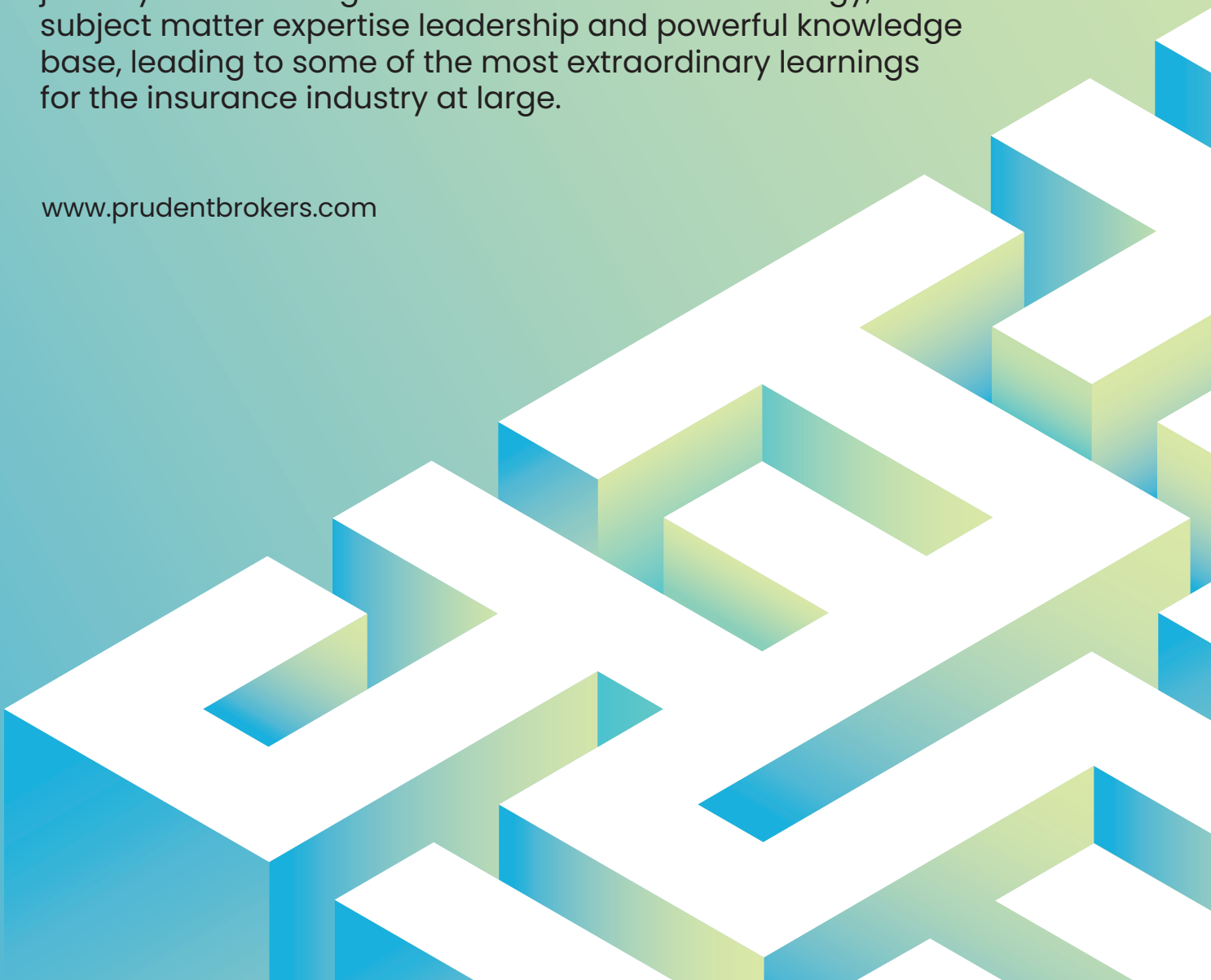


MAZE^{TO} AMAZE

S E R I E S

This unique 'Claims Maze to Amaze Series' aims to take you through some of the most amazing claims processing journeys showcasing the confluence of smart strategy, subject matter expertise leadership and powerful knowledge base, leading to some of the most extraordinary learnings for the insurance industry at large.

