

CLAIMS ADVOCACY GUIDE 2017



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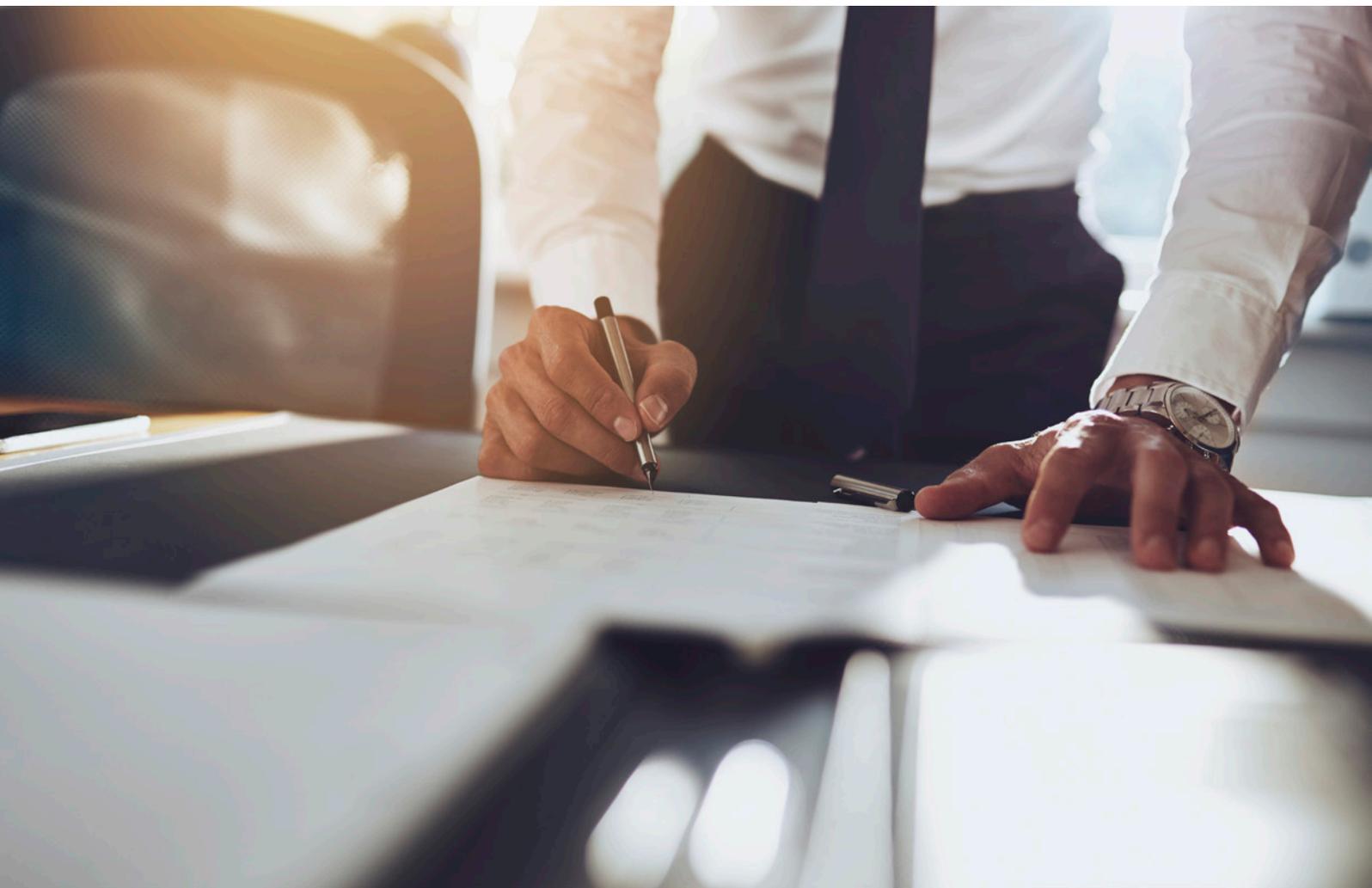
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Arthur J. Gallagher

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SEEING THE VALUE

Claims are often the forgotten part of the insurance journey. As part of the after-sales experience, claims are where the team are tasked with proving the merit of the product or solution we have sold – in other words, the bit where we really get to show the value of a broker as a trusted adviser and client advocate.

