

***INVESTIGATION AND ADJUSTMENT
OF FIRE AND OTHER PROPERTY INSURANCE
CLAIMS IN GOOD FAITH***

PRESENTED TO:

ALL-INDUSTRY DAY
DAIRYLAND CHAPTER – CPCU SOCIETY

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I. GOOD FAITH IN FIRST PARTY CLAIM PROCESS

- A. Initial insurer claims processing.
 - 1. Upon receipt of first notice, insurer must initiate claims handling steps.
 - a. Prompt investigation necessary. Efforts to determine amount of loss should proceed simultaneously with liability investigation.
 - b. Nonwaiver/reservation of rights needed where coverage questions are presented.
 - c. Initial decisions on experts should be made.
 - 1. Cause and origin expert retained.
 - 2. Consider experts to eliminate non-incendiary causes, i.e., electrical wiring.
 - 3. Subrogation experts.
 - 2. Loss scene.
 - a. Meeting with insured, if possible at loss scene.
 - b. Insured has duty under policy to cooperate. See generally, Conditions-Section I.
 - c. Take statements of available witnesses, i.e., fire fighters, observers, persons on the scene.
 - d. Take plenty of photographs of key areas.
 - 3. Suspicious circumstances - Examples of how to spot a potential arson case.
 - a. Incendiary origin indicators.

1. Multiple points of origin.
 2. Difficulties of fire department in extinguishing.
 3. Horizontal spread of fire - i.e., doors, windows left open to provide ventilation; should also check vertical ascension of fire if, for example, attic doors are left open.
 4. Discoloration of concrete floors, walls, especially in low spots of building.
 5. Contents of rooms:
 - a. Valuables missing in drawers.
 - b. Items out of place - i.e., plastic jugs in a room of books, waffle iron in bedroom
 - c. Depreciated items recently moved into building.
 6. Trailers.
 7. Items planted in area of origin such as newspapers, cotton, kerosene.
 8. If liquid accelerant involved, subject glass samples to spectrograph.
 9. Frustration of sprinkler system or of other fire protection devices.
- b. Motive of insured.
1. Financial problems are most predominant.
 - a. Heavy or unpaid debts.

- b. Declining business.
- c. Attempts to sell property.
- d. Unusual expenses, i.e. gambling, stock market, medical.
- e. Foreclosure threats.
- f. Outstanding unsatisfied liens, judgments.
- g. Alimony, support obligations.
- h. Excessive insurance.
- i. Lack of motive for others to set fire.

2. Opportunity of insured to set fire.

- a. Locate all keys.
- b. Establish lack of forced entry.
- c. Establish whereabouts of all interested persons.
- d. Determine and check out insured's alibi.

3. Other inculcating circumstances.

- a. Removal of valuable or sentimental property just before fire.
- b. Increase in insurance.
- c. Insured's discussions with agent -
"Is my policy still in effect?"
"How fast are claims handled?"
- d. Extent of uninsured loss.

B. Insured's duties after loss occurs. (Policy

references are to Homeowners 3 Special Form (Ed. 4-91)

1. "give prompt notice to us or our agent: (Condition 2a);
 - a. Purpose of this requirement is to afford insurer adequate opportunity to timely investigate while facts are still available. 5A J. Appleman, "Insurance Law and Practice" Sec. 3481; 13 R. Anderson, "Couch on Insurance 2d", Sec. 49:2.
 - b. Unless waived, such prompt notice constitutes a condition precedent to suit under the policy. See RTE Corp. v. Maryland Cas. Co., 74 Wis.2d 614, 626, 247 N.W.2d 171 (1976); Siravo v. Great American Ins. Co., 410 A.2d 116 (R.I. 1980).
 - c. The term "prompt" as used here means only that notice is to be given in such time as is reasonably required under the circumstances RTE Corp. v. Maryland Cas. Co., 74 Wis.2d 614, 247 N.W.2d 171 (1976).

2. "Protect the property from further damage.

