

CASE STUDY:

SOME DENTS ARE COVERED, SOME ARE NOT

Be sure you understand what your policy covers, particularly where there are optional forms of coverage available.

Case:

The consumer suffered a hail storm loss to his metal covered outbuilding. The metal cladding on the building was dented but there were no holes in the metal caused by the hail.

The outbuilding was covered for all risks of direct physical loss or damage, except:

“loss or damage to insured barns, buildings or structures caused ...by hail, whether driven by wind or not, to the outer metal cover unless the cover is punctured by the hail.”

Resolution:

The consumer felt that this definition should encompass the damage to his building because the word “puncture” seemed ambiguous in this situation. The insurance company used the most common definition of puncture: “to make a hole”. The case proceeded to mediation where the definitions, the consumer’s coverage and available optional coverage was fully discussed. It was concluded that there was not coverage for this loss.

It was pointed out that the consumer could have purchased additional coverage for dents caused by hail. Unlike auto insurance, where dent damage caused by hail is usually covered, this is not always done for metal buildings unless the hail actually breaks through the metal covering.