Natural phenomena in Construction All Risk policies

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Without a doubt, natural phenomena constitute the main risk for construction projects with Construction All Risk coverage, especially linear projects. This is because the claims ratio is high due to exposure, lack of protection in the construction phase, sensitivity to seismic movement, hurricanes, swells, flooding and water damage in general and, specifically, the intrinsic risk probability of damage multiplying due to effects.

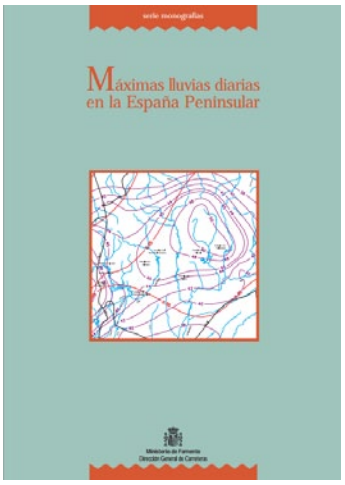
The specific conditions for some kinds of projects attempt to mitigate the consequences by limiting the exposed section (roads, dikes, pipeline transportation, etc.). However, water damage upends the insurance market, without a doubt. This makes it necessary to delineate the probability of occurrence as much as possible, since the consequences can be evaluated for different scenarios and by applying technical knowledge acquired from universities studies in different specialties.

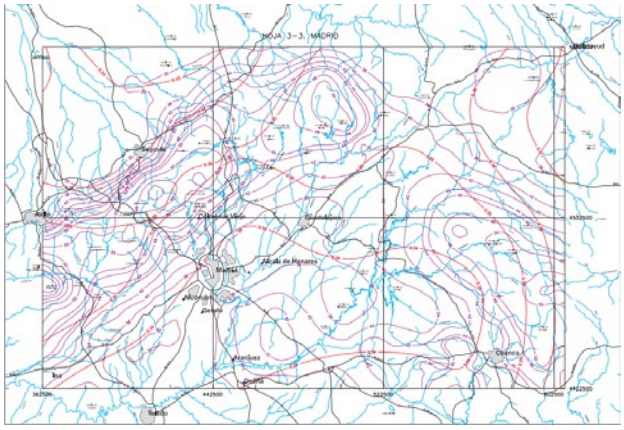
Even though it is forgotten more frequently than desired, the only reliable datum, due to its basis in statistics and numerous mathematical analyses, is the Return Period, which can be defined as the ***average time between two events of equal or greater magnitude***. Thus, if we say that the Return Period for 54 mm of precipitation in twenty-four hours in the city of Madrid is ten years, which means that it is highly likely that such precipitation will occur every ten years. However, this could happen twice in a row and twenty years would pass before it happened again.

The Return Period is a prerequisite for designing construction projects, since a bridge spanning a river must ensure that the water volume with a return period of five hundred years flows without a problem or, as may apply, a seawall for a harbor must remain stable against a design wave with a return period of one thousand years, for example.

Obviously, there is no database that provides information for five hundred or one thousand years, but, as mentioned, it is possible to make future predictions through our knowledge of water levels and swells over a shorter period, like the proposal of Emil Julius Gumbel (1891-1966). Therefore, there are weather phenomena, like rains or the flooding associated with them, that can be probabilistically determined without a shred of doubt and, consequently, it can be determined rather reliably if the rainfall from a period of time exceeds that expected with a certain Return Period. Hence, it would be possible to analyze insurance coverage, eliminating all precipitation that, due to its quantity, would be considered normal and would not be covered even if it causes damage.

One application example can be seen in the essay of the Ministry of Public Works, General Division of Highways "Maximum daily rainfall in Peninsular Spain."