If repairs to the property are required, you must:
(1) Make reasonable and necessary repairs to
protect the property; and (2) Keep an accurate
record of repair expenses." Condition 2d)

- a. No recovery will be allowed to the extent the insured could have salvaged some of the goods. Henri's Food Prods. Co., 474 F. Supp. 889 (E.D. Wis. 1979).
- b. Fact question presented on whether weather made it hazardous to separate damaged from undamaged property. Taubman v. Allied Fire Ins. Co., 160 F.2d 157 (4th Cir. 1947).

3. "Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory" (Condition 2e)
4. "As often as we reasonably require:
 - (1) show us the damaged property" (Condition 2f(1))
 - a. Fourth Amendment problems applicable to law enforcement agencies give investigating agencies fewer rights and more restrictions as compared to the insurer in the investigation of the loss. Michigan v. Tyler, 436 U.S. 499 (1978); greater and possibly contrary restrictions on law enforcement are contained in Michigan v. Clifford, 464 U.S. 287 (1984).
 - b. Policy provisions give the insurer the right to search without a warrant Honeycutt v. Aetna Ins. Co., 510 F.2d 340 (7th Cir. 1975) cert. den. 421 U.S. 1011 (1975). But see dicta in Terpstra v. Niagara Fire Ins. Co., 256 N.E.2d 536 (N.Y. App. 1970).
5. "Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief" (Condition 2 (g))
 - a. The Proof of Loss must be "signed and sworn"
 1. This means by all insureds. But possibly signing by the agent of the insured may be sufficient, at least where the insured is unavailable or in other appropriate circumstances. Gump v. Nat'l Union Fire Ins. Co., 99 N.E. 1130

(Ohio 1912).

- b. The Proof of Loss must set forth, to the best of the insured's knowledge and belief:
 - 1. "The time and cause of loss"
(Condition 2g (1))
 - 2. "The interest of the **insured** and all others in the property involved and all liens on the property".
(Condition 2g (2))
 - 3. "Other insurance which may cover the loss". (Condition 2g (3))
 - 4. "Changes in title or occupancy of the property during the term of the policy". (Condition 2g (4))
 - 5. "Specifications of damaged buildings and detailed repair estimates". (Condition 2g (5))
 - 6. "The inventory of damaged personal property described in 2e above"
Condition 2g (6))
 - 7. "Receipts for additional living expenses incurred and records that support the fair rental value loss;" (Condition 2g (7))
- c. Purpose of the Proof of Loss is to acquaint the insurer with the circumstances surrounding the loss and the nature and extent of the loss, so as to allow the insurer to determine what further steps are to be taken. 5A J. Appleman; "Insurance Law and Practice", Sec. 3531.
- d. Courts generally hold merely "reasonable" and "substantial" compliance with Proof of Loss policy

requirements is sufficient. Davis v. Allstate, 101 Wis.2d 1, 303 N.W.2d 596 (1981). See 5A J. Appleman, "Insurance Law and Practice", Sec. 3532-3548.

6. Mortgagee obligations.

- a. Mortgagee named under New York standard mortgage clause is deemed to have a separate contract with the insurer; the mortgagee must comply with that contract Polar Mfg. Co. v. Integrity Mut. Ins. Co., 7 Wis.2d 443, 96 N.W.2d 822 (1959). (Mortgage clause, Condition 12)
- b. A contract vendor is arguably to be treated the same as a mortgagee, even where listed on the policy as a loss payee. Kintzel v. Wheatland Mut. Ins. Ass'n, 203 N.W.2d 799, 803 (Iowa 1973). Wholesale Sports Warehouse Co. v. Pekin Ins. Co., 587 F. Supp. 916, 919-20 (S.D. Iowa 1984); 5A J. Appleman "Insurance and Law Practice" Sec. 3401, p. 282-84 (1970).
- c. "If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 1. notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 2. pays any premium due under this policy on demand if you have neglected to pay the premium; and
 3. submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee. (Condition 12 (a)-(c))

