

You Be the Expert:

How would you answer this question from one of our readers?

Could you help or point me in the right direction? I am working on a project that has to do with concurrent causation and how policy forms handle a hurricane claim when you have wind damage, water damage, wave wash, storm driven water, or rain, etc. Is there any standard rule or state law by which carriers are required to respond when you have a loss and the proximate cause may be in question?

For example, if a building is completely gone after a storm, who pays for the damage?

In this scenario, let us say that the insured has a wind policy with X carrier. They were required to carry flood coverage through the NFIP up to the maximum allowable limits of \$500,000. Then excess flood was insured through a different carrier, Y.

In this type of scenario, you are not able to go look at the high water mark and say, "All damage above this line is wind and wind driven rain and below this line it is flood." No building is there to evaluate because it was destroyed.

Also, is wave wash a wind peril or a flood peril?

A number of carriers have developed "anti-concurrent causation" wording to help clarify these situations. Any help you can provide would be appreciated.

Send your responses to info@bisimplified.com

GET THE FACTS

According to Risk Management Magazine's "Hindsight":

- Last year, there were 950 natural catastrophes, making 2010 the second most active year since 1980. The average year sees 785 events. Disasters killed an estimated 295,000 people and caused overall losses of \$130 billion—\$37 billion of which was insured, making 2010 the sixth most intense loss year for the insurance industry since 1980. Insured losses in the United States totaled only \$13.6 billion, well below the yearly average since 2000 of \$25.8 billion.
- Each year, obesity costs Canada and the United States a total of approximately \$300 billion.
 1. \$127 billion: Economic cost of excess medical care caused by overweight and obesity.
 2. \$49 billion: Economic loss of productivity caused by excess mortality.
 3. \$73 billion: Economic loss of productivity caused by disability for active workers.
 4. \$72 billion: Economic loss of productivity caused by overweight or obesity for totally disabled workers.

"We can't stand back and ignore the fact that overweight and obesity are drivers of cost increases and detrimental economic effects. It's time for actuaries, the employer community, and the insurance industry to take action and help consumers make smart, healthy decisions."

