



**MJ INSURANCE**  
SORORITY DIVISION

## Property Case Study

### *Subrogation Example*

#### **Scenario**

An extensive fire occurred on the top floor and roof of the chapter facility resulting in a total claim amount of \$1,379,877. Due to the size of the loss, the file was referred to the Subrogation Department immediately. Subrogation Counsel was assigned, as well as a Cause and Origin expert. After the expert's inspection, the subrogation attorney assigned an electrical engineer to inspect the evidence. The experts were able to identify that an electrician working in the building knocked wiring loose, which resulted in the fire. Upon conclusion of the loss adjustment, a demand package was sent to the electrician's insurance carrier. Mediation between the electrician's insurance carrier and the organization's insurance company took place. The case did not settle during mediation, but did settle shortly after. The two parties negotiated a settlement and avoided litigation and incurring further litigation costs.

#### **Result**

The insurance carrier was successful in recovering \$700,000 on behalf of the organization.

#### **Important!**

If you have a loss, please do not throw anything away without speaking to an adjuster first. If you have to begin mitigation due to water damage, please take photographs before moving or tearing anything out. Subrogation could be compromised by discarding parts or failing to take photographs to document the damage.

#### **Issues to Discuss**

1. What procedures do you have in place to properly document claims when they occur?
2. What procedures do you have in place to address issues after a large property claim (e.g. alternate housing for the chapter members, building/code requirement changes, loss of income expenses, etc.)?

Subrogation = the legal process by which an insurance company, after paying a loss, seeks to recover the amount of the loss from another party who is legally liable for it.