I think we have a great story to share with clients – one of working relationships with our insurance partners, the ability to translate complex claims into something clients can readily understand and respond to, and our determination to do the right thing for the client. When I ask our Claims team what has been happening in their week, these stories are everywhere across our business – they give you a great feel for how business is done here and where we go the extra mile. It's something that makes me incredibly proud to be part of the Arthur J. Gallagher team.

One of the questions we are consistently asked is how (and where) we make the difference. Inside this document, you'll find a highlighted section called 'The Gallagher Difference' that tells you how. I hope you enjoy the stories and get the same sense of pride from them that I do.

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a long horizontal stroke that tapers to the right.

Adam Squire
Head of Claims

COMMERCIAL PROPERTY AND BUSINESS INTERRUPTION

INDUSTRIAL SPECIAL RISKS

Example one

Claim Background

Our client sustained losses to refrigerated goods following a large storm event in New South Wales. Our client, in conjunction with their Gallagher claim advocate, prepared their claims submission for insurers to review. Insurers, following their review of the claims submission advised their intention was to decline indemnity to our client as their view was the loss was the result of gradual deterioration

Resolution

The Gallagher claim advocate, upon this news, carried out a review of the claims circumstances and losses sustained in the claim, the policy wording issued to the client and the Insurance Contracts Act. Following a review of this information the Gallagher claims advocate highlighted to the insurer that they had failed to consider the proximate cause (originating event) for the losses suffered by the client. The insurer in light of the argument presented by the Gallagher claims advocate overturned their decision and accepted the claim in its entirety.

The Gallagher Difference

Our strong understanding of insurers' policies, claims procedures and critical aspects of case law that effect claims allows us to challenge incorrect decisions.

Example two

Claim Background

Our client is a commercial property owner who following the departure of their tenants at one of their insured locations noted damage. The claim was notified to the insurer who engaged a loss adjuster to assist in both understanding the nature and extent of damage to the premises.

The adjuster, following their review of the property, recommended to insurers the bulk of the claim be declined on the basis the damage was not consistent with being malicious but rather appeared to be the result of poor housekeeping by the buildings occupants.

Resolution

The Gallagher Claims team reviewed the loss adjusters report, photos and supporting information associated with the claim and noted the following issues with the insurers position:-

1. Our client had made all efforts to evict the tenant from the premises
2. Given the extent of damage to the premises the damage could only be the result of malicious damage, not poor housekeeping.

The claim was referred by Gallagher to Internal Dispute Resolution (IDR). The IDR Panel agreed with the position put forward by Gallagher which resulted in a near 400% increase in the original offer presented by insurers.

The Gallagher Difference

Through our extensive experience in managing claims Gallagher claims advocates are able to identify the subtlety between different types of damage and how this applies to a claims settlement.

BUSINESS INTERRUPTION

Claim Background

Our client is a recycling company and took a consignment of produce for cleaning and processing through their facility. The work was completed and subsequently discovered the processed goods were contaminated with asbestos. A complete decontamination of the client's facility including equipment repair & replacement was required.

Our client's policy contained an exclusions for 'Pollution & Contamination' and their insurers sought legal advice on coverage under the policy. Ultimately, the claim was declined by insurers due to this exclusion.

Resolution

Gallagher reviewed the policy wording and brought to the insurers attention there was cover for Accidental Damage, or a loss that was sudden and unforeseen, which should respond to at least a portion of the clients material damage claim and the entirety of the financial loss sustained by the business.

Insurers agreed to cover the loss following arguments put forward by the Gallagher Claims team.

Following settlement of the claim insurers commenced an action to recover their funds and the losses sustained by the client that were not paid by the insurers. Gallagher were concerned that the solicitors appointed by insurers would not put our client's interest first and as such successfully negotiated with insurers to appoint our clients' solicitors to recover the monies to make sure they would be.

The Gallagher Difference

Gallagher make sure that our clients are the primary focus in all aspects of the claims process. We were able to identify additional sections of the policy to have the claim reconsidered and were able to influence the insurer on the appointment of an appropriate solicitor for our client.



DOMESTIC INSURANCE

Example one

Claim Background

Our clients' home, following a storm in 2015, sustained damages as a result of landslip/earth movement to the foundations.