If we look at the map of Madrid, we observe an average daily precipitation (ADP) of 38 mm and a Variation Coefficient (CV) value of 0.34. Just by looking at the following table, with desired Return Period T and the given CV value:

Maximum daily rainfall in Peninsular Spain

	RETURN PERIOD IN YEARS (T)							
C_v	2	5	10	25	50	100	200	500
0.30	0.935	1.194	1.377	1.625	1.823	2.022	2.251	2.541
0.31	0.932	1.198	1.385	1.640	1.854	2.068	2.296	2.602
0.32	0.929	1.202	1.400	1.671	1.884	2.098	2.342	2.663
0.33	0.927	1.209	1.415	1.686	1.915	2.144	2.388	2.724
0.34	0.924	1.213	1.423	1.717	1.930	2.174	2.434	2.785
0.35	0.921	1.217	1.438	1.732	1.961	2.220	2.480	2.831
0.36	0.919	1.225	1.446	1.747	1.991	2.251	2.525	2.892
0.37	0.917	1.232	1.461	1.778	2.022	2.281	2.571	2.953
0.38	0.914	1.240	1.469	1.793	2.052	2.327	2.617	3.014
0.39	0.912	1.243	1.484	1.808	2.083	2.357	2.663	3.067
0.40	0.909	1.247	1.492	1.839	2.113	2.403	2.708	3.128
0.41	0.906	1.255	1.507	1.854	2.144	2.434	2.754	3.189
0.42	0.904	1.259	1.514	1.884	2.174	2.480	2.800	3.250
0.43	0.901	1.263	1.534	1.900	2.205	2.510	2.846	3.311
0.44	0.898	1.270	1.541	1.915	2.220	2.556	2.892	3.372
0.45	0.896	1.274	1.549	1.945	2.251	2.586	2.937	3.433
0.46	0.894	1.278	1.564	1.961	2.281	2.632	2.983	3.494
0.47	0.892	1.286	1.579	1.991	2.312	2.663	3.044	3.555
0.48	0.890	1.289	1.595	2.007	2.342	2.708	3.098	3.616
0.49	0.887	1.293	1.603	2.022	2.373	2.739	3.128	3.677
0.50	0.885	1.297	1.610	2.052	2.403	2.785	3.189	3.738
0.51	0.883	1.301	1.625	2.068	2.434	2.815	3.220	3.799
0.52	0.881	1.308	1.640	2.098	2.464	2.861	3.281	3.860

Table 7.1 – Quantiles Y_1, from the Law SQRT-ET max, also called Amplification Factors K_t in the "Mapa para el Cálculo de Máximas Precipitaciones Diarias en la España Peninsular" ["Map for the Calculation of Maximum Daily rainfall in Peninsular Spain"] (1997)

It is possible to calculate the expected precipitation with the considered Return Period. Thus, for example, for T = 10 years, KT would be equal to 1.423. Therefore, the precipitation for a Return Period of ten years would be 1.423 x 38 = 54 mm.

Inversely, if we know that there was 54 mm of precipitation, we could obtain KT and, consequently, the Return Period corresponding to that precipitation.

The aforementioned essay addresses up to four distribution functions:

Maximum daily rainfall in Peninsular Spain

Distribution	f(x) or F(x)	Parameters
GEV	$F(x)=\exp\left\{-[1-k(\frac{x-u}{\alpha})]^{1/k}\right\}$	u,α, k
LP3	$\frac{\log_{10}}{\Gamma}\exp\left\{\log_{10}\right\}^{k-1}$	u, α, k
TCEV	$F(x)=\exp(-\alpha_1 e^{-\alpha/\theta 1}-\alpha_2 e^{-\alpha/\theta 2})$	α_j, θ_j j = 1,2
SQRT-ET max	$F(x)=\exp[-k(1+\sqrt{\alpha x})\exp(-\sqrt{\alpha x})]$	α, k

Table 3.1. -Selected distribution functions

The last one (SQRT-ET max) is chosen in the end for its close approximation to the statistical model of maximum daily rainfall, providing more conservative results than the traditional Gumbel Law. In reality, though, all the values are similar for return periods shorter than twenty-five years.

Having stated the above, the unit of measurement is the year and, even if it is possible to determine return periods that correspond to other time windows, the task is more complex because it would be necessary to take the data of the time periods studied and proceed with their calculation. With annual periods, this task is conducted across multiple weather seasons and as shown in the essay.

