

COMMERCIAL PROPERTY INSURANCE CLAIM CASE FILE
Claim #2024-CP-087456
Manufacturing Facility - Partial Water Damage & Business Interruption

EXECUTIVE SUMMARY

Claimant: Precision Manufacturing Ltd. (PML)
Policy Number: CP-4827-2023
Claim Date Filed: March 15, 2024
Incident Date: March 12, 2024
Location: 2847 Industrial Drive, Newark, NJ 07105
Claim Amount: \$387,500 (Initial estimate; under investigation)
Status: Pending - Additional documentation required

This claim involves partial water damage to a three-story manufacturing facility following an undetermined plumbing event. The claimant reports business interruption losses exceeding typical seasonal patterns, but supporting documentation is incomplete and timelines are unclear.

CHRONOLOGICAL EVENT TIMELINE

February 2024 Events

February 3, 2024 - 10:15 AM

- Building maintenance staff (name redacted in report) observed minor water seepage in basement mechanical room near west wall.
- No formal incident report filed. Verbal notification only to building supervisor.
- *Note: No photos taken. No dates recorded in maintenance log.*

February 5-12, 2024

- Period during which maintenance allegedly addressed water intrusion. Exact dates and methods unclear.
- Purchase order #PR-2847 issued but vendor name partially illegible in copy provided.
- *Note: Invoice not yet submitted. Vendor contact information unavailable.*

February 18, 2024

- Claimant reports roof inspection conducted. Inspector identification unknown.
- Preliminary report mentioned "potential vulnerability in roof seams, west side."
- Original inspection report not provided; only handwritten notes from site manager.

February 22, 2024

- Water seepage reportedly reappeared. No photographs.
- Building occupants relocated from second floor production area "for several days." Exact duration not specified.
- Estimated loss of production: "approximately \$25,000" (no supporting calculations).

March 2024 Events

****March 12, 2024 - 2:47 AM** *(Primary Loss Event)***

- Overnight water intrusion event discovered when morning shift arrived at 6:30 AM.
- Extent of damage: Unknown until post-incident inspection (see March 13-14 events).
- Source of water: "Undetermined" per initial incident report.

Possibilities include:

- Roof failure (west section)
- Plumbing rupture (third-floor bathroom area - location uncertain)
- HVAC condensation drain backup
- Exterior wall crack
- *Note: No clear evidence points to single cause. Building has never had formal engineering survey.*

****March 12, 2024 - 6:30 AM****

- Morning shift supervisor discovered water pooling in basement mechanical room and on second-floor production area.
- Immediate action: Power shut-off to affected areas. No emergency water mitigation company called until 10:30 AM (4-hour delay).
- *Unresolved question: Was this delay necessary? Claimant states "awaiting approval," but no documentation of approval request exists.*

****March 12, 2024 - 10:30 AM****

- Emergency response company (name partially obscured: "QuickDry Services" or "QuickFlow Services?") called to premises.
- Arrival time: Claimed as "approximately 11:00 AM" by claimant; 11:47 AM per their invoice timestamp.
- Initial water removal and assessment began.

****March 13, 2024 - 8:00 AM****

- Claimant submitted preliminary claim notice to insurance carrier.
- Estimated damage: \$387,500 (basis for estimate not explained).
- Claim described as "catastrophic water damage affecting 60% of facility."

****March 13, 2024 - 2:15 PM****

- Claimant's public adjuster, Mark T. [Last name redacted], appointed.
- Public adjuster immediately disputed initial damage assessment as "underestimated."
- New estimate requested but not yet provided as of March 15.

****March 14, 2024 - 9:00 AM****

- Insurance company's loss assessor, Jennifer K. [Last name redacted], inspected facility.
- Visual assessment only; no moisture readings taken at that time.
- Assessor noted "inconsistencies in claimant's account of water path."
- Preliminary assessment: Damage confined to basement and small portion of second floor (estimated 15-20% of facility).

****March 14, 2024 - 3:30 PM****

- Claimant provided photographic evidence of water damage.
- Photo dates appear inconsistent (some labeled March 12; others lack timestamps; one appears to be from 2023 based on calendar in background).
- *Concern flagged: Photo verification pending.*

****March 15, 2024 - 11:00 AM****

- Formal claim filed with all parties (claimant, adjuster, assessor, carrier).

