

What became of the claim?

MATERIAL DAMAGE



Event

A sudden and severe rainstorm breached the insured's warehouse and office premises. Water inundated the site, damaging packaging stock, machinery, and other essential contents. To recover quickly, the business cleaned up the property by disposing of all damaged goods. As a consequence, the assessor wasn't able to accurately inspect the loss.

Impact

The flood left a trail of destruction. Packaging materials, metal components, and boxes were all affected. Key equipment, like sealing machines and heaters, was also damaged. To keep operations moving, the business urgently air-freighted replacement stock. The total estimated cost of the loss, including stock and claims preparation, exceeded \$150,000.



In times of crisis, a fast notification to the insurer is critical. After ensuring the safety of personnel, contact the insurer as soon as possible. The insurer will appoint a loss adjuster, who will give the insured clear instructions.

Warehouse flooding: The cost of poor documentation



Response

Due to their initial attempt to contain the damage and get the business up and running quickly, limited physical evidence remained, and the business relied on photographs and a handwritten inventory to support the claim. The documentation was inconsistent - some photos showed potentially salvageable items, and many appeared to be outdated stock. Claims preparation time was lengthy, given the lack of initial organisation, and further investigation revealed that entire cartons had been discarded without checking if the contents could be salvaged.

Outcome

After careful review, the insurer approved only part of the original claim. Verified equipment damage and a portion of the stock loss were reimbursed, but a portion of the claim was scaled back due to insufficient loss evidence. The final payout was based on a lower amount than the original claim.



**This case study has been modified to deidentify any real-life individuals, events, or organisations (July 2025).*