HISTORICAL DEVELOPMENT OF THE CLAUSES RELATED TO NATURAL PHENOMENA LINKED TO THE WEATHER

The author of this article has forty-four years of professional experience, of which thirty-three have been related to the insurance industry. This makes it possible to paint a historical portrait of the development of the clauses linked to natural phenomena over time. In 1981, at the start of the author's professional activity in the realm of insurance, the clause on weather influences was simply:

"Material damage caused to insured property by normal weather influences will not be guaranteed under any circumstances."

This is very simple, yet very difficult to interpret when the line between *normal and abnormal* needs to be clarified during any claim. It was a purely subjective concept and it led to many conflicting interpretations.

Therefore, during a seminar on insurance held at the Association of Civil Engineers in the early eighties, a conference titled "From normal to accidental, from the foreseeable to the unforeseeable" was given. During this conference, the inappropriateness of the exclusion was made manifest, considering that Civil Engineering dealt with the concept of Return Period, specifically, on a regular basis, as has been mentioned, in hydraulic works, marine works and drainage design for linear projects. It was logical to extend the same concept to insurance coverage.

This seed bore fruit, and after an ongoing study by technicians linked to the insurance industry and the University, this clause was modified by adding:

"Normal weather influences' will include all weather phenomena that do not exceed the average daily intensity corresponding to a return period of ten years, according to the information recorded on the day of the incident, as measured by the weather station closest to the affected area".

By using the different publications that show isohyetal maps (with lines of equal precipitation), it was easy to determine, as has already been shown, the amount of rain corresponding to the desired return period for a precise location. Thus, and on occasion, the clause used was:

"Notwithstanding the foregoing, material damage will be excluded in all cases when it is caused by or a consequence of rainfall less than AAA liters per m2 (mm) and per day, according to the record of daily accumulated precipitation on the day of the incident, as measured by the weather station closest to the affected area."

All of this resulted in the clause written below and which is still in effect today in many insurance companies in our market:

"The Company will only and exclusively compensate direct material damage sustained by the insured property as a result of rains, downpours and flooding, if adequate safety measures were taken against such events during the design and execution of the project.

Notwithstanding the foregoing, material damage will be excluded in all cases when it is caused by or a consequence of rainfall of an average intensity, according to the record of daily accumulated precipitation on the day of the incident, less than that which corresponds to a return period of XXX years, taking the series of maximum annual values registered in one day as a reference, as measured by the weather station closest to the affected area.

In the case of downpours and flooding, the Company will only compensate damage when the downpour or flooding is greater than that which corresponds to a return period of YYY years, according to the measurements taken by the observatory closest to the affected incident".

In the case of linear projects, it used to be difficult to find a reliable measurement in the area due to a lack of weather stations nearby. Storm analysis was also problematic when storms seriously affected the project but the closest weather station had not even recorded any precipitation. At this point, the goodwill of the parties was what would make agreements possible in the case of discrepancies.

When dealing with daily intensities, in the case of heavy and prolonged rainfall, there may be more than one day when the rainfall corresponding to the given return period is exceeded. Thus, multiple incidents would have to be considered, applying the corresponding deductible to each one. To this end, and in the best interest of the Insured Party, the so-called Seventy-two hour clause was applied, which was originally just:

"In order to clarify the definition of incident contained in the General Conditions, it is expressly agreed that, for the purposes of this policy, damage caused to insured property by sudden and unexpected environmental risks as a result of the same cause or event and occurring over a period of seventy-two consecutive hours, starting on the date that the first damage occurs, will be considered a single incident".

Taking a break from the historical timeline, linear projects (roads, railroads, gas pipelines, oil pipelines, channels, etc.) present additional difficulties due to the increased exposure of earthworks (leveling, erosion and embankments) during the construction period. Settling and landslides are frequently generated, causing significant material damage that can occur in different parts of the work, sometimes separated by tens of kilometers.

It may even be the case that there are no incidents during a prolonged rainy period, however incidents are observed immediately afterward as a consequence of ground saturation or an increase in groundwater level during this rainy period. This is why the *Seventy-two hour clause* evolved to give the Insured Party the authority to determine the start and end of this period.

"…The start of the seventy-two hour period will be determined at the discretion of the Insured Party. However, the concurrence of two or more seventy-two hour periods in the event of damage which is caused over a longer period is not permitted".

