PRUDENT
THE FUTURE OF INSURANCE

Edition 10 | October 2026

MAZE TO AMAZE

SERIES

This unique 'Claims Maze to Amaze Series' aims to take you through some of the most amazing claims processing journeys showcasing the confluence of smart strategy, subject matter expertise leadership and powerful knowledge base, leading to some of the most extraordinary learnings for the insurance industry at large.

www.prudentbrokers.com

MAZE ONE

Charged With Complexity



POLICY TYPE:
Marine Specific Voyage

KEY PLAYERS:

The Insured: The insured is a key player into the business of Battery Energy Storage System (BESS), managing import, handling, and deployment of lithium-ion battery energy storage units

The Insurer: One of the country's key players in the commercial insurance sector

The Starting Point

The insured's consignment of 12 Battery Energy Storage System (BESS) arrived at the Container Freight Station (CFS). During inspection, the insured noticed damage to the bottom rail of one container. Considering the sensitive nature of the battery cargo, the insured instructed the Container Freight Station (CFS) team to move the container to an isolated area. While shifting the container, the trailer lock failed and the container toppled from the trailer, resulting in damage to the cargo inside.



The Roadblock

There were several challenges in the claim.

- Dispute on extent of damage assessment: The insurer restricted the loss assessment to only 11 battery cells that appeared physically damaged out of the total 40 cells
- Conflict over Total Loss (TL) claim: The insured sought a Total Loss (TL) settlement for the entire cargo, which was not accepted by the insurer
- OEM safety protocol constraints: The insured relied on the OEM's SOP which stated that individual battery modules could not be dismantled due to safety risks
- Limited OEM involvement due to overseas location: The OEM was based in China and was unable to physically visit India to inspect and validate the damage
- Inconclusive technical assessment: The external consultant, appointed by the insurer, could not provide a definitive opinion on the admissibility of the claim as a 'Total Loss', resulting in a significant gap in loss assessment

The Dead-end Impact

The claim was majorly delayed during the assessment stage, as the insurer was not convinced that the entire affected container should be treated as a loss. The insurer could only agree to consider the units that were evidently damaged only because 'Fear of Loss' is not a coverage in insurance. Despite multiple rounds of meetings, the claim circled down back to same point.

A Twist in the Tale

With the container getting damaged due to incident, none of the packs complied with UN38.3 and were considered unsafe for transportation. This ruled out the possibility for the insured to return the balance battery packs as rejected.

#Disclaimer Applies

Navigating through the Maze to Amaze

The moment the incident was reported to Prudent, our team promptly carried out the following actions:

Maze 1: Resolving loss quantification challenges

Team Prudent conducted a detailed technical and commercial assessment of the BESS system, holding rounds of discussions with the OEM. This was followed by a review of industry practices regarding damaged battery storage systems to establish the loss to the insurer for the balance of undamaged battery packs. It was found that:

- Each battery pack, composed of lithium, made it extremely vulnerable to even the slightest change in the position of the units, making it unsafe. In the given case, the entire container containing the battery packs had toppled
- OEM was approached to certify the potential risk due to toppling of the battery packs. Since they were based in China, testing and ascertaining the loss was not possible
- The insured had decided to completely reject the balance battery pack, but the transportation of the battery packs, imported from China, warranted UN 38.3 clearance*

*Section 38.3 of the United Nations Manual of Tests and Criteria for lithium cells and battery packs-Before a lithium battery can be shipped by air, sea, road, or rail, it must pass the UN38.3 tests. Since lithium batteries are classified as Class 9 Dangerous Goods because they can pose a fire risk if damaged or defective. UN38.3 testing demonstrates that the battery can withstand transportation-related stresses safely.

Creating a practical settlement framework

To help the client recover its loss, Team Prudent worked closely with the insurer and proposed a practical settlement approach, under which the loss was divided into two components:

- First, the cells specifically identified as 'damaged' by the external consultant would be treated as a total loss. The insured was then convinced to retain the damaged container and salvage
- Second, with respect to the balance cells, where damage couldn't be visibly established (unless tested), their retention or reinstallation posed substantial operational and safety concerns. Hence, a negotiated settlement approach was adopted

With the uncertainty around the operability of the battery packs (with equal likelihood of their functioning or non-functioning), the insured was offered a settlement at 50% of the assessed value of these battery packs. The settlement structure was accepted by both parties, leading to an amicable and mutually beneficial resolution of the matter.

