



Insurance mediation fire dispute case study

Insurance mediation was required for a dispute over a fire. Party 1 sued their insurers for refusing to pay out on an insurance policy concerning their commercial premises. Following a fire nearly £2million pounds worth of damage had been caused, as this was the claimants main headquarters business was being disrupted adding to further losses.

The policy wording was quite ambiguous concerning exclusions for a refusal to pay out when fire had caused damage / loss. Party 1 contended the exclusion did not apply, whereby the insurer was adamant that it did.

Mediation was entered into and both parties were steered very cautiously by counsel. The parties had a long standing relationship, many of their subsidiaries were also insured through this insurer, the insurer wanted to retain their custom but not at any cost.

Mediation allowed for a deal to be made which served both of their interests, party 1 did not get a complete payout but 70% of what they were asking, the insurer also agreed to reduce their rates of insurance and freeze the same for a 3 year period in respect of some of party 1's activities, which provided a considerable cost saving to them. Equally all new policies would be clearer on what was covered and what was excluded.

Facts & figures

- **The mediation took 1 day compared to the 10 months this insurance dispute had already gone on.**
- **The mediation cost each party £1800.00 each compared to the thousands they had already spent on legal fees and the thousands they would have had to spend had they continued with Court action.**