These peculiarities of construction projects, together with the globalization of construction companies and the international responsibility for so-called major risks, gave rise to underwriting policies under very special conditions, **again only for Major Risk Policies**, which modified the aforementioned clauses until they evolved into the clauses that are the subject of this article. This change clearly favors the interests of Insured Parties, obviously with express acceptance by the insurance companies, through the following clause, which is used only in the policies specified and cannot be generalized to the whole:

"Reference weather conditions will be determined based on the information available in the weather centers closest to the construction site, referring to the period that starts fifteen days before the occurrence of loss or damage and ends fifteen days after the event, during the ten years prior to the loss.

Consequently, the losses or damage directly due to rainfall, downpours or flooding can only be compensated when the precipitation accumulated on the day of the incident, recorded by the same weather centers, exceeds the maximum precipitation accumulated on a day recorded at the same time of year during the ten years prior to the loss, as indicated in the determined reference rainfall conditions.

Notwithstanding that mentioned, damage resulting from an incident caused by adverse weather conditions occurring over a consecutive period of two or more days from the start of the claim can be compensated if the precipitation accumulated over this period of two or more days exceeds the maximum precipitation accumulated over an identical time period (fifteen days before and after the start date of the incident) and based on the ten years prior to the incident".

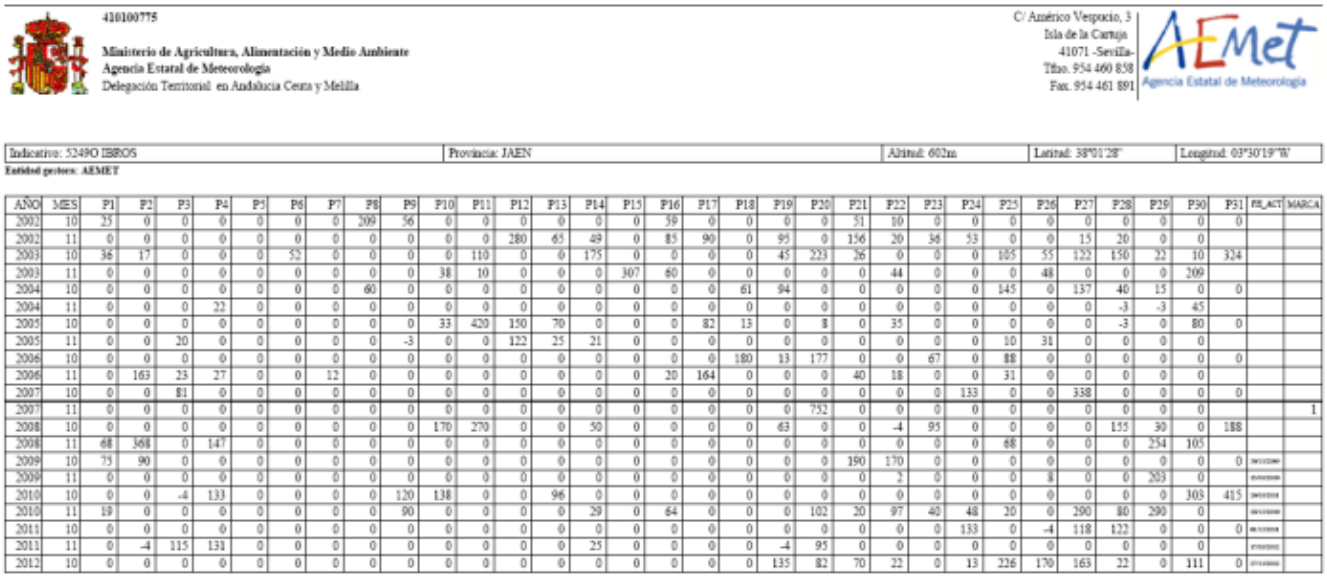
If we analyze this "weather influences" clause, it is easily observed that Return Periods are not mentioned since comparing rainfall from a certain time period to that of the same period (fifteen days before and fifteen days after over the previous ten years) has nothing to do with the definition previously stated. The probability of it occurring is much greater, as the number of claims being generated demonstrates, which does not put into question the coverage of these in any way since the condition is accepted by both parties, the Insured Party and the Insurer.