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POLICY TYPE:

Marine Cargo Open Policy (Covering material handling equipment, Telescopic Boom Lift SX 180, weighing 29MT)



KEY PLAYERS:

The Insured: Renowned solution provider for construction, equipment, mining, and manpower requirements



The Insurer: One of the country's leading players

The Starting Point

The insured has more than 750 equipment of diverse variance, including aerial work platforms, cranes, excavators, telehandlers, hydraulic axles, and hoists. During an ongoing loading activity at the job site, a sudden snapping of the crane sling of the Telescopic Boom Lift led to complete crash of the equipment. This equipment was a critical one, pre-booked for activities at different client sites and post this incidence, the insured was now exposed to heavy expense loss.

Considering the longer lead time for calling the OEM for the damaged parts, the insured decided to make the machine temporarily operational by cannibalising the parts available from other machines under maintenance in their yard.

The Roadblock

The replacement of the damaged parts with those of existing machines failed to yield results, as the equipment couldn't operate correctly. This prompted the insured's management to declare it a complete loss. The insurer disagreed with indemnifying the loss as a 'Total Loss' as the insured had shared their consent to the initial decision that the equipment could be made functional through specific part replacements. Additionally, the lack of images and videos of the damaged equipment led to the breach of the warranty, as per the surveyor.

The Dead-end Impact

The lack of images and videos of the damaged equipment failed to prove the validity of the claim as a 'total loss' before the surveyor, as this was found to be a matter of non-compliance/breach of a specified warranty in the policy. This made it further difficult for the insured to justify the claim.

A Twist in the Tale

The insured's decision to make the damaged equipment functional through part replacement from the existing machines backfired. This prompted the insurer to reject the insured's request to turn the claim into 'total loss' and hold a firm stand on getting the damaged parts repaired.

Navigating through the Maze to Amaze

The moment the incident was reported to Prudent, our team promptly carried out the following actions:

Maze 1: Not a 'Total Loss'!

After various rounds of discussion, our claims team understood the functionalities of the equipment. The insured was requested to call the OEM service engineer. The insured was also requested to carry out a detailed inspection by the OEM service engineer in the presence of the on-case surveyor. Upon the completion of the inspection, the OEM service engineer identified specific parts needing replacement/refixing. The replacement parts could only be procured from the OEM, an overseas entity. Since the surveyor was already present during the inspection process, he could not counter or disagree with such a replacement. Thus, considerable time was saved justifying the replacement of parts from overseas with the surveyor.

Once the insured shared the invoices for the imported parts, the boom lift equipment was fixed. Going forward, the surveyor shared an assessment of the claim basis the invoice value.

Maze 2: Policy Conditions Breached!

Among the various warranties taken, the most prominent one hindering the admissibility of the claim was the lack of photographs/videos of the vehicle to be used showing the bed, condition of tyres, and available lashing material, along with photos of lashed cargo from all sides, etc. The underwriter's main contention in attaching these warranties to the policy was in lieu of pre-inspection, which becomes mandatory for Over Dimensional Cargoes (ODC). As the movements undertaken by the insured would have been ODC, these warranties would have been supported.

In this case, we presented the surveyor/insurer with a logical reading and interpretation of the condition stating that the warranty wordings of the policy specified that the photos/videos needed to be taken after loading operations. In this case, the damages occurred during the loading process, and hence, these warranties did not hold good. The surveyor and the insurer concurred with this argument, and the complete claim was agreed to be admissible.

Results



As a result of our discussions and negotiations, our team not just got the claim to an amicable conclusion but also got the assessment enhanced for another INR 5.50 lacs with justifiable reasoning that replacement parts were imported & hence duty incurred would also form part of assessment which the surveyor had not accounted for earlier. Furthermore, our team's smart interpretation of the policy wordings and representation of the warranties regarding the photos and videos of the damaged equipment helped pronounce the claim admissible.

Key Learnings

- 1 We must never assume matters on the face of it but approach it with an investigative mindset
- 2 Our role as a broker should extend beyond documentation, handholding the insured in case of distress so that they are guided in the right direction
- 3 A thorough understanding of the policy, coverages, and warranties is a must before arriving at a conclusion. We could appropriately represent the insured's case through an in-depth analysis of the underwriter's contention behind attaching such warranties
- 4 Our responsibility as a broker does not merely end once the claim is assessed. As representatives of the client, we must nurture technical skills so that the claim is assessed factoring in all possible dimensions

Crux

As insurance brokers, we must work towards having an in-depth understanding of the policy conditions and warranties followed by close liaising with the client. This would support in finding a justified and amicable solution to the issue and equal support from surveyor/insurer.

