

Two Claims, One Deductible - A Claim Scenario



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In December of 2006, windstorms slammed into Puget Sound and Southern British Columbia, producing hurricane-force wind gusts and heavy rainfall that caused several million dollars worth of damage and leaving over one million residences without power.

Shortly before the storm, one of Parker, Smith & Feek's general contracting clients was in the midst of working on site preparation for several large projects in the Puget Sound region. The work required that broad sections of property had to be cleared and were being used as staging areas.

The storm caused a substantial amount of water run-off that flowed from the jobsite and down the adjacent roadway. Two of the neighboring property owners alleged damage to their properties due to water run-off issues caused by the storm. The property owners argued that the general contractor's clearing operations had contributed to the damage.

The general contractor's liability insurance company agreed to defend the general contractor and incurred defense expenses which were subject to a \$25,000 (per occurrence) deductible as stipulated by their insurance policy.

Several months later a different claimant, from another part of the storm ravaged area came forward and alleged similar damages as a result of the same general contractor's site preparations on a similar project site. Once again the general contractor's insurance company agreed to provide a defense and then applied another \$25,000 deductible towards defense costs associated with this new claim.

Parker, Smith & Feek recognized that both of the claims against the general contractor were the result of the same December storm. We argued that the damage in both claims was the result of the same "occurrence" (the storm) and therefore only one deductible payment was necessary based on the liability policy's terms. The insurance company agreed with Parker, Smith & Feek's stance, and voided the second deductible payment, which saved this general contractor \$25,000.