

# Introduction to Commercial Claims

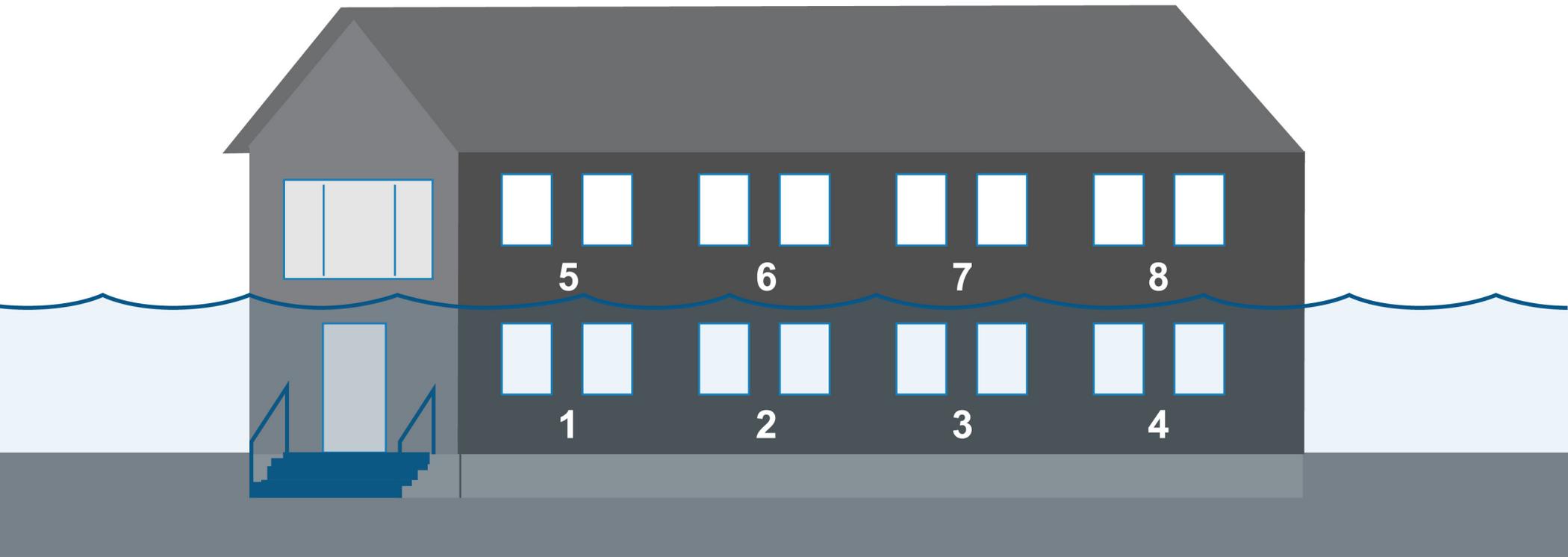
## Case Study #1 Applying Policy Limits



This case study will examine applying policy limits.

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## Case Study #1 Applying Policy Limits



In this example, an eight-unit apartment complex was flooded by a torrential rain on May 18, 2015. At first glance, the flooding seems to have affected only the apartment building.

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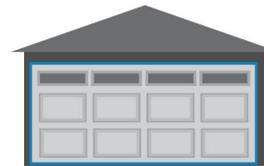
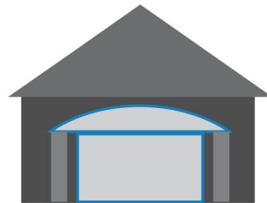
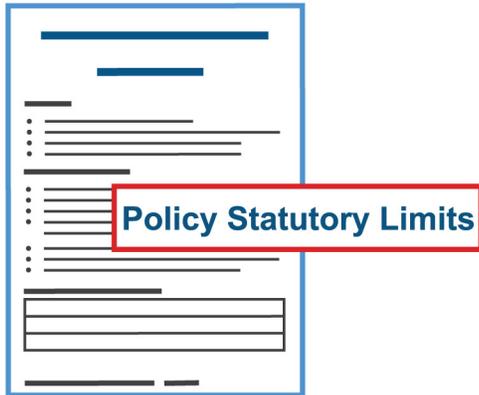
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However, upon further inspection, the apartment building, pool house, detached garage, and tool shed were found to have sustained flood damage.