Maze 2: Maximising assessment from surveyor

We explained that physical damage alone should not be the only factor while assessing losses involving battery energy storage systems. We highlighted the practical difficulties in testing, repairing or transporting the damaged BESS unit and explained the safety risks involved. Based on OEM inputs, technical facts and industry practices, we successfully convinced the insurer to consider 26 out of 40 cells as affected. This increased the claim value from around INR 95 lacs to INR 2.45 Cr.

Results

Initially, the insurer had considered the loss limited to only 11 damaged cells based on the consultant's report. We were cognizant of the fact that policy wordings (for specialised cargo such as BESS systems) cargo such as BESS systems, could include provisions based on OEM inputs, technical facts, and industry practices. With subsequent joint discussions involving the all the stakeholders (OEM, insurer, surveyor and consultant), Team Prudent provided a strong argument why the remaining cells could not be treated as fully safe and usable. This clarity helped increase the claim value from around INR 95 lacs to INR 2.45 Cr. and effectively reduced the ongoing disputes.

#Disclaimer Applies

Key Learnings

A key learning from this case is that while underwriting for specialised equipment or cargo, a standard marine policy may not adequately address the unique risks involved. The specific risk exposures should be explicitly called out in the policy wordings and appropriate coverage should be designed.

From claims perspective, it is important to deep dive into facts and meet all stake holders to enable a better representation of the case. It is important to understand that an insurer's claims team is always bound by the policy wordings and coverage extensions. Therefore, we as broking partners must extend full support to them and work towards reaching a mutually viable decision, backed by facts.

Crux

For highly specialised cargo, risk discussions should happen at the policy placement stage itself. Appropriate policy clauses and extensions/add-ons should be negotiated in advance to avoid disputes at the time of claim settlement.



MAZE

Challenging Assumptions, Defending Value



POLICY TYPE:
Industrial All Risks

KEY PLAYERS:

The Insured: The insured is a key player into the business of renewable power generation with multiple sites spread across India

The Insurer: One of the country's key players in the commercial insurance landscape

The Starting Point

Post acquiring newer entities for the purpose of business expansion, the insured found that there was a major claim pending for one of the entities for more than a year. It was discovered that the insurance for this acquired entity was placed through another broker & claim was being dealt by them. The insured highlighted this during one of our interactions and requested our support & advocacy for the claim.

It all started with the tripping of the power transformer (TR-2), resulting in material damages & interruption of power generation. To restore the power generation, the insured had to incur a significant financial cost.

The Dead-end Impact

A major hurdle in the claim assessment arose from the surveyor's disagreement with the insured's decision to repair Transformer TR-2 rather than replace it. According to the surveyor, the replacement could have reduced the interruption period and avoided the substantial rental costs incurred for the temporary transformer. The admissibility of the Increased Cost of Working (ICOW) claim and the rental cost of the temporary transformer was uncertain, as the facility had been acquired and the relevant supporting documents were not available.

The Roadblock

The claim presented several challenges.

When the claim was taken over by Team Prudent, it was more than a year old, and only an initial on-account payment had been released a few months prior. Our team collated all the necessary documents and the correspondences supporting the claim, from the insured, and thoroughly studied the same.

The findings revealed that:

- As per coverage under indemnity period in policy, the restoration had to be completed within 365 days, but the actual restoration of the site got completed only after almost 400 days
- A considerable gap existed between the parties in assessing the business interruption loss, specifically concerning the period of interruption, the basis for power loss generation and computation, and various adjustments including transmission losses, gross profit, and other applicable parameters
- Moreover, the insured had already incurred substantial expenses to maintain business continuity. While these costs were admissible under the Increased Cost of Working (ICOW) cover, provided by the policy, the expenses associated with the renting of the transformer (for the required period) was exceptionally high. This significantly increased the overall claim exposure
- To add to the complexity in this claim, the surveyor favoured replacement of the transformer while the insured insisted on repairing the same

#Disclaimer Applies

Navigating through the Maze to Amaze

The moment the incident was reported to Prudent, our team promptly carried out the following actions:

Maze 1: Unlocking accurate generation loss value

Generation loss is referred to the power which could have been, in ideal scenario, generated if there was no transformer breakdown. The insured had two operational transformers at the given site and while assessing the loss, the surveyor considered the overall power generation. Team Prudent presented a comparative analysis of the power generated by each transformer, Tr-2 vis-à-vis Tr-1, and demonstrated the individual impact of the affected transformer on overall generation.