II. EXAMINATIONS UNDER OATH

A. Policy Requirements.

1. "Provide us with records and documents we request and permit us to make copies"; and (Condition 2f (2))
 2. "Submit to examination under oath, while not in the presence of any other 'insured', and same." (Condition 2f (3))
- sign the

B. Permissible Examinations Under Oath purposes.

1. To enable the insurer to obtain all information and material in the possession of the insured regarding the claim, the company's rights and its obligations under its policy of insurance. State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990); rev. den. 465 N.W.2d 655 (Wis. 1990). Happy Hank Auction Co. v. American Eagle Ins. Co., 136 N.E.2d 842 (N.Y. App. 1956); Claffin v. Commonwealth Ins. Co., 110 U.S. 81 (1884).
2. To protect the insurance company against fraud by discouraging exaggerated or improper claims. Hart v. Mechanics & Traders Ins. Co., 46 F. Supp. 166 (La. 1942).
3. Expedite evaluation and settlement of valid claims.
4. Examination Under Oath differs from a discovery deposition.
 - a. Insured's obligations arise from contract rather than from rules of civil procedure.
 - b. Insured lacks the right to ask questions or have his own lawyer cross-examine. Liverpool & London & Globe Ins. Co. v. Cargill, 145 P. 1134 (Okla. 1914).

- C. Case authorities refine and interpret policy requirements regarding Examination Under Oath.
1. Insured's refusal to submit to Examination may preclude recovery under the policy. State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990); rev. den. 465 N.W.2d 655 (Wis. 1990). Gross v. United States Fire Ins. Co., 337 N.Y.S. 2d 221 (1974); Restina v. Aetna Cas. & Sur. Co., 360 N.Y.S.2d 331 (1969); Bonner v. Home Ins. Co., 13 Wis. 758 (1861).
 - a. Insured may not use Fifth Amendment as basis to avoid answering insurer Examination Under Oath questions. State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990); rev. den. 465 N.W.2d 655 (Wis. 1990). Warrilow v. Superior Court, 689 P.2d 193, 197 (Ariz. App. 1984). But one court held the insured's pending criminal prosecution may prevent denial because of refusal to submit to Examination Under Oath. Greenberg v. Aetna Ins. Co., 501 P.2d 1032 (Cal. 1973).
 - b. Insured's deportation prior to his Examination Under Oath was a valid excuse for his failure to appear. Roberto v. Hartford Fire Ins. Co., 177 F.2d 811 (7th Cir. 1949).
 - c. Insurer must make formal demand for Examination Under Oath in clear and unambiguous language. C-Suzanne Beauty Salon, Ltd. v. General Ins. Co., 574 F.2d 106 (2d Cir. 1978).
 - d. Insurer waives right to Examination Under Oath if claim is denied before Examination Under Oath is conducted. Lititz Mut. Ins. Co. v. Lengacher, 248 F.2d 850 (7th Cir. 1957).

- e. Even lengthy recorded statement of insured does not preclude insurer from conducting Examination Under Oath. Watson v. National Sur. Corp., 468 N.W.2d 448 (Iowa. Sup.Ct. 4-17-91)
2. At the Examination Under Oath, the insurer is entitled to all documentary evidence material to the insurer's liability.
 - a. Income tax records and returns and his financial position. State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990); rev. den. 465 N.W.2d 655 (Wis. 1990); Kisting v. Westchester Fire Ins. Co., 290 F. Supp. 141 (W.D. Wis. 1968); aff'd 416 F.2d 967 (7th Cir. 1969). Kisting holds that denial of insured's claim was appropriate based upon insured's failure to produce, at his Examination Under Oath, tax returns, his salary records and other financial information. Walker holds non-production of general financial information is sufficient to support denial.
 - b. Other examples of documents insureds have been required to provide include virtually all items and variations of documents designated in the policy.
 - c. Insured must answer all material questions, and every relevant and pertinent question relating to the bona fide nature of the claim is material. Happy Hank Auction Co. v. American Eagle Ins. Co., 136 N.E.2d 842 (N.Y. App. 1956). Materiality means: all such matters as have a bearing on the insurance and the loss. 5A Appleman, "Insurance Law and Practice" Sec. 3551 (1970). 13A Couch on Insurance 2d Sec. 49A:362, p. 762-63.