As previously mentioned, the probability that rainfall over a time period will exceed the corresponding Return Periods of ten years, for example, considers daily intervals of twenty-four hours, or even intervals of one hour for storms. This information can be obtained from many engineering projects since it does not matter if the rainfall occurred on January 20 or on March 24.

Following the aforementioned example, if 54 mm corresponds to the precipitation of a ten-year Return Period, its probability of occurrence over the annual period is 1/10. However, if we add the condition that the rainfall occurs on a determined day, simplistically the probability would become $1/10 \times 365 = 1/3{,}650$. Clearly, for any Risk Analyst, eliminating relatively frequent incidents with a probability of 1/10 is not the same as eliminating incidents with a remote probability of 1/3,650, since that would practically cover an enormous number of events and that is not the desire or the purpose of the clause traditionally used in Construction All Risk policies.

It is also clear that the aforementioned clause is not so strict as to consider monthly periods, though its probability is impossible to calculate a priori whenever it also establishes the accumulation of rainfall over longer and unquantified periods, going from rainfall accumulated on one day to rainfall accumulated over two, three or even thirty days if it did not stop raining that whole time.

As a simple example, the technical complexity can be seen by analyzing the following page provided by AEMET, which corresponds to a measurement station between the months of October and November and for the period of 2002-2012.



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AEMet Agencia Estatal de Meteorología

Indicativo: 5249O ISBOS | Provincia: JAEN | Altitud: 602m | Latitud: 38°01'28" | Longitud: 03°30'19"W

Entidad gestora: AEMET

AÑO	MES	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15	P16	P17	P18	P19	P20	P21	P22	P23	P24	P25	P26	P27	P28	P29	P30	P31	FE_ACT	MARCA
2002	10	25	0	0	0	0	0	0	209	56	0	0	0	0	0	0	59	0	0	0	0	51	10	0	0	0	0	0	0	0	0	0		
2002	11	0	0	0	0	0	0	0	0	0	0	0	280	65	49	0	85	90	0	95	0	156	20	36	53	0	0	15	20	0	0			
2003	10	36	17	0	0	0	52	0	0	0	0	110	0	0	175	0	0	0	0	45	223	26	0	0	0	105	55	122	150	22	10	324		
2003	11	0	0	0	0	0	0	0	0	0	38	10	0	0	0	307	60	0	0	0	0	0	44	0	0	0	48	0	0	0	209			
2004	10	0	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0	61	94	0	0	0	0	0	145	0	137	40	15	0	0		
2004	11	0	0	0	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-3	-3	45			
2005	10	0	0	0	0	0	0	0	0	0	33	420	150	70	0	0	0	82	13	0	8	0	35	0	0	0	0	0	-3	0	80	0		
2005	11	0	0	20	0	0	0	0	0	-3	0	0	122	25	21	0	0	0	0	0	0	0	0	0	0	10	31	0	0	0	0			
2006	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	180	13	177	0	0	67	0	88	0	0	0	0	0	0		
2006	11	0	163	23	27	0	0	12	0	0	0	0	0	0	0	0	20	164	0	0	0	40	18	0	0	31	0	0	0	0	0			
2007	10	0	0	81	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	133	0	0	338	0	0	0	0		
2007	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	752	0	0	0	0	0	0	0	0	0	0			1
2008	10	0	0	0	0	0	0	0	0	0	170	270	0	0	50	0	0	0	0	63	0	0	-4	95	0	0	0	0	155	30	0	188		
2008	11	68	368	0	147	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	0	0	0	254	105			
2009	10	75	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	190	170	0	0	0	0	0	0	0	0	0	[illegible]	
2009	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	8	0	0	203	0		[illegible]	
2010	10	0	0	-4	133	0	0	0	0	120	138	0	0	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	305	415	[illegible]	
2010	11	19	0	0	0	0	0	0	0	90	0	0	0	0	29	0	64	0	0	0	102	20	97	40	48	20	0	290	80	290	0		[illegible]	
2011	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	133	0	-4	118	122	0	0	0	[illegible]	
2011	11	0	-4	115	131	0	0	0	0	0	0	0	0	0	25	0	0	0	0	-4	95	0	0	0	0	0	0	0	0	0	0		[illegible]	
2012	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	135	82	70	22	0	13	226	170	163	22	0	111	0	[illegible]	