- Documentation package includes:

- 3 of 5 promised maintenance records
- 2 of 3 water mitigation invoices
- Photographic evidence (authenticity being verified)
- No roof inspection report
- No plumbing assessment
- No structural engineer report
- No complete business records for loss-of-use calculation

****March 16-17, 2024****

- Additional site inspections by independent testing firm contracted by insurance carrier.
- Moisture mapping conducted in basement, second floor, and third floor.
- Results pending (expected March 22, 2024).

LOSS DETAILS & SUPPORTING EVIDENCE

Property Damage Claim

****Reported Loss:**** \$287,500

****Claimed Damage Components:****

- Water-damaged equipment: \$125,000 (detailed inventory list not provided)
- Ruined raw materials and work-in-progress inventory: \$89,000 (no photos, quantities unverified)
- Flooring and structural repairs: \$52,000 (quote from single contractor; no competitive bids)
- HVAC system replacement: \$21,500 (claimed as "necessary" but original equipment age/condition unknown)

****Assessment Status:**** Awaiting moisture testing and structural engineer report. Public adjuster disputes assessor's damage categorization.

Business Interruption Claim

****Reported Loss:**** \$100,000 (claimed through business interruption rider)

****Period of Interruption:**** March 12 - March 27, 2024 (15 days, claimant's calculation)

****Claimed Lost Revenue:**** "\$100,000 represents lost sales during facility shutdown."

****Supporting Documentation Issues:****

- No monthly profit-and-loss statements provided
- No evidence of regular seasonal patterns
- No documentation of orders cancelled vs. deferred
- Bank deposits for March show \$67,000 (contradicting the \$100,000 loss claim)
- *Note: Claimant states some customers paid deposits in advance; amounts unclear.*
- Payroll records partially provided (only February full records; March records "in accounting department")

****Dispute Flag:**** Policy covers "necessary business interruption" only. Claimant operated partial production March 16-27 but claims full revenue loss.

COVERAGE & POLICY CONSIDERATIONS

****Policy Type:**** Commercial Property and Casualty (CP-4827-2023)
****Coverage Period:**** January 1, 2024 - December 31, 2024
****Deductible:**** \$25,000

****Potential Coverage Issues:****

- **Cause of Loss Determination:****
 - If caused by plumbing failure: Likely covered under property damage section.
 - If caused by roof/external defect: Coverage depends on maintenance history and prior knowledge.
 - If caused by negligence in prior repairs: Claimant may have limitation or exclusion.
- **Business Interruption Clause:****
 - Covers losses only from "direct physical loss or damage."
 - Claimant operated 40% of normal capacity March 16-27; full loss claim questionable.
- **Preventive Maintenance Requirement:****
 - Policy requires "quarterly roof inspections for facilities over 25 years old."
 - Building constructed 1987; last documented inspection: February 18, 2024 (informal, no report).
 - Potential coverage defense: Breach of maintenance obligation.
- **Inventory Coverage Limits:****
 - Policy includes \$150,000 limit for work-in-progress.
 - Claimant claims \$89,000 in WIP damage (within limit), but amounts unverified.

OUTSTANDING DOCUMENTATION & UNRESOLVED ISSUES

**Critical Missing Items**

| Item | Status | Impact |
|---------------------------------|------------------------|---|
| Roof inspection report (Feb 18) | Not provided | Cannot determine if roof was known defect |
| Plumbing assessment | Not conducted | Cannot determine loss cause |
| Structural engineer report | Pending (due March 22) | Cannot assess full extent of damage |
| Moisture testing results | Pending (due March 22) | Cannot verify damage claims |
| Maintenance contract copies | Partially provided | Cannot verify prior repairs adequately |

| Vendor invoices (Feb repairs) | 1 of 3 received | Cannot verify amounts spent |
| Water mitigation invoices | 2 of 3 received | Cannot reconcile charges |
| Business financial records | Incomplete | Cannot verify interruption loss |
| Production logs | Not provided | Cannot verify operational status March 16-27 |
| Customer communication records | Not provided | Cannot verify cancelled orders |

