



Case Study – The Undamaged LED Sign Claim

Claim: The Insured, a volunteer fire department, reported surge damage to their relatively new outdoor LED display for a sign as a result of an electrical utility outage during a storm. The Insured contacted the sign manufacturer’s sales department for assistance but was informed that no service technicians were available in their area. A different sign sales and service provider was contacted and reportedly visited the site, concluding that LED display was visibly “fried” and that the entire sign structure required replacement at a cost of \$14,500.00. The carrier asked EDC to conduct a damage assessment, causation investigation, and Like Kind and Quality (“LKQ”) analysis of the proposed replacement in order to provide a Replacement Cost Value (“RCV”) recommendation for the claim.

Challenge: Was the system damaged by an electrical surge, a lightning strike during the storm, manufacturer defect, or was it even damaged at all? What parts of the system were damaged and could the display be repaired through replacement of individual components (e.g., Linux control computer, communication boards, power supplies, etc.)? If replacement was required, why was a new sign structure necessary?

Investigation: Various databases were evaluated for the date of loss indicating that no high winds or thunderstorms occurred in the area. However, several local electrical utility power outage events were reported. Our research of the affected sign and LED display revealed that the unit appeared repairable, utilizing readily replaceable modular components. Reviewing the proposed replacement sign, it became evident that the contacted service provider was requiring the sign, rather than just the LED display, to be replaced because their represented manufacturer did not produce the same size display. In contacting the technical support department of the original sign manufacturer, it was learned that the most likely issue was damage to either a power supply or the control computer. The material replacement costs for these modules would be less than \$1,000.00. They also agree to remotely work with EDC during our on-site damage assessment of the unit. Numerous calls and emails to the second service provider to further understand their findings were not returned.

Findings & Value: We visited the site and opened the LED display case, finding no evidence of the described electrical damages. Re-powering the unit resulted in the unit operating but with a garbled display. The sign apparently had been turned off since the time of the event one month prior. With the unit now powered, we ran through the indicator lights of all components with the manufacturer on the phone, finding no signs of affected components. The manufacturer was then able to remotely reset the computer system and push a software upgrade to the unit. This resolved the problem and the display was operating normally. We later learned that the second service provider never actually visited the site to assess any damages to the unit, just assuming that it was “fried” by an electrical surge. The extremely happy Insured was made whole without any repair or replacement costs or associated headaches. The Insurer was also thrilled to resolve the claim with this same result.