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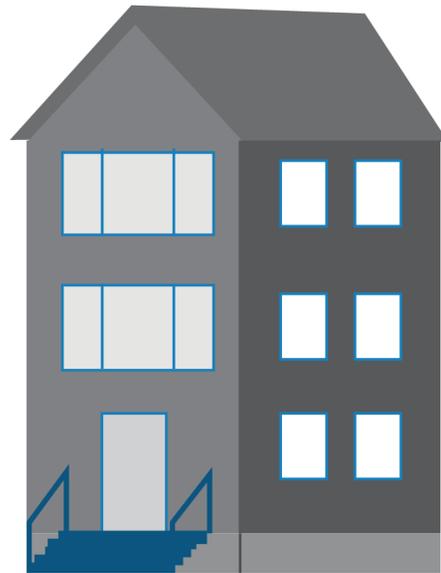
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To settle this loss, here are some items to consider. First, determine each policy's limit for building coverage. Then, establish whether the contents are household personal property or other than household personal property. Also, when there are multiple buildings at the described location, the adjuster must establish ownership of both the building and contents to ensure that coverage is applied to the correct loss.

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\$500,000

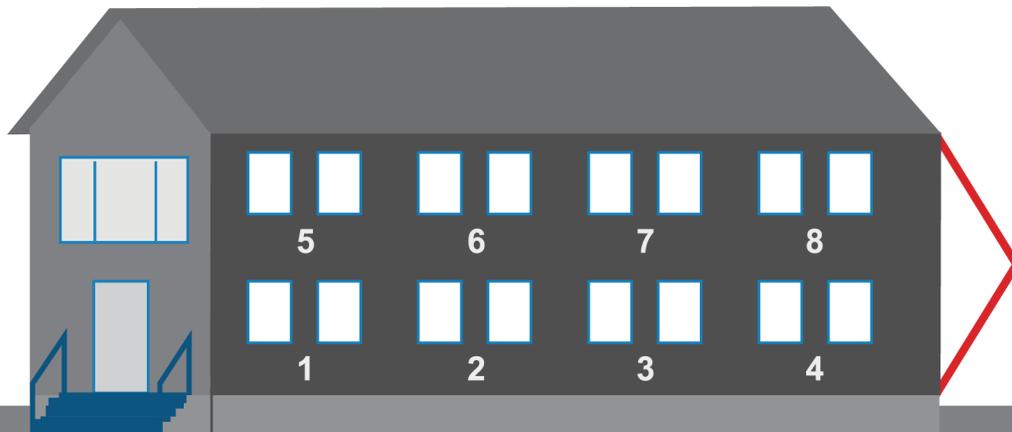


\$100,000

The building coverage limit for Other Residential multi-family buildings is \$500,000, and the contents limit is \$100,000.

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Building coverage - **\$500,000**

Contents coverage - **\$100,000**

Coverage limits for Other Residential apartments are not the same as the limits in the Residential Condominium Building Association Policy.

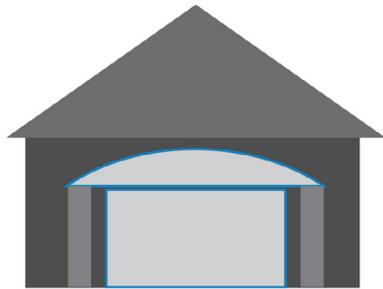
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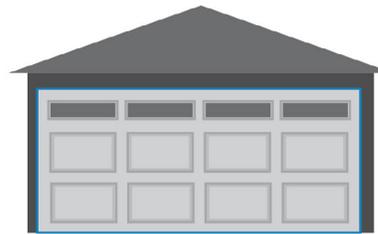
### Non-Residential Coverage Limits Available Under the NFIP

Building Coverage

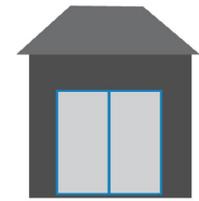
\$500,000



\$500,000

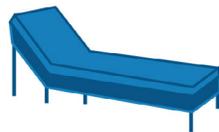


\$500,000



Contents Coverage

\$500,000



\$500,000



\$500,000



The other buildings on the property are considered non-residential buildings. To be covered, they would each need a separate policy. Each of these buildings may have coverage up to \$500,000 on the building and \$500,000 on the contents.

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### Policy Limits



Building Coverage

\$500,000



\$125,000



\$75,000



\$50,000



Contents Coverage

\$100,000



\$500,000



\$25,000



\$0



The building and contents coverage limits are different for each building, as shown here. Check that the building types and limits of coverage are accurate for each policy.