3. Corporate officers, employees and agents are proper examinees but independent contractors or attorneys are not. Palace Cafe v. Hartford Fire Ins. Co., 97 F.2d 766 (7th Cir. 1938).
4. Attorney authorized by insurer is a proper person to administer the Examination Under Oath. American Macaroni Mfg. Co. v. Niagara Fire Ins. Co., 164 F.2d 878 (5th Cir. 1947).
5. Examination Under Oath may establish evidence of fraud and false swearing necessary to void the policy. Miele v. Boston Ins. Co., 288 F.2d 178 (8th Cir. 1961); State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990); rev. den. 465 N.W.2d 655 (Wis. 1990); Juneau Store Co. v. Badger Mut. Fire Ins. Co., 216 Wis. 342, 257 N.W. 144 (1934); Fink v. LaCrosse Mut. Fire Ins. Co., 203 Wis. 350, 234 N.W. 339 (1931).
6. Procedural formalities of Examination Under Oath.
 - a. Time, place and person designated to take the examination must be explicitly stated. Citizens Ins. Co. v. Herpolsheimer, 109 N.W. 160 (Neb. 1906); Nicolai v. Transcontinental Ins. Co., 378 P.2d 287 (Wash. 1963). See also Brookins v. State Farm Fire & Cas. Co., 529 F. Supp. 386 (S.D. Ga. 1982) and Saft America, Inc. v. Insurance Co. of North America, 271 S.E.2d 641 (Ga. 1980).
 1. Appearance by insured and submission to examination waives right to object to sufficiency of notice and demand. Davidson v. Providence Washington Ins. Co., 157 A.148 (N.J. 1931).

- b. Make formal demand for the Examination in clear and unambiguous language. C- Suzanne Beauty Salon, Ltd. v. General Ins. Co., 574 F.2d 106 (2d Cir. 1978).
- c. Demand the examination within a reasonable time after the loss and submission of the proof of loss. 5A Appleman, "Insurance Law and Practice", Sec. 3551 (1970). Beckley v. Ostego County Farmers Coop Fire Ins. Co., 159 N.Y.S.2d 270 (1957).
- d. Take the examination in the county where the loss occurred or where the insured resides. Pierce v. Globe & Rectors Fire Ins. Co., 182 P. 586 (Wash. 1919); American Central Ins. Co. v. Simpson, 43 Ill. App. 98 (1892).
- e. Permit the insured to be accompanied by his attorney or other representative. Gordon v. St. Paul Fire & Marine Ins. Co., 163 N.W. 956 (Mich. 1917).
- f. Provide the person examined with a free copy of the transcript. Hart v. Mechanics & Traders Ins. Co., 46 F. Supp. 166 (La. 1942).
- g. Before taking the Examination Under Oath, the claim must not be denied or the right to conduct an Examination Under Oath may be waived. 17A Appleman, "Insurance Law and Practice", Sec. 9783 (1970). Lititz Mut. Ins. Co. v. Lengacher, 248 F.2d 850 (7th Cir. 1957).
- h. Case authorities are split on the right of the insurer to separate insureds at Examinations Under Oath. Nationwide cases go both ways. Compare, for example, State

Farm Fire & Cas. Co. v. Tan, 691 F. Supp. 1271 (S.D. Cal. 1988) permitting separation of insureds at Examination Under Oath with United States Fid. & Guar. Co. v. Welch, 854 F.2d 459 (11th Cir. 1988) prohibiting separation.