This leads us to consider that there is no technological base for calculating the premium, and as a result, the errors committed when considering the probabilities increase the claims ratio beyond the average generated. This is the reason for which, reverting to the technological bases that must rule the underwriting of risks, insurance companies are introducing clauses that establish time windows based on return periods (three months, for example) to apply seasonal variations existing in natural phenomena with greater precision. This creates greater challenges for the initial calculation, but it is in any case possible. For Major Risks, the clause is:

"In order to clarify the exclusion expressed in the General Conditions, the Insurer will only compensate the damage caused by, or as a consequence of, weather phenomena such as rain, wind, snow, flooding, etc., when, according to the information collected by the official weather stations closest to the affected area, they exceed the corresponding events for a ten-year Return Period.

In order to calculate the return period, in the case of rainfall, the reference will be the maximum values from forty-five days before and after the date of the incident of the amount of rainfall accumulated on a day according to the historical series of records available from the official weather station closest to the site where the damages occurred. For other phenomena, the maximum value of this period will be used".

Without a doubt and even though prior analysis of the risk is extraordinarily complicated, this type of clause should be established in the future for major risks by maintaining the probability calculation based on the Return Period and correcting it according to seasonal variation since the natural phenomena associated with weather normally tend to be distributed in time windows.

Even though both clauses (weather influences and seventy-two hour) have a common link since they are normally applied to incidents occurring over a period of time, they must be dealt with separately.

Independent of the aforementioned on the difficultly of determining the probability of occurrence, following the wording of the Weather Influences Clause of the global policies, there is no doubt that it is accepted by the Insured Party and Insurance Company. Only the rainfall periods considered with the ten proceeding years must be checked since that is what the condition voluntarily agreed upon between the Insured Party and Insurance Company establishes.

For the correct application of these clauses it is important to start with the definition of deductible which, according to the Fundación MAPFRE Insurance Company Terms Dictionary, which is recognized throughout the Spanish insurance industry, is defined as:

"The quantity for which the Insured Party is its own insurer of risks and by virtue of which, for incidents, it will bear the part of the damage corresponding to it with its equity"

For a claim that affects just one policy, one or more deductibles may be applied. The deductibles applied to Material Damage and Net Income Loss serves as an example. Even though they originate from a single cause, each one has its corresponding deductibles.

When the Seventy-two hour clause is read carefully, it says:

"In order to apply the deductibles, (clearly in the plural)**, *every occurrence of loss or damage caused by environmental risks such as storm surges, flooding and earthquakes, or as a consequence of collapse, sinking or another ground movement related to these risks, due to a common cause which takes place during a period of seventy-two consecutive hours, only one occurrence will be taken into consideration and it will be subject to the application of a single deductible. The start of the seventy-two hour period will be determined at the discretion of the Insured Party. However, the concurrence of two or more seventy-two hour periods in the event of damage which is caused over a longer period is not permitted".*** (in literal application, there could not be more than one seventy-two hour period available to the Insured Party, which would encourage the possibility of establishing a second period, determining its start so that it does not coincide with the previous one)

The English wording of this Clause is:

"Occurrence.- It is agreed that any loss of or damage to the insured property arising during any one period of 72 consecutive hours , caused by storm, cyclone, tempest, flood or earthquake shall be deemed as a single event and therefore to constitute one occurrence with regard to the deductibles stated in the Schedule.

For the purpose of the foregoing the commencement of any such 72 hours period shall be decided at the discretion of the Insured, it being understood and agreed however that there shall be no overlapping in any one, two or more such 72 hours periods in the event of loss or damage occurring over a more extended period of time".

The same interpretation is maintained as in the Spanish version.

In view of the literal meaning of the clause and, more precisely, the difficulty of establishing a specific period of seventy-two hours, normally all damage is evaluated and a deductible is applied for each seventy-two hour period of the total period of rainfall. In addition, given the fact that, for an environmental event to be considered cause for a claim, the clause on Weather Influences makes it possible to consider an uninterrupted number of days during which the conditions of events the same duration are exceeded for an interval of fifteen days before and fifteen days after and within the previous ten years, the 72-hour clause is not voided because, as previously explained, its reference to the application of the deductibles is clear, and as mentioned, the deductibles that apply to a policy as a result of a single cause for a claim can vary.

