been no payment by the insurers.

### **Fire in neighbouring building:**

After a serious fire that damaged a tenement property in Glasgow part of the road was closed and traffic diverted by the local authority whose engineers considered the building was dangerous. The road closure lasted over four months. Shop keepers, restaurant owners and publicans whose business premises were within the area of the street that was closed suffered a reduction in trade and were able to claim under their insurance policies for the loss of profit. The adjusters handled claims for these business owners - but also discovered that some businesses that were not within the road closure area had also suffered losses as a result of the hindrance to customers caused by the traffic diversions. These claims were significant and brokers and their clients were pleased when the adjusters were able to secure substantial payments from their insurers to meet these losses.

### **Damage to a Crane:**

The Broker of a hire company needed assistance for their client when weather conditions forced them into a difficult situation. The firm had hired a crane to a contractor who was carrying out concrete foundation works in a new residential project. Unfortunately, in windy conditions the crane toppled over. The hirer's Insurers who were contractually responsible for the crane contended that there was a possibility that the crane itself was defective and therefore the hire company were not entitled to any payment for damage to it.

The situation was complicated by fatal injuries unfortunately sustained by a worker on the ground that was struck by the crane and materials. The Health and Safety Executive were active in thorough investigation and it was over 12 months before they confirmed that the cause of the incident had been continued operation of the equipment in conditions which were dangerous and not any defect in the crane.

The adjuster was able to get a settlement that involved payment in full of the value of the crane and also secured payment of the continuing hire charges.

### **Uninsured Businesses:**

Occasionally, for a variety of possible reasons, a business may have failed to affect the requisite insurance cover. An adjuster came to the assistance of a Broker's client who ran a chain of pharmacies. Due to an administrative oversight, the insurance policy for one of these businesses had not been renewed. This included the Employers' Liability cover to protect against injuries to the workforce. The omission came to light when a claim was made by an employee who had sustained injury as a result of falling over a box which had been left in a passageway after a delivery of stock.

The adjuster explored the possibility of persuading the last Insurers that they should respond to the claim but this was regrettably unsuccessful. The adjuster was however able to assist the policyholder to investigate the matter, identify arguments of contributory negligence which could be advanced towards the actions of the injured party and negotiate a favourable settlement on behalf of their client without the need to involve solicitors.

Although the policyholder made the payment for damages and costs, the adjuster's fees were substantially less than would have been charged by solicitors.