Specific Unresolved Questions

1. **Water Source Determination:**
 - Root cause still undetermined after 3 days.
 - West wall seepage (Feb) could be separate from overhead water (March 12).
 - Plumbing third floor not yet inspected.
 - *Resolution needed: Plumbing assessment + structural inspection*
2. **Extent of Damage Discrepancy:**
 - Claimant claims 60% of facility affected.
 - Insurance assessor estimates 15-20%.
 - Public adjuster claims "closer to 40%."
 - *Resolution needed: Moisture mapping + structural survey*
3. **Timeline of Feb-March Events:**
 - Feb repairs completed but details sparse.
 - Feb seepage recurrence date unclear.
 - Duration of Feb occupant displacement unknown.
 - *Resolution needed: Maintenance records review + staff interviews*
4. **Business Interruption Calculation:**
 - March bank deposits (\$67K) contradict loss claim (\$100K).
 - Partial production capacity March 16-27 not accounted for in claim.
 - "Advance deposits" mentioned but not documented.
 - *Resolution needed: Complete financial records + customer order documentation*
5. **Photo Authenticity:**
 - Some photos lack consistent timestamps.
 - One background calendar detail suggests 2023 date.
 - *Resolution needed: Photo metadata analysis + site photographer interview*
6. **Contractor Selection:**
 - Damage repair quote from single vendor (no competitive bids).
 - Vendor relationship to claimant unknown.
 - HVAC replacement marked "necessary" without justification.
 - *Resolution needed: Multiple quotes + engineer recommendation*

ASSESSOR & ADJUSTER OBSERVATIONS

Insurance Assessor Notes (Jennifer K., March 14)

"Preliminary site inspection revealed inconsistencies between claimant's account and physical evidence. Water patterns on second floor suggest localized damage, not facility-wide. Claimant provided conflicting timeline regarding Feb seepage vs. March 12 primary event. Public adjuster present at inspection but did not cooperate with full assessment. Recommend: (1) Moisture mapping, (2) Plumbing inspection, (3) Roof structural assessment, (4) Financial records audit for BI claim. Do not approve claim until cause of loss is determined."

Public Adjuster Statement (Mark T., March 13)

"Client's loss is clearly within policy limits. Insurance company tactics of delaying payment are harming business operations. Water damage is extensive and business interruption ongoing. Estimate of \$387,500 is conservative given market replacement costs. Demand immediate payment pending detailed assessment."*

Claimant Statement (submitted March 13)

"We have been good-faith customers for three years with no prior claims. The March 12 event was sudden and severe. We acted quickly to mitigate further damage. The \$387,500 figure represents our honest assessment of losses. We do not understand why the insurance assessor is questioning the damage when photos are provided. We need funds immediately to restart operations."*

INVESTIGATION STATUS & NEXT STEPS

Completed Actions

- ✓ Preliminary claim filing (March 13)
- ✓ Initial loss assessor inspection (March 14)
- ✓ Emergency mitigation services engaged (March 12)
- ✓ Photographic documentation collected
- ✓ Partial business records review

Pending Actions *(Due by March 22-29)*

- ☐ Moisture mapping and testing report
- ☐ Structural engineer assessment
- ☐ Plumbing system inspection and assessment
- ☐ Roof structural evaluation
- ☐ Complete maintenance records from claimant
- ☐ All water mitigation invoices and receipts
- ☐ Complete business financial records (Feb-March)
- ☐ Customer order documentation and cancellation records
- ☐ Photo metadata authentication
- ☐ Competitive repair quotes (minimum 3)
- ☐ Staff interviews regarding timeline and operational impact

Decision Timeline

| Date | Milestone |
|----------|-----------------------------|
| ----- | ----- |
| March 22 | Moisture testing report due |

| March 25 | Structural and engineering assessments due |
| March 28 | Public adjuster revised damage estimate due |
| March 31 | All outstanding documentation deadline |
| April 5 | Internal claim review meeting |
| April 12 | Coverage determination notice to claimant |
| April 19 | Final claim decision and payment/denial notice |