Insurers, in light of the significant damages appointed a loss adjuster and engineer to inspect and report on the damages to the property. Following the investigations by the insurers' representatives it was noted that the property was underinsured and more critically sustained very similar damages in 2007 when owned by another party. It transpired that insurers in the previous claim had initially denied indemnity and following a legal battle paid the full sum insured to the previous owner.

The insurers for this current matter took the 2007 claim into consideration in conjunction with their expert report when considering coverage under the policy. The claim was denied on the basis that the damage occurred prior to the current insurers issuing cover for the property.

Resolution

The Gallagher Claims Team reviewed all the documentation in relation to the denial.

The claims advocate explained to the insurers that our client did not withhold any material information about the earlier damages as they were not aware of them. It was also argued that

- a) the previous owners conducted repairs to the property and
- b) it was clear there was damage to the property from the 2015 event.

The Gallagher Claims Team negotiated with insurers for 12 months and were finally presented with confirmation that they would cover the client for the damage. The insurers, however, did reduce the amount of cover to a fraction of the reinstatement costs based on the expert reports they had received earlier.

Once again the Gallagher claims team went into action and engaged third party experts to review both the damage to the property and the expert reports issued by the insurers. The expert, engaged on behalf of the client, was of the view that the entire homes structural integrity had been compromised as a result of the 2015 event and that rectification of the damage would be in excess of the sum insured.

Following insurers review of our expert evidence they reversed their decision for a second time and agreed to issue settlement in the entire amount of the sum insured plus interest.

The Gallagher Difference

Gallagher claims advocates never shy away from a problem, no matter how big. Utilising our understanding of claims process Gallagher were able to use our strong industry links to provide the client with the best guidance to gain positive claim resolutions

Example Two

Claim Background

Our client sustained severe damage to their home following a storm including broken roof tiles, internal water damage and subsequent mould growth. Insurers engaged a builder to assess and report on the damage. Following receipt of the builders report the insurers declined the claim in its entirety stating maintenance, wear and tear issues with the roof.

Gallagher carried out a thorough review of the reports issued to the insurer and noted the following:-

The mould damage was confined to the laundry area (result of ventilation issues rather than water entry);

Varying levels of deterioration on the roof tiles (an indication the tiles were broken at various times – not in a single event); and

Damage to the ceilings of the bedroom, hallway and front entry of the residence resulted from water entry through the roof.

Resolution

Gallagher highlighted that a portion of the claim (ceiling damage) should be covered due to it being resultant damage. Insurers considered and agreed with the position put forward by Gallagher which led to the client receiving in excess of 50% of the internal reinstatement costs.

The Gallagher Difference

Resultant damage claims are in the Gallagher Claims team's experience often interpreted harshly. Our team have the experience and knowledge to argue what the client is entitled to.

LIABILITY

Example One

Claim Background

Our client specialises in the plating of fixings, such as screws. As part of a major bridge maintenance project our client had been engaged to plate a batch of screws. The design specifications dictated that screws undergo “standard plating” with no other details provided on the type of plating.

The bridge was constructed over salt water and it was discovered post-installation that some of the screws had started to rust and required replacement. A claim was brought against our client alleging they had failed carry out the plating work correctly with the cost of rectification being in the order of \$50,000.00.

The claim was investigated and it was discovered that the screws were installed via impact drilling, which inadvertently resulted in the removal of some of the plating that had been carried out by our client. Additionally, it was noted that due to the hex nature of the screws the plating did not make it into the hex point leaving a small portion of the screws exposed to the elements.

Our client lodged a claim with their liability insurer who, on the basis of the known facts and circumstances, declined the claim under both the ‘Faulty Workmanship’ and ‘Loss of Use’ exclusions, citing the claim arose from a lack of performance on behalf of our client. As a result of the insurers refusal of the claim the client incurred significant costs (rectification costs plus legal costs).

Resolution

Gallagher worked with our client to highlight the flaws in the insurer’s decision. Firstly, the insurers wording meant that ‘Faulty Workmanship’ would be isolated to the recoating of the screws, which was not deemed a fault in any event as detailed specifications had not been supplied. The resultant costs in removing and replacing to make good should be covered.

Furthermore, the insurer’s reliance on the ‘Loss of Use’ exclusion would only be triggered in the event there had been no physical loss or damage to third party property which of course, on this occasion, there had been.