DISCREPANCIES WITH THE INTERPRETATION OF THE DGSFP

The foregoing leads to discrepancies with that given by the General Management of Insurance and Pension Funds in *Reference Document 00000079/2011*, concerning the restrictive interpretation of the *Seventy-two hour clause* and that, due to its significance, must be clarified as it is contrary to that which the insurance industry normally applies.

The DGSFP response is motivated by a false premise given that there is nothing further from reality than considering the clauses set out for Great Risks or policies labeled as Global normal in the Construction All Risk Conditions, given that they only apply to a very small percentage of policies, and of course, to those linked with the most important construction companies in our country. More than ninety percent of the CAR policies include classic coverage with a ten-year Return Period.

In a market sample, only the companies which are "Global" use this type of condition, which is quite subject to the International Reinsurance conditions, which interpret the *Seventy-two hour clause* in the same way as the author of this article, after experience with other claims in risks in which the application of deductibles for each seventy-two hour period raised no doubts and the final closing was accepted by the Insured Party with no objections.

The fact that a single clause exists does not mean that there is only one deductible in the application, and it is in fact clear that with the Net Income Loss coverage, two, or even more, deductibles will be equally applicable. Therefore, the difference with the deductive process, which is applied subjectively in the Statement of the General Management on the Organization of the Insurance Market, must be revealed.

In this deductive process, the fourth point textually includes:

"…Next, the location of the deductible in time must be determined, given that the damage has a temporary location and there is only one deductible, so that there would be two incomes for the Insured Party: a first income from the application of a single deductible, and another from where the policy holder decides it is located"

That which is included in the previous points is tacitly recognized in an indirect way, since in its literal wording, the *Seventy-two hour clause* does not allow more than an uninterrupted period of seventy-two hours, which is decided by the policy holder and, if there are more periods, more deductibles will be applied. If just one deductible has to be located, it is obvious that some of the damage, those that occurred outside the window considered, would not receive coverage.

The DGSFP also omits that the policy discussed in the reference document is a Major Risk policy, treated differently than the so-called "mass risks" and where the conditions are agreed by the Insured Party and the Insurance Company, with brokers of an international stature as an advisor to the Insured Party, and therefore the clauses are known perfectly as they have been previously agreed upon without any so-called "fine print."

Therefore, Insured Parties with reduced knowledge of insurance coverage are not included, as this type of policy is signed by the most important construction companies and it is they who, through their brokers, have imposed them on their specific market with the total opposition of some insurance and reinsurance companies and of their technical team, which did not wish to participate in this type of coverage, precisely because they are not able to make a prior estimate of the risk and to calculate the technical rate appropriately.

It should be noted that the author of this article disagrees with this statement from the DGSFP, which again is likely conditioned by considering "usual," as the consultation begins with, that which is clearly unusual, and is therefore far from reality and may confuse the judge, which, in this case, is the DGSFP.

CONCLUSION

To summarize what has already been set out, the following can be noted:

- The clauses that have normally been applied in recent years in global coverage of the most important construction companies, do not allow for an adequate risk analysis whenever it is not possible to evaluate probabilities with their wording and, therefore, the calculation of the rate does not correspond with the necessary technical rigor. However, that does not imply that insurance companies should not respond to the claim, as the clause is freely agreed to by the Insured Party and the Insurance Company.
- The global insurance market is unanimous in the application of the Seventy-two hour clause, taking into account as many deductibles as seventy-two hour periods that form the duration of the incident.
- This interpretation is favorable to the interests of the Insured Party as it literally obliges the periods to be spaced out since two or more intervals of seventy-two hours may not concur if the damage caused is produced over a longer period.
- There is no regulation preventing the application of two or more deductibles in the same policy and for the same cause.
- The consideration of Major Risk which eliminates the "fine print" since all of the conditions are agreed to by the Insured Party and the Insurance Company, with the mediation of brokerage firms of global implementation.