III. CLAIM RESOLUTION

A. Initial decisions.

1. Validity of claim.
2. Extent of coverage.
 - a. Property covered.
 - b. "Direct Loss".
 - c. Business interruption portion of claim requires particular attention. Arrange informal document exchange between insurer and insured accounting representatives prior to Examination Under Oath.
 - d. Determine what exclusions may apply.
3. Proof of Loss
 - a. Provide written notice to the insured requesting Sworn Statement in Proof of Loss. Trend is to require insurer to formally notify insured of his policy obligations, particularly concerning Proof of Loss.
 - b. Normally one should grant insured's requests for reasonable extensions of time to file Proof of Loss and other claim information.
 - c. Reject proof of Loss if incomplete or if deficient for technical reasons.

4. Pay mortgagee promptly if mortgagee is uninvolved with loss.
5. Valued policy law. Sec. 632.05(2)
6. Outside assistance.
 - a. Experts.
 1. Cause and origin.
 2. Contractors.
 3. Accountants.
 4. Product engineer.

B. Decision makers.

1. Attorney recommends to insurer, based on whether evidence is legally sufficient to support arson defense.
2. Adjuster, claim supervisor must make ultimate decision based on recommendations and evidence.

C. Denial Decision.

1. Decision must be made promptly and promptly communicated to the insured. Denial should be formal and in writing by a personal and confidential correspondence to the insured. Letter should preferably be sent by insurer. Reasons for the denial, with reference to policy provisions, must be clearly set forth. There is authority to support the position that a failure to list some defenses in a denial letter constitutes a waiver of the right by the insurer to raise those defenses at a later stage. Morris v. Reed, 510 S.W.2d 234 (Mo. App. 1974); See also Lawndale Nat'l Bank v. American Cas. Co., 489 F.2d 1384 (7th Cir. 1973).

D. Insurer should consider filing declaratory

judgment action.

1. Advantages.
 - a. Selection of forum.
 - b. Good faith can be argued in seeking prompt resolution and assistance in resolving controversy.
 - c. Tactical advantage of arguing first, last and in structuring case.
2. Disadvantages.
 - a. Assures litigation, where otherwise only possible.
 - b. Motion to dismiss may be argued, since jurisdictions are split on appropriateness of declaratory judgment actions.
 1. Cases holding declaratory judgment action appropriate: California Union Ins. Co. v. Trinity River Land Co., 80 C.C.H. Fire & Cas. Cases 1507, 163 Cal. Rptr. 802 (Ca. App. 1980); Farmers Ins. Group of Ore. v. Hanson, 611 P.2d 696 (Ore. 1980); Unigard Mut. Ins. Co. v. Bleumel, 485 F. Supp. 668, 670 (D. Wyo. 1979); Great American Ins. Co. v. K & W Log, Inc., 591 P.2d 457 (Wash. App. 1979); American Home Assur. Co. v. Essy, 3 Cal. Rptr. 586, 179 Cal. App. 2d 19 (1960);
 2. Cases holding declaratory judgment action inappropriate; State Farm Fire & Cas. v. Fuller, 258 S.E.2d 13 (Ga. App. 1979).
 - c. Insured will contend declaratory judgment action is itself bad faith.