Where Representation is the Cause for Victory



POLICY TYPE:

Industrial All Risk Policy (Covering Property Damage & Business Interruption)



KEY PLAYERS:

The Insured: Key player in production, collection, and distribution of electricity in renewable energy sector



THE INSURANCE SURVEYORS:

Top category surveyor

The Starting Point

In one of the insured's key wind power projects, a failure of the main shaft greasing grid failure was noted during an ongoing preventive check of the Wind Turbine Generator (WTG). The decision to manually stop the turbine was made.

The on-site engineer's initial tests indicated the presence of tiny particles. After the corrective measure of replacing the grease, the WTG was put into operation. Subsequently, further fluctuations were noted in the grid. The insured then lodged the claim for damages to the shaft and the main bearing of the wind turbine, possibly caused by the grid voltage fluctuation.

The Roadblock

In the said incident, the insured suffered a large quantum loss owing to a business interruption of more than 100 days. The surveyor's initial report concluded from the sequence of events that the loss was due to wear and tear. As a result of this assumption, no serious efforts were made to discover the root cause of the problem, and the insurer did not get the correct representation of the claim.

Consequently, the claim was nullified by the insurer stating that:

- There was no breakdown
- The Root Cause Analysis (RCA) report confirmed that this loss was discovered during maintenance
- The bearings are subject to wear & tear loss and, hence, don't contribute to the losses claimable under the Industrial All Risk Insurance Policy

The Dead-end Impact

The initial analysis of the problem statement was done without any technical deep diving, resulting in a generalised report whose outcome didn't favour the insured. Considering the large exposure as a pre-emptive measure, the insured should have had an in-depth Root Cause Analysis done by a specialised agency dealing in the servicing of windmills. If it had not been for the intervention of Prudent's claims team, the insured would have ended up singularly bearing a humongous loss of INR 2 Cr due to business interruption.

A Twist in the Tale

As per the surveyor's initial report and the insured's on-site engineer's analysis, small particles were present in lighter concentrations in the shaft. This was considered to be a normal phenomenon ruling out anything accidental about the incident. So, it was concluded that since there was no breakdown, this damage was not claimable under the insurance policy.

Navigating through the Maze to Amaze

The moment the incident was reported to Prudent, our team promptly carried out the following actions:

Maze 1: No Breakdown!

Our team thoroughly reviewed both the initial analysis report (which stated the presence of very small particles) and the subsequent analysis report, which was done after noting grid failure despite replacing the grease. The subsequent in-depth report now stated the presence of heavy particles. We explained the insured that such analyses need to be conducted through specialised agencies as against relying merely on Internal QC analysis. Furthermore, the increase in the density of the particles post re-greasing indicated the problem to be more grievous than wear and tear. They were then thoroughly analysed, and the findings were studied further with the help of various articles available on the web and also on the website of the agency (carrying the analysis). In one of their studies, we found that the high reading of particles were indicative of the fact that the damages were most definitely accidental in nature and not caused by normal wear and tear.

Maze 2: Loss Discovered During Maintenance!

The Root Cause Analysis (RCA) report confirmed that the loss was discovered during maintenance/preventive check activity. This RCA activity at the wind farm was usually carried out by the insured's technical person, who, within their purview, reached a conclusion with a generalised understanding of the windmill grid. Our team represented the fact that such detailed analysis and conclusion can only be done by a specialised agency, considering the technical aspects and changes in variables, which is when the presence of heavy particles in spite of greasing was noted.

Maze 3: Bearings Subject to Wear & Tear

In the initial report, there was a lack of understanding of what was damaging the shaft, and it was labelled as wear and tear. We not only studied the reports thoroughly but also researched and understood the dimensions along with the part functions of the windmill. Our cumulative efforts helped unearth the presence of heavy particles in the shaft, accidental in nature.

Result



We could prove that the grid fluctuations were not caused by ordinary wear and tear but by actual damage to the shaft.

Key Learnings

- 1 We must give equal importance to every document/report shared by the insured and thoroughly review them
- 2 Our role as a broker demands us to understand implications and study beyond what has been shared
- 3 A thorough reading along with the in-depth understanding of the policy coverages needs to be done prior arriving at a conclusion. It was only through reading various articles, websites that we could arrive at the variables and the resultant cause
- 4 Our representation of a case becomes more stronger if the arguments are based on proven and established industry facts

Crux

It was only due to the time and effort invested in an inadmissible claim that we could convince the surveyor & the insurer that the damages resulted from a purely accidental cause and loss was indemnifiable.



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For more details, connect with

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CIN No.: U70100MH1982PTC027681 | Composite broker Certification of Registration (CoR) no.: 291 (Validity: 18th February 2023 to 17th February 2026)

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