Gallagher, following refusal by the insurers claims team to accept these facts, utilised the Internal Dispute Resolution process and simply reiterated the same information presented to the claim team. This resulted in the claim being accepted in its entirety (reinstatement costs plus legal costs) with an additional ex gratia payment of \$50,000.00 to our client as a result of the insurer’s error when initially reviewing the claim.

The Gallagher Difference

The technical strength of the Gallagher claims advocates and our ability to analyse and interpret individual policy wordings ensures that we are ready to push for the right decision and support our clients through this process at all times.

LIABILITY

Example Two

Claim Background

Our client operates a waste collection business. A young employee in the course of his duties was collecting and cleaning wheelie bins whilst perched atop a trailer that was being towed. The vehicle towing the trailer reportedly slipped a gear and jolted resulting in the employee falling and subsequently dying from his injuries.

The incident was heavily reported in the media with many putting forward their views on the circumstances that led to the death.

Insurers were immediately notified of the matter and steps were taken to elevate the matter in light of the wide media coverage, but also and more importantly, to provide assistance to the deceased's family.

The client, in light of the situation, had difficulty in preparing the required submissions for their insurers as a result of the severity of the event. Due to the numerous conference calls with various authorities the client became anxious and hesitant to even complete the forms required from them.

Resolution

There were a number of documents sought by the insurer to progress any coverage and liability investigations. Immediate release of money to the deceased's family was sought from the insurer but it became apparent that this would not occur. In light of this Gallagher "took control" of the claim on behalf of the client in an effort to resolve it quickly for all parties.

Gallagher, with our clients blessing, opened communication with the family and outlined what we hoped to achieve on everyone's behalf. From here we commenced discussions with insurers to settle the matter as soon as possible again. Insurers presented us with a recommended settlement of \$100,000.00, which was seen as unpalatable to our client and insulting to the deceased's family.

Gallagher argued that the maximum policy entitlement was \$250,000.00 and this should be the settlement offered. Anything less would be unacceptable in the circumstances.

The insurers listened to the argument and changed their view issuing settlement of the higher amount.

The Gallagher Difference

The Gallagher claims team immediately identified the need for compassion and expedience. Highlighting the media interest and the relationship of our client and the family of the deceased was able to quickly arrange for the maximum payout.

Gallagher Claims will always try and advocate for a fair outcome for all parties to a claim.



CONSTRUCTION LIABILITY

Claim Background

Our client is a civil contracting firm who specialise in new sub-division developments. It was alleged that works carried out at one of their new developments resulted in major cracking to a third party home some 300 meters away from the development. Our client was met with demands in the order of \$300,000.00 for damage to the home.

The insurer on cover during the period when the loss was first alleged to have occurred declined cover to our client on the basis that letter of demand was issued to our client outside of their period of cover and the cover was discharged following the build time plus a six months defect liability period.

Resolution

The Gallagher Claims team carried out a thorough review of the documents received and issued between our client and third party. It was pointed out to insurers that coverage should be afforded on the basis of when damage was first noted by the third party, not when the demand was issued to our client.

The insurer engaged their most senior technical claims manager to review the claim and the comments provided by Gallagher. This resulted in an overturning of the original decision and providing our client full indemnity to defend and respond to the claim.

The Gallagher Difference

Gallagher was able to review all the documentation and identify an error made by the insurer in relation to the date of event and the current policy at that time. Along with our strong relationship with the insurer we were able to have the matter quickly resolved.

MARINE - PROTECTION AND INDEMNITY COVER

Claim Background

Our client runs tour boats outside of Australia. It was noted following media reports that there had been an explosion on a ferry while it was carrying tourists. It was reported that some passengers died with others sustaining serious injuries. The Gallagher Claims team recognised the name of the vessel as belonging to one of our clients.

Resolution

We immediately notified the P&I Club that we believed our client's vessel was involved in the incident and we requested that they place their correspondents in the local area on standby, as the client would require some urgent advice and assistance.

We then made contact with the client. After we confirmed that their vessel was involved in the incident, we gave them detailed advice and instructions on how best to deal with the matter. We made ourselves available to the client at all hours to deal with their urgent queries.

Over the coming days, local hospitals began putting significant pressure on our client to guarantee the medical expenses of the tourists.

