

DETAILS OF INTERESTING CLAIM

Type of Insurance:

Course of Construction

Description of damaged item:

Wind Turbines

Cause of Loss:

Wind - tornado

Claim Cost:

\$5,000,000 CDN

Description of Incident and Loss Prevention Measures initiated:

A power producer utilizing wind turbines experienced severe damage to their equipment as a result of tornado activity. An estimated \$3mm to \$4mm damage was first scoped on the total loss. Machinery Breakdown coverage included damage to at least 9 turbine blades, which are estimated at \$125K+ each. The loss location was a facility under construction at the time of the event, and a significant delay in start-up was anticipated. In addition, equipment used for construction and erection was damaged, and due to the nature of that equipment extended delay was anticipated while repairs or replacement were to be effected. Reserves and payments totaling over \$5mm. have been placed by underwriters.

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

Mapping severe thunderstorm events at the province-wide scale is fraught with difficulty. For instance, the geographical distribution of hail is highly irregular from year to year and should probably be regarded as spatially random rather than systematic. Hail is such a variable phenomenon that using average annual point frequency values from a comparatively small number of first-order meteorological stations conveys an artificial impression of a degree of regularity and consistency over a region which is simply not borne out by finer-scale hail-observer networks.

Mapping distribution patterns of tornadoes presents similar problems. Moreover, there is known to be a strong spatial bias, reported frequencies in and close to large urban centres being several times greater than in nearby rural areas. Various tornado-frequency maps for Saskatchewan have been published but all are subject to question.