IV. LEGAL REQUIREMENTS TO ESTABLISH ARSON FRAUD AND RELATED DEFENSES

A. Arson

1. Arson may be established by circumstantial evidence. Gregory's Continental Coiffures & Boutique, Inc. v. St. Paul Fire & Marine Ins. Co., 536 F.2d 1187 (7th Cir. 1976); Elgi Holding, Inc. v. Insurance Co. of North America, 511 F.2d 957 (2d Cir. 1975); Mele v. All-Star Ins. Corp., 453 F. Supp. 1338, (E.D. Pa. 1978); Manis v. Hartford Fire Ins. Co., 681 P.2d 760 (Okla. 1984); Great American Ins. Co. v. K & W Log, Inc., 591 P.2d 457 (Wash. App. 1979); Quast v. Prudential Prop. & Cas. Co., 267 N.W.2d 493 (Minn. 1978).
2. Burden of Proof. Many states allow the carrier to prove fraud merely by a preponderance of the evidence. Esquire Restaurant Inc. v. Commonwealth Ins. Co., 393 F.2d 111 (7th Cir. 1968); Hammann v. Hartford Acc. & Indem. Co., 620 F.2d 588 (6th Cir. 1980); Summer v. Stark County Patrons' Mut. Ins. Co., 26 N.E.2d 1021 (Ohio App. 1940). These rulings are based on the fact that a fraudulent fire insurance claim is a violation of a contract. As a species of contract fraud, it differs from common law fraud. Because the policy itself contains a fraud exclusion (General Condition #2) the insurer is merely attempting to demonstrate a violation of an express contract clause. However, Wisconsin generally requires that fraud be proved by "clear, convincing and satisfying" evidence. Ziegler v. Hutisford Farmers Mut. Ins. Co., 238 Wis. 238, 298 N.W. 610 (1941). Given the rationale of the cases supporting the preponderance burden of proof, an argument can be made that the preponderance standard applies in Wisconsin as well.
3. Incendiary origin.

- a. Absolutely necessary for arson defense. L&S Ent. Co. v. Great American Ins. Co., 454 F.2d 457 (7th Cir. 1971).
 - b. Expert testimony may be admissible to establish cause of fire. Gichner v. Antonio Troiano Tile & Marble Co., 410 F.2d 238 (D.C. Cir. 1969); Carpenter v. Union Ins. Co., 284 F.2d 155 (4th Cir. 1960).
4. Motive.
- a. Examples of financial motive cases; Elgi Holding Inc. v. Insurance Co. of North America, 511 F.2d 957 (2d Cir. 1975) - threats of foreclosure and outstanding liens, judgments.
 - b. Boone v. Royal Indem. Co., 460 F.2d 26 (10th Cir. 1972) - plaintiff was "plagued with financial problems".
 - c. Cora Pub. Inc. v. Continental Cas Co., 619 F.2d 482 (5th Cir. 1980) - restaurant losing money and was for sale.
5. Opportunity.
- a. Opportunity (or for that matter, motive) are not both required elements of the arson defense as long as sufficient connecting evidence is present. See, e.g. Freeman v. St. Paul Fire & Marine Ins. Co., 324 S.E.2d 307 (N.C. App. 1980).
 - b. A good statement of what is sometimes mistakenly referred to as "opportunity", is contained in Mele v. All-Star Ins. Co., 453 F. Supp. 1338 (E.D. Pa. 1978):

"Thus in a civil matter to determine whether a reasonable inference exists

that an insured is responsible for the fire which damaged the insured property, a jury should consider a combination of evidence of: (1) an incendiary fire; (2) a motive by the insured to destroy the property and (3) circumstantial evidence connecting the insured to the fire."

See also Sperrazza v. Cambridge Mut. Fire Ins. Co., 459 A.2d 409 (Pa. Super. 1983); Quast v. Prudential Prop. and Cas. Co., 267 N.W.2d 493 (Minn. 1978); George v. Travelers Indem. Co., 265 N.W.2d 59 (Mich. App. 1978).

6. Innocent Co-Insured.

- a. In Wisconsin, the hornbook rule was the innocent co-insured is entitled to recover his/her share of the damaged property. Hedtcke v. Sentry Ins. Co., 109 Wis.2d 461, 326 N.W.2d 717 (1982). See later cases Madsen v. Threshermen's Mut. Ins. Co., 149 Wis.2d 594, 439 N.W.2d 607 (Ct. App. 1989); Felder v. North River Ins. Co., 148 Wis.2d 130, 435 N.W.2d 263 (Ct. App. 1988); Northwestern Nat'l Ins. Co. v. Nemetz, 135 Wis.2d 245, 400 N.W.2d 33 (Ct. App. 1988).
- b. Questions abound on the valuation of the innocent co-insured's interest.
- c. Denial now is appropriate to innocent co-insured if the policy contains adequate concealment or fraud language. State Farm Fire & Cas. Ins. Co. v