It became clear to us that the P&I Club's correspondents did not have the capacity to assist the client with these demands. We pushed the P&I Club to appoint nearby lawyers to fly to the local area to deal directly with the hospitals' demands. These lawyers stayed in the region assisting the client until all of the hospitals' demands had been addressed.

We also ensured that expert legal representation was flown in to assist the client with protecting their interests in the local Government's investigation of the incident.

The Gallagher Difference

When major events occur our staff always follow the media to identify if our client was involved. On this occasion we were able to get things moving even prior to the client having the time to contact us. Our early involvement and notification to insurers got things moving quickly and took significant pressure off our client.

Our strong understanding of niche insurances allows us to provide simple and quick solutions for complex and difficult situation to our clients to ensure they are protected when incidents occur.

MARINE CARGO

Claim Background

Our client sustained damage to equipment during transport. Reinstatement of the damaged goods was in excess of AUD\$50,000. Insurers, following submission of the claim, attempted to apply 50% depreciation to the settlement on the basis the equipment was 5 years old.

The insurer was of the view the equipment had a useful life of 10 years. The basis of settlement in the policy wording for "used machinery and plant" is reinstatement to a condition to, but not better or more extensive than its condition at the time of the loss.

Resolution

Our Gallagher claims team reviewed the policy wording in detail and highlighted to insurers that "used machinery and plant" was separately defined as equipment that is greater than 5 years of age. Our claim team sought confirmation from the client as to the exact age of the equipment through the provision of original purchase invoices.

The documentation supported that the damaged goods were in fact under the 5 year limit for depreciation to apply which resulted in the original settlement being increased by 100%.

The Gallagher Difference

Our specialist claims team were able to accurately assess the cover afforded under our clients insurances to ensure that their recovery was in line with the insurances they purchased.

COMMERCIAL HULL

Claim Background

Our client's vessel sustained an engine failure while fishing for prawns off the coast of the Northern Territory. The client arranged for the damaged vessel to be towed to Darwin for assessment.

On arrival in Darwin, it became clear that the damage to the engine was substantial and it would either require either an extensive repair costing approximately \$350,000 or replacement costing approximately \$400,000. The client made the commercial decision to proceed with a replacement engine, however they were short on funds and the engine manufacturer required a 50% deposit to proceed with ordering the engine.

Resolution

We presented the repair and replacement quotes to the insurer and negotiated an immediate interim payment of \$180,000, which enabled the client to pay the upfront deposit for the new engine.

On settlement of the claim, we reviewed the insurer's settlement offer in detail. We managed to increase the offer by \$50,000 on the following basis:

- We noticed that the client used their own staff to complete some of the work and that the insurer had disallowed the element of profit in the staff's charge out rates. We pointed out to the insurer that there is nothing in the policy to prevent the client charging commercial labour rates and also the rates the client charged were reasonable given the remote location in which the repairs took place. The insurer agreed with our argument and agreed to increase the settlement offer by \$20,000.
- Although the client did not repair the damaged engine, we informed the insurer that if they did proceed with this option they would have incurred significant costs to expedite transport and repairs to ensure that the engine was repaired within a reasonable timeframe. There is an expediting expenses extension in the policy with a limit of \$30,000 and we argued that even though the client replaced the engine and did not actually incur any expediting costs, they should receive the full benefit of this extension. The insurer agreed to this and increased the settlement offer by \$30,000

The Gallagher Difference

The client made decisions in their best interest by acting quickly and reasonably. The Gallagher claims team by reviewing the policy and assessing the circumstances were able to convince the insurer that this was the best outcome for all parties. Gallagher were able to ensure the client obtained the maximum benefit from their policy.



MINING PLANT

Claim Background

Our client sustained damage to a recloser unit (a circuit breaker equipped with a mechanism that can automatically close the breaker after it has been opened due to a fault) due to an alleged lightning strike to a transformer unit owned by a State Government authority.

At the time of the loss, the site was non-operational however drilling activity was due to start in the next few months and power was required to allow the damages to be repaired, but this recloser distributed power to the site.

The authority who owned the transformer unit was unable to assist the client as the land where their recloser was located was outside of their jurisdiction.

Our client's electrician attempted to start the unit to allow power supply but was unsuccessful

Our insured, after some months of dealing directly with their insurer, approached the Gallagher claims team for assistance.

