PRUDENT
THE FUTURE OF INSURANCE



Liability Claims

TAKEAWAYS

September, 2026

Welcome to the **68th edition** of '**Liability Claims Takeaways**' - our monthly insights from industry stalwarts.

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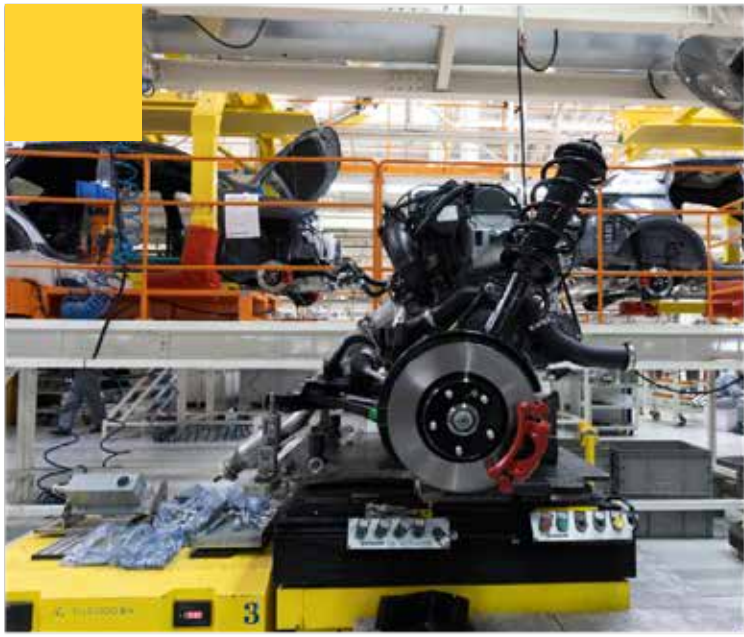
1 Commercial General Liability Policy

Event Chronology

An Indian automotive OEM supplied hood release cable assemblies to a leading automobile manufacturer overseas. During vehicle assembly, the customer reported that the hinges of the splitter box lid had fractured resulting in extensive sorting, inspection, and rework exercise.

To address the issue and disruption, multiple third-party agencies, resident engineers and temporary labour resources were engaged across different locations. The resulting loss involved a range of costs, vendors, and supporting documentation, making the assessment and substantiation of the claim particularly complex.



Key Intent of the Claim Case Study

Demonstrate the importance of effective claims advocacy in complex product-related losses, particularly where costs are incurred across multiple locations involving several service providers and evolving documentation requirements.

Scope of the Policy

The product guarantee and financial loss insurance coverages respond to the insured's economic losses caused by defective products, including reasonable mitigation, rework and associated third party costs, wherever legally recoverable.

Highlight

Effective claims advocacy and evidence reconstruction can materially increase claim recovery by successfully substantiating costs that were initially challenged or excluded.

Prudent: The Part Well Played

A significant part of the challenge was substantiating costs that had initially been excluded from the assessment. Through engagement with overseas vendors and relevant stakeholders, additional evidence was obtained to demonstrate the nature and quantum of the expenses incurred. During the assessment, several elements of the claim were questioned due to gaps in invoices, vendor reports and timesheets. Additional work narratives, declarations, inspection reports and payment records were subsequently identified and presented to strengthen the substantiation of the loss.

Additionally, Prudent worked through repeated queries relating to manpower hours, inspection activities, freight costs, rework expenses and associated losses. Detailed inspection records and closure reports were also compiled to establish the work undertaken and link the associated expenditure to the loss event.

Through persistent engagement, careful review of the available evidence, and a structured presentation of the claim, Prudent helped secure substantial consideration of the insured's costs.



2 Professional Indemnity Insurance

Event Chronology

A technology services provider responsible for the settlement, end-to-end reconciliation and dispute management of digital transactions for a leading bank experienced an operational error during year-end processing.



Due to delays in system generated reconciliation outputs and the need to meet urgent customer credit requirements, a bulk transactions file was prepared manually. During this process, transaction data became misaligned resulting in incorrect credits being posted to several thousand customer accounts although the overall batch value remained unchanged.

Recovery efforts were subsequently initiated to reverse the excess credits. However, a portion of the amounts could not be recovered and was ultimately borne by the insured as a result of the deductions made by the bank.

