

# Claims advocacy and risk management expertise save utility \$550,000.

## THE SITUATION

An electric utility suffered a \$4 million transformer failure. They owned a multi-purpose spare that could be used at any of their several power stations. During inspection of the failed unit, Gallagher engineers overheard the insurer's engineer tell the client that they would only pay for a replacement "in kind" and would not pay the additional cost for the special purpose spare. This action would have left the client with the additional costs to add equipment needed to replace the multi-purpose spare.

Additionally, as a result of the same loss, the utility's engineers began the process of redesigning the pre-existing firewall to accommodate the newer transformer. The Risk Manager asked the Gallagher engineer to evaluate the need for a firewall modification.

## THE SOLUTION — CORE360™ FROM GALLAGHER

Using our proprietary **CORE360™** model, we evaluate your risk management program to leverage our tailored tools and resources for maximum impact on six cost drivers of a Client's total cost of risk. We impact the Loss Prevention & Claims cost driver with our nationwide network of claims and loss control experts who can help to prevent or minimize losses.

## THE ROLE OF GALLAGHER'S RISK ENGINEERING TEAM

Gallagher utilized our Risk Engineering team to provide their expertise and recommendations. The Gallagher engineer pointed out that the policy had coverage allowing the client to recover the cost of removing the spare transformer when an "in-kind" replacement was available and the second in-and-out costs would exceed the cost of the equipment needed to make the replacement transformer multipurpose.

On the issue of modifying the existing firewall, Gallagher's engineers reasoned that the existing firewall was only necessary to protect the new transformer from a small station service transformer, and that its height was more than adequate for that purpose. The utility's engineers understood the rationale and agreed. They asked if Gallagher would be able to explain their logic to the insurers. Gallagher confirmed their request without hesitation.

## THE RESULTS

Because of the claim advocacy by our engineers, the adjuster agreed to the additional costs for replacing the special purpose spare, saving the Utility \$300,000.

The Gallagher engineers went on to explain their rationale for keeping the existing firewall rather than building a new firewall to the insurers, saving the Utility \$250,000 in fire protection costs.

In one day Gallagher saved the Utility more than \$550,000; that same day, the Risk Manager made a call to the Risk Manager at another utility who was considering Gallagher through an open RFP. The first Risk Manager advised the second Risk Manager to definitely hire Gallagher. The second utility acted on this advice and hired Gallagher.

## The Gallagher Way since 1927.

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• **Loss Prevention & Claims**

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## Gallagher

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