Resolution

Gallagher immediately made contact with the insurer and the adjuster to understand the claim position and following discussions determined the unit required transportation to another location for assessment to confirm both the cause and extent of damage.

Gallagher highlighted the coverage afforded by the clients' policy to the underwriters that dictated they must pay these costs, and, immediately arrange reimbursement of the repairs costs to our client.

Following reimbursement of costs, additional invoices for the hire of an alternate unit were received. In the interests of expedient reimbursement of these invoices and to minimize the involvement of the adjuster, we agreed with our client to seek 50% of the costs from the insurer which they agreed to.

The Gallagher Difference

The Gallagher Claims team, with a detailed understanding of coverage and process were able to refocus the insurer and offer alternative solutions based on the coverage available under the policy. We are there for our clients at any stage they need us in a claim. We will work to get matters resolved and finalised quickly at all times.





MINING MACHINERY

Claim Background

Our client operates a large gold mine and sustained damage to a multi-million dollar 'mine-spec' dump truck as a result of a roll over. This resulted in some \$800,000.00 of damage to the unit.

The client was concerned that should the claim take any period of time to progress there was potential of not only loss of production but also costs associated with the hire of a replacement unit (some \$30,000.00 a month).

Following notification from our client the Gallagher claims team went into action to ensure that claims protocols that we had designed for the client were strictly adhered to by insurers.

Resolution

Through the activation of the pre-approved bespoke claims response plan in place Gallagher claims were able to:

1. Appoint a specialist loss adjuster to the claim;
2. Ensure that coverage was agreed upfront with insurers for the hiring of an alternate unit;
3. Provide client with assurances from overseas insurers that coverage was granted; and
4. Ensure that reinstatement of the unit was completed

This resulted in the claim being resolved in some two and a half weeks.

The Gallagher Difference

Gallagher had agreements in place with insurers allowing us to take certain actions if and when a claim occurred. As a result we were able to get the necessary steps in place to minimize the impact on our clients business and minimize the impact on our clients business.

MOTOR

Claim Background

Our Client lives in a very remote area, and was involved in a severe motor vehicle collision that resulted in the insured vehicle being declared as a total loss. Our Client was left without any access to transportation. They had been totally reliant on their motor vehicle as there was no public transport in the area.

Resolution

Due to the relentless effort of the Gallagher claims team the claim was confirmed as accepted less than a week from the date of lodgement, with payment promptly made to the client via EFT.

The Gallagher Difference

We put ourselves in the place of the client. Our client was in a difficult predicament and the Gallagher Claims team realised that speed of claims settlement was critical. We managed to have the claim settled a lot quicker than normal by using our influence with the insurers.

HEAVY MOTOR

Claim Background

A transport Client who specialises in the trucking of fuel had a roll over which resulted in a major fuel spill.

Our Client, who also specialises in clean-up work, charged \$160.00 p/hour for their services in the clean-up. They submitted an invoice to the Loss Adjuster and Insurer for consideration.

The Loss Adjuster advised adjusted the rate down to \$126.66p/hour based on “rough pricing” provided by competitors. This resulted in a loss to the Client to the value of \$20,000.

Resolution

The Gallagher claims team highlighted to Insurers that contractors carrying out this work would need to travel at least 5 hours to get to the site, provide accommodation, meal allowances and other sundry expenses, which were not incurred by our Client.

This would see an increase in the rate charged by the comparative contractors the Adjuster sought pricing from. Additionally, we noted that the adjuster did not advise the comparative contractors of the location of the loss, which would have seen an escalation in the pricing being quoted. In light of this the Insurer agreed to identify the Client for the full extent of their clean-up costs.

The Gallagher Difference

Insurers can sometimes focus on cost and not consider all the individual circumstances. Gallagher were able to present all the facts and argue for the client that these needed to be taken into account.

FINANCIAL LINES

DIRECTORS AND OFFICERS

Claim Background

Our client is a mineral producer who lodged a claim under their insurance program for legal and defence costs to ensure that the appropriate legal privileges were put in place to protect individuals following the commencement of an investigation into their business practices.

Issue 1

Following notification of the matter the insurer declined indemnity to the client on the basis that the loss was a 'Securities' claim.

Resolution

Gallagher carried out a thorough review of the circumstances that lead to the claim being lodged and the policy coverage afforded to our client in both the policy wording and coverage schedule. The Gallagher claims advocate highlighted that our client had purchased a greater level of cover which resulted in the insurers overturning their decline.