Key Intent of the Claim Case Study

Illustrate how errors in rendering professional services can give rise to legal liability exposures, and how policy interpretation, contractual obligations and the underlying intent of the coverage play a critical role in determining the extent of cover.

Highlight

Prudent successfully defended policy coverage by demonstrating that the incident arose from the insured's professional services rather than an excluded banking software failure

Scope of the Policy

Professional Indemnity insurance covers claims alleging errors, omissions, negligent acts or failures in the performance of professional services, including resulting financial losses sustained by clients and associated defence and settlement costs.

Prudent: The Part Well Played

The insurer initially questioned the coverage on the basis that the claim fell within the ambit of a policy exclusion relating to software and solutions supporting core banking services. Prudent addressed this position through a detailed review of the service agreement, applicable service level obligations, underwriting correspondence and root cause analysis.
The submissions demonstrated that the loss arose from reconciliation and TTUM* processing

services performed by the insured, rather than from the underlying software or banking solution itself.
Prudent also assisted in reconciling recovery figures and establishing the final loss amount which provided a clear basis for the insurer to assess the claim within the intended scope of cover.

*TTUM stands for Telegraphic Transfer and Transaction Upload Maintenance



3 Multimodal Transport Operator Liability

Event Chronology

A logistics and warehousing service provider inadvertently dispatched an incorrect raw material in place of the product ordered by its customer, following a picking error during warehouse operations. The material was subsequently used by the consignee in their manufacturing process, resulting in the production of lower grade finished goods that could only be sold at a significantly reduced value.



Following a detailed investigation and collaborative discussions among all stakeholders, the parties reached a commercial settlement, resulting in the customer submitting a reduced claim against the insured.

The matter then proceeded through a detailed survey and assessment process involving a review of warehouse records, dispatch documentation, operating procedures and the supporting evidence submitted by the customer to substantiate the loss.

Key Intent of the Claim Case Study

Demonstrate how logistics and warehousing errors can result in losses for customers and how effective claims management can overcome documentary challenges in MTO liability claims.

Scope of the Policy

MTO (Multimodal Transport Operator) policies protect logistics operators and transport service providers against legal liability arising from errors, omissions, negligence or mishandling of cargo during storage, handling, transportation and delivery operations undertaken in the course of their services.

Highlight

A warehouse dispatch error can have far reaching consequences beyond the point of delivery, resulting in significant manufacturing and financial losses

Prudent: The Part Well Played

Prudent supported the insured in establishing liability arising from a warehouse dispatch error, while simultaneously demonstrating that the negotiated settlement represented a reasonable mitigation of the customer's substantially higher original loss.

While the insurer's final coverage position is awaited, the claim presented significant challenges due to limited availability of records from downstream parties and continued questions regarding liability, causation and quantum. Prudent worked closely with the insured and surveyor to construct the chronology of events, provide alternative documentary evidence where primary records were unavailable, and explain the operational error that led to the loss. Additionally, Prudent highlighted the insured's efforts in mitigating exposure through commercial negotiations, resulting in a reduction of the claimant's demand.



We are sure you found the anecdotes interesting and got some key points to take away.

Stay tuned for the next edition!

About Prudent Insurance Brokers

We, at Prudent Insurance Brokers, provide industry-leading expertise in designing and managing insurance programs to address unique requirements of your organisation. We have a client-centric service infrastructure that delivers proactively & passionately in a highly systematic manner. Our Liability Team consists of members with underwriting experience and the largest number of lawyers who can assist you across different areas:

- Identifying and addressing gaps in your current insurance programs
- Arranging the most cost-effective cover from Indian and international markets
- Ensuring contract compliance for your insurable indemnities
- Offering 360° claims management by one of the largest claims teams across any broker in India
- Providing global solutions through the strongest international alliances



Our Claim-handling Expertise

Our team members come from varied areas of expertise, thereby enabling us to ensure that our clients are assisted thoroughly, through every step of the claims-handling process. We take pride in our professional competency and diligence, and our team is always willing to walk the extra mile in client service.

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PRUDENT INSURANCE BROKERS PVT. LTD. (Composite Broker)

Certificate of Registration IRDAI No. 291 & IFSCA No. 017 (Validity: 18th February 2026 to 17th February 2029)

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