CLAIM CLASSIFICATION & RISK FACTORS

****Claim Complexity Level:**** HIGH

****Investigation Risk Rating:**** ELEVATED

****Risk Factors Identified:****

1. ****Unclear Loss Causation**** (High Risk)
 - Multiple potential causes not yet investigated
 - Prior water issues in February unrelated or connected?
 - Determines coverage applicability
2. ****Inconsistent Damage Assessment**** (High Risk)
 - 60% claim vs. 15% estimate = \$300K+ discrepancy
 - Photos lack consistent authentication
 - Awaiting objective testing
3. ****Business Interruption Calculation Issues**** (Medium-High Risk)
 - Financial documentation incomplete
 - March bank deposits contradict loss claim
 - Partial operations not accounted for
4. ****Maintenance & Prevention Questions**** (Medium Risk)
 - Prior knowledge of defects (Feb seepage)
 - Feb repairs inadequately documented
 - Policy requires maintenance compliance verification
5. ****Public Adjuster Involvement**** (Medium Risk)
 - Increases claim complexity and timeline
 - Potential for litigation if claim denied
 - Cooperation level for investigation lower

INSURANCE COMPANY RECOMMENDATIONS

****Current Status:**** CLAIM UNDER INVESTIGATION - NO PAYMENT AUTHORIZED

****Recommended Action:**** Do not approve full claim amount until:

1. Root cause of water intrusion definitively established
2. Moisture testing confirms damage extent (within or exceeding estimates)
3. Structural integrity assessment completed
4. Business interruption calculation verified against financial records
5. Photo authenticity confirmed
6. Maintenance compliance history cleared

****Conditional Approval Thresholds:****

- **If cause = sudden/external:** Likely covered; proceed with damage assessment

- **If cause = negligent prior repair:** May invoke maintenance breach; reduce coverage

- **If cause = unknown/undeterminable:** Request additional investigation; consider coverage dispute

- **Property damage claim:** Approve within policy limits once cause determined (likely \$150K-\$250K range)

- **Business interruption claim:** Reduce to \$35K-\$50K based on financial record conflicts

****Estimated Timeline to Resolution:**** 3-4 weeks (contingent on completion of pending assessments)

APPENDIX A: POLICY COVERAGE SUMMARY

****Policy Number:**** CP-4827-2023

****Policyholder:**** Precision Manufacturing Ltd.

****Coverage Period:**** January 1, 2024 - December 31, 2024

****Premium:**** \$42,750 (annual)

****Coverage Sections:****

- 1. Building/Structure: \$1,200,000 limit
- 2. Contents/Equipment: \$800,000 limit
- 3. Work-in-Progress Inventory: \$150,000 limit
- 4. Business Interruption: \$100,000 limit
- 5. Emergency Mitigation: \$50,000 limit

****Deductibles:****

- Property: \$25,000
- Business Interruption: 7-day waiting period
- Mitigation: \$5,000

****Exclusions:****

- Flood damage (separate policy required)
- Maintenance-related damage (if preventive measures not taken)
- Undisclosed pre-existing conditions

APPENDIX B: DOCUMENT CHAIN OF CUSTODY

| Document | Provided By | Date Received | Status |
|---------------------------|------------------------|---------------|--|
| Initial incident report | Claimant | March 13 | Received - incomplete |
| Maintenance records | Claimant | March 14 | Partial (3 of 5 expected) |
| Water mitigation invoice | QuickDry/Flow Services | March 14 | 2 of 3 received |
| Photographic evidence | Claimant | March 14 | Received - metadata verification pending |
| Public adjuster estimate | Adjuster (Mark T.) | March 15 | Received - under review |
| Insurance assessor report | Jennifer K. | March 15 | Received |
| Roof inspection notes | Claimant | March 16 | Handwritten only - unclear |

| Financial records | Claimant | March 16 | Incomplete - February full,
March partial |

Case File Compiled By: Claims Investigation Department
Date Compiled: March 16, 2024
Next Review Date: March 22, 2024
Assigned Investigator: [Name redacted]
File Status: OPEN - ACTIVE INVESTIGATION