Issue 2

Following acceptance of the claim our client had submitted legal costs incurred through an 'off-panel' law firm. Insurers in reviewing the invoices submitted by the client only offered to reimburse 49% of the costs incurred arguing they were prejudiced as a result of the client appointing their own counsel.

Resolution

In reviewing the reductions carried out by the insurer the Gallagher claims advocate successfully highlighted to the insurers that the client, in the circumstances, did not have the opportunity to wait for the insurers and required immediate assistance. Additionally, it was highlighted that there were a number of flaws in the methodology applied by the insurers. This resulted in an insurers increasing their offer to 65% of the costs incurred.

The Gallagher Difference

Gallagher will never "give up" on their clients and getting the best result for them no matter the issues that arise in their claims. We were successfully able to argue the individual clients circumstances and get an improved outcome.

PROFESSIONAL INDEMNITY

Example one

Claim Background

Our client is a supplier of marine products and services. The client had a reasonable level of professional indemnity cover for the risks they were exposed to on a day to day basis but had never had a claim issued against them since they commenced their operations over 25 years ago.

A significant claim was brought against them which was substantially in excess of the limit of cover they had purchased. Gallagher held concerns with the approach taken by the insurer to defend the claim and the strength of the arguments they were presenting to the claimant.

Settlement looked like it would be several million dollars in excess of the cover purchased by the client and would have been up to our client to fund this were the current strategy maintained.

Resolution

Gallagher, through a series of meetings, phone calls and emails, persuaded the insurer to alter their approach to one that was far more aggressive in seeking settlement of the claim. This tactic, suggested by Gallagher to the insurer, was successful with the claim being settled well under the clients cover limit meaning our client did not have to fund anything.

The Gallagher Difference

Our breadth of experience and relationship with the insurer allowed us to identify issues and help guide insurers to a strategy that is commercially viable and sound for our clients.

PROFESSIONAL INDEMNITY

Example two

Claim Background

Our client is an importer, supplier and installer of specialised food processing equipment. Following a trade show our client successfully won a contract for the supply and install of a unit that processes and grades meat products based on fat content.

The normal process in density X-ray machines is it requires to be calibrated to meet specifications. Part of our client's contract was to ensure the appropriate tests, on the X-ray machine, had been carried out to ensure accuracy in the results.

The process of the testing is under laboratory conditions with precise measurements calibrated so when meat runs through the X-ray machine, if it falls out of the contracted fat content and quality of meat shipped to countries all over the world, it is noted and or rejected for that sale. It was only until the purchaser discovered a significant drop in sales, based on previous takings, that the issue was discovered and found that the X-ray machine had not been calibrated.

Our client then received a demand for a significant amount of money, \$2 million, due to the purchaser of the equipment selling higher grade meat at lower prices due to the readings on the X-ray machine being incorrect. It was unclear at the time if our client was in fact responsible. The bill of sale was produced but there was no reference to the calibration.

Following submission to insurers the claim was subsequently declined as the insurer argued our client was not responsible as it was the machine that had failed rather than our clients business. The client still had to deal with an unhappy purchaser who was looking to recover \$2million.

Resolution

The Gallagher claims team reviewed all documentation, obtained a copy of the original written contract and highlighted to the insurer that part of the contract with the purchaser was to conduct a full lab calibration and this was not done. Therefore, the failure was a breach of professional duty, rather than the failure of the machine. Additionally, the client had not taken due care to ensure the in-house calibration had taken place. Exactly what the professional indemnity product is meant to cover.

This argument was originally not accepted by the insurer which led to a number of exchanges with Gallagher persuading the insurer to conduct an investigation into the matter. The insurer appointed legal counsel to assist in their understanding of the cover afforded in the circumstances.

Following this review, the insurer's legal counsel agreed with the position put forward by the team at Gallagher and agreed to grant cover to the client.

The Gallagher Difference

The Gallagher Claims were able to apply our extensive insurance knowledge and claims expertise and apply that to from the clients' perspective rather than from the view of the insurer. Gallagher will always advocate hard for clients where we believe the policy responds even if the insurer continues to deny coverage.

