

DETAILS OF INTERESTING CLAIM

Type of Insurance:

Machinery Breakdown

Description of damaged item:

Electrical and electronic equipment

Cause of Loss:

Water damage due to flooding

Claim Cost:

\$20,000 CDN

Description of Incident and Loss Prevention Measures initiated:

A congruency of events contributed to a significant loss for this insured. The city is located in a coastal region, with a river feeding to a sea area with pronounced tidal activity. The area experienced higher than average precipitation (rain).

A high tide occurred, along with raised river levels due to the rainfall. Damage occurred to electrical and electronic equipment due to flooding at a sewage lift station. Under normal circumstances, this damage would not occur because the station has a gravity drain (emergency overflow) which allows excess water to be directed to a nearby creek. However, because the river levels were high, and because the tides were full, and because the river level prevented the creek from draining into it, the emergency overflow did not allow the water to escape

Outline the interesting or unusual aspects of this claim or problems experienced during settlement:

No flood coverage was provided by the property insurance. Damage to the electrical apparatus, such as pumps, motors and control equipment, and to the electronic control apparatus constituted an "Accident" as defined by the Machinery Breakdown policy. The total loss, damage and expense sustained by the insured amounted to just under CAD\$32,000.; damage to property not covered by the Machinery Breakdown policy included clean-up of the vault including pumping, and certain payroll charges. Although not finalized, the net indemnity under the Machinery Breakdown coverage is anticipated at approximately \$20,000. This loss is not as substantial as some, however it is interesting because the rainfall, tide and design of the location placed the event in the "1-in-100 year" anticipated loss category.