Maze 2: Redefining the deductible calculation

Another significant challenge emerged during the assessment of the Business Interruption (BI) loss, where the surveyor calculated the deductible at the entire plant level, resulting in a substantially higher deduction from the claim amount. In response, Team Prudent demonstrated that the loss resulted from the failure of a specific transformer (TR-2) and not from any specific event affecting the entire plant. Basis the team's technical representation of the claim, the surveyor agreed to apply the Departmental Clause because of which the deductible was reassessed at the transformer/department level rather than at the whole-plant level.

Maze 3: Turning dead end into a strong admissibility

A major challenge arose around the admissibility of Increased Cost of Working (ICOW) and the rental cost of the temporary transformer. The surveyor strongly questioned the insured's decision to repair the damaged transformer rather than replace it, arguing that a replacement could have avoided the substantial rental costs and potentially reduced the interruption period.

Since the facility was an acquired entity, there was no documentation that could be tracked. Team Prudent, in discussion with the insured, worked out an alternate approach. They managed to procure three quotations of the same period from the insured's record, establishing that the cost of replacing the transformer was much higher than the cost of repair. This is because the cost of replacement involved considerable lead time for manufacturing, shipping, customs clearance, installation, and commissioning.

Despite acknowledging the repair as the most commercially viable option, the surveyor sought to curtail the admissible losses based on the extended rental period and questioned the duration for which rental charges were claimed. Team Prudent presented corroborative evidence in the form of rental invoices, logbooks, and movement records to justify that the rental transformer was procured solely to minimise the Business Interruption (BI) loss. Convinced, the surveyor agreed to share revised loss assessment.

The claim was ultimately settled for INR 7 Cr. approx. under the Material Damage section & for INR 11 Cr. under Business Interruption section.

Result

Team Prudent's intervention resulted in:

- Challenging a plant-level assessment approach
- Securing revisions to the BI calculation methodology
- Defending extended ICOW (Increased Cost of Working) and restoration periods through technical justification
- Obtaining acceptance on calculation of BI days/ICOW period in the revised assessment
- Keeping the Departmental Clause interpretation and transformer-wise deductible application under active consideration

Initially, the BI (Business Interruption) assessment received from surveyor was approximately around INR 2.50 Cr. As a result of meticulous claim representation and multiple rounds of data backed discussions, the claim value was revised to INR 11 Cr.

#Disclaimer Applies

Key Learnings

As a trusted broker partner, we must remain committed to justifying the confidence placed in us by the client. Even in scenario where the loss is not originally reported through us, we must extend end-to-end support throughout the claims journey to safeguard the client's interests. In this case, every representation made to the surveyor was meticulously fact-checked and supported by evidence. For instance, the concerns around delays in repairs were addressed through detailed documentation, including weather data for demonstrating monsoon-related constraints, establishing the client's intent to expedite restoration.

A data backed approach helped us in strengthening the credibility of our submissions and appropriately defending Generation Loss calculations, Increased Cost of Working (ICOW), and the assessment of the Business Interruption (BI) indemnity period.

Crux

It is important to understand that active technical and policy interpretation support, apart from document coordination, play a major role in revising of the claim value offered by the surveyor during the initial assessment phase. It is important to challenge assessment assumptions and defend the rationality of restoration timelines to improve the overall claim outcomes, particularly under the BI and ICOW sections.



PRUDENT
THE FUTURE OF INSURANCE

www.prudentbrokers.com

For more details, connect with

Prudent Insurance Brokers Pvt. Ltd.

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

Registered office at 1st Floor, Tower B, Peninsula Business park, G.K. Marg, Lower Parel, Mumbai – 400013, Maharashtra,

Tel : +91 22 3306 6000 I CIN No.: U70100MH1982PTC027681

Insurance is a subject matter of the solicitation

Disclaimers: Prudent Insurance Brokers Pvt. Ltd. (hereinafter referred to as "Prudent") is a Composite Insurance Broker registered with the Insurance Regulatory and Development Authority of India (IRDAI) and does not underwrite risks or act as an insurer. Prudent provides insurance broking, reinsurance broking, risk management & claims consulting services as permitted under applicable laws and regulations. This report and any recommendations, analysis or advice provided herein, are based on Prudent's experience as insurance and reinsurance brokers or as consultants, as applicable, are not intended to be taken as advice or recommendations regarding any individual situation. The opinions expressed herein are valid only for the purpose stated herein and as of the date hereof. The information contained herein is based on data and materials obtained from third-party sources. While every effort has been made to ensure its accuracy, completeness, and timeliness, the information is subject to change without notice. Prudent makes no representations or warranties, express or implied, regarding the completeness, accuracy, reliability, currency, or suitability of the information for any particular purpose. For Complete details refer to the original policy.

PIBL_Advt26-27_121