

# Storm-Triggered Electrical Loss: Policy Interpretation Nuances

A high-end condominium in Detroit faced significant electrical damage amidst a torrential storm, with the assumption being that a lightning strike was the culprit. Given this belief, the insurance company's initial assessment leaned toward applying the standard fire policy. However, this policy posed potential limitations due to a substantial coinsurance clause, raising concerns about adequate coverage for the extensive damage.

**The condominium's primary electrical systems, including vital switchgear, were severely damaged, necessitating extensive repairs and code upgrades due to the building's age.** Most individual units escaped significant harm, but the collective damage to the building's infrastructure posed a major financial challenge. This situation was further complicated by the initial uncertainty about the cause of the damage, which had significant implications for insurance coverage and the extent of financial recovery.



## ISSUES

### 1. Uncertainty of Damage Cause:

There was initial confusion over whether the electrical damage in the condominium was due to a lightning strike or a power surge. This uncertainty was critical in determining which insurance coverage would be applicable, impacting the claims process.

### 2. Insurance Coverage Complications:

While the condominium had an equipment breakdown policy, the initial assessment suggested it did not apply, as the damage was presumed to be caused by a lightning strike, which would typically fall under the fire policy.

### 3. High Cost of Repairs and Code Upgrades:

The condominium, aged over 50 years, suffered extensive damage to its primary electrical systems, including the switch gear. The need for repairs and upgrades to meet current building codes substantially increased the repair costs.

### 4. Initial Underestimation of Claim Value:

The insurance company's initial valuation of the damage was pegged at \$100,000. This figure significantly underestimated the actual extent of the loss, reflecting a gap in the initial financial assessment of the damage.

## SOLUTIONS

### Consultation with an Electrical Expert for Cause

**Confirmation:** Recognizing the broader coverage of the equipment breakdown policy and the ambiguity in the cause of loss, our firm hired an electrical consultant. This expert's analysis confirmed the damage was due to a power surge, not a lightning strike, pivotal for the insurance claim direction.

### Negotiation by Adjusters for Comprehensive

**Recovery:** With the confirmation of the loss type, our adjusters engaged in detailed negotiations for each line item of the recovery. This meticulous approach ensured a thorough accounting of the damage and a settlement that accurately reflected the condominium's comprehensive repair and upgrade needs.

### Addressing Code Upgrade Requirements in Detail:

The repair process involved not just fixing the damage but also undertaking significant code upgrades, considering the building's age. Our team diligently ensured that these upgrades met the latest standards, adding a crucial layer of detail and compliance to the claim.

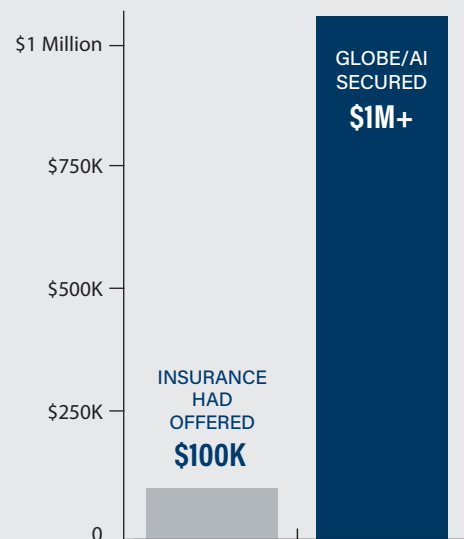
### Strategic Advocacy and Communication with the

**Carrier:** Our team's role extended beyond just clear communication; it involved strategic advocacy with the insurance companies. By advising the client to decline the initial \$100,000 offer and pursue a more comprehensive settlement under the correct policy, our adjusters played a key role in achieving a fair and suitable resolution for the extensive electrical damage.



## OUTCOME

Through the successful filing of a claim under the equipment breakdown policy, the condominium's claim value dramatically increased from the initial \$100,000 estimate to over \$1 million, covering all necessary repairs and code upgrades. The expertise and strategic guidance provided by our firm not only brought immense relief to the condominium but also transformed a potentially devastating loss into a well-managed recovery process, exemplifying the substantial impact of professional advocacy in complex insurance claims.



Globe Midwest/Adjusters International skillfully negotiated an increase in the settlement from the insurance company's initial \$100,000 offer to over \$1 million.