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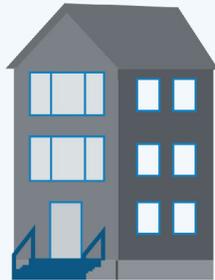
## Case Study #1 Applying Policy Limits

### Policy Deductibles



Building Coverage

\$5,000



\$2,000



\$1,500



\$1,500



Contents Coverage

\$5,000



\$2,000



\$1,500



\$0

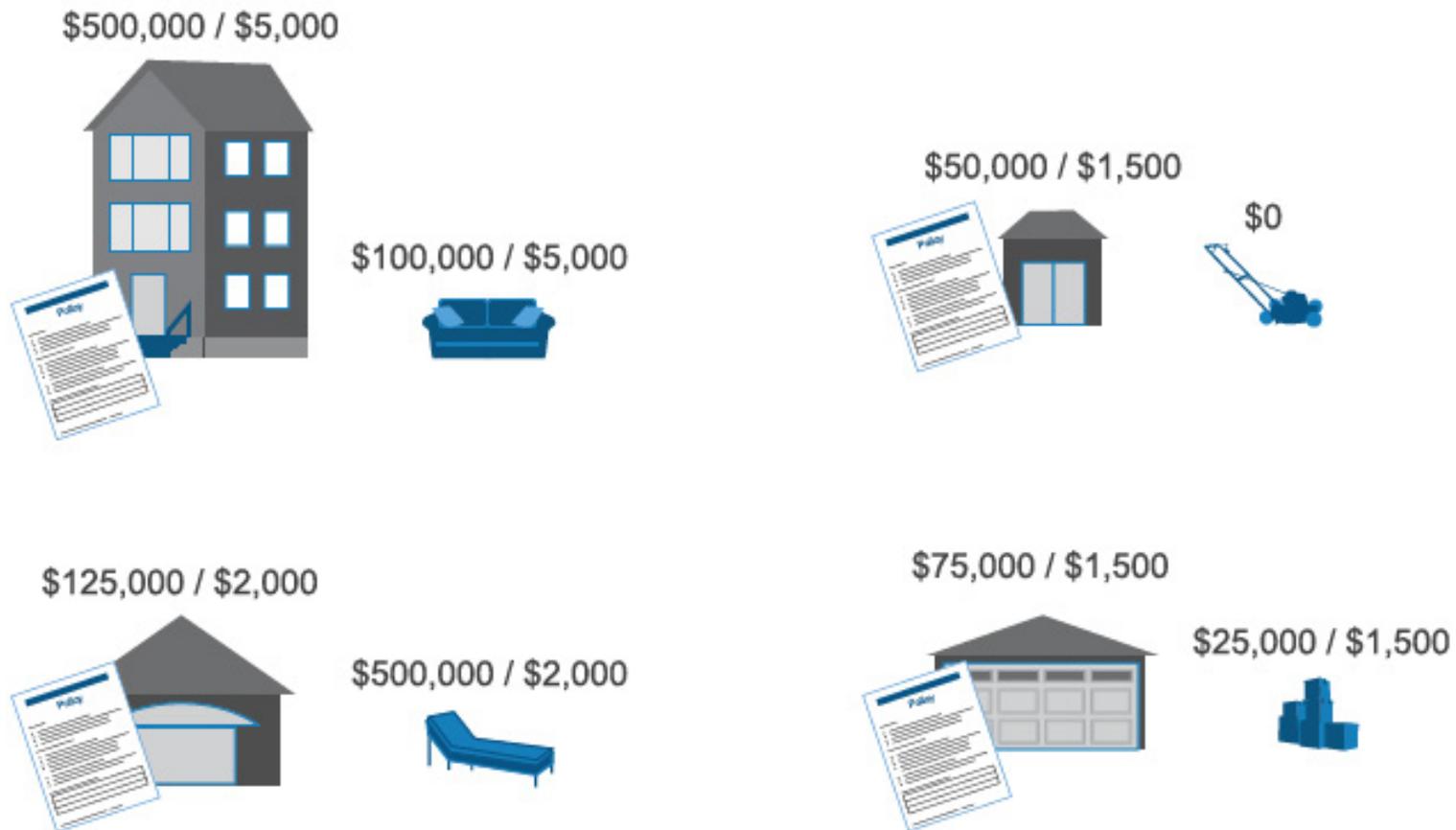


The building and contents deductibles for our case study vary by building, as shown here. Be sure to double check coverage limits and deductibles and correctly identify the location of each building.

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### Policy Limits and Deductibles



Here we see the coverage amounts followed by deductible amounts for both building and contents. When there are multiple buildings, be sure the coverage amount shown on each policy is correct and the building is described correctly. There is no extension of coverage in the General Property Form as there is in the Dwelling Form. Remember the NFIP rule of one building per policy.