PROFESSIONAL INDEMNITY

Example three

Background

Events which could give rise to a Professional Indemnity claim against our Client came to light during an Extended Reporting Period (90 day period). This was advised to the Insurers, who subsequently appointed Solicitors to advise our Client. After 90 days had passed the claimant presented a formulated demand to our client for \$160,000.00.

Upon reviewing the claim Insurers advised that they believed that the claim was made after the expiration of the 90 day period, and while notification occurred within the appropriate time-frame the actual claim must be made within the 90 day period in order for the policy to be triggered. Insurers therefore concluded that the policy did not respond. The Client was left with no insurance cover for the incident and a bill exceeding \$160,000.00

Resolution

An email denying liability was issued by Insurers to our office. The Gallagher claims team reviewed the letter, focusing on the language used and advice from the Insurers in their previous correspondence. In one email the Insurers described the matter as “a claim” to the Client. We argued that by using the word “claim” Insurers had accepted that the matter was in fact a claim, and not a circumstance.

We also focused on the advice the Client received from the Insurer’s Solicitors. The Solicitor had advised the Client to take no action.

We highlighted the Solicitors advice and argued by advising the Client not to act the claim was delayed past the 90 day reporting period to the point where the policy was rendered ineffective.

We made it clear to Insurers that given these reasons we could not accept the Insurer’s position.

Insurers reviewed our submission and quickly advised that they had reconsidered their position. They agreed to extend indemnity to our Client.

The Gallagher Difference

We understand insurance policy wordings and how they are meant to operate and where we don’t think insurers are being true to the intention we strongly advocate for our client presenting detailed technical arguments.

ANCILLARY INSURANCES

TRAVEL INSURANCE

Claim Background

Our insured, a school, was due to take a group of students on an interstate sports trip but due to severe weather conditions the decision was taken to cancel the trip. Our client sought cover under their travel insurance policy for a refund of the flights and accommodation costs, some \$13,000.00.

The insurers sought confirmation from the airline and hotel that cancellation was required due to the extreme weather conditions, however this could not be obtained given the decision was made by the school in the interests of student safety.

Incidents like this are not covered by travel insurance as there were no cancellations by either the airline or the hotel.

Resolution

Gallagher carried out further investigation in relation to support a claim being paid, even in the absence of airline or hotel cancellation and uncovered a myriad of news reports that showed there was widespread flooding, power outages and severe wind and rain.

Gallagher highlighted the 'higher duty of care' the school had for the safety and wellbeing and it was paramount that school did not compromise this.

The insurer agreed to issue settlement for the full amount of the claim in light of this argument.

The Gallagher Difference

Where a client has clearly done 'the right thing' Gallagher claims will argue for the client even if the policy interpretation is that the claim is not technically covered.

SPORTS INJURY

Claim Background

An injured Client (a young football player) was in dispute with an Insurer in regards to a severe injury claim. The Client had lost his job due to incapacity and was in great financial difficulty.

The Client was forced to obtain continual medical certificates and other information to progress the claim. The injury was substantial, with more than one operation needed and an infection occurring after surgery. The Client's parent was suffering stress and was struggling to meet the Insurer's continual requests for information/substantiation.

Resolution

The Gallagher claims team simplified the insurers' complicated requests to the injured party. The Gallagher claims advocate asked the Insurer for dispensation on some of the requests as they appeared over enthusiastic. They presented the time line of events and also clarified medical facts that then triggered policy reaction.

The Gallagher claims team also successfully negotiated a back payment of Client's wages to relieve financial pressure on the family.

The Gallagher Difference

We work with clients in turning complex situations into something they can understand.

The examples contained in this document are for illustrative purposes only. All claims are handled on an case by case basis and are dependent on the individual circumstances of the insured and the policy purchased. Arthur J. Gallagher (Aus) Pty. Ltd. Operates under AFSL No. 227017. Any advice provided in this document does not consider your objectives, financial situation or needs. You should consider if the insurance is suitable for you and read the Product Disclosure Statement (PDS) and Financial Services Guide (FSG) before buying the insurance. If you purchase this insurance, we may charge you a fee for our service to you. Ask us for more details before we provide you with any services on this product. PDS available on request. Our FSG is available on our website, www.ajg.com.au Arthur J. Gallagher (Aus) Pty Ltd. (ABN 33 061 063 303). Level 12, 201 Miller Street, North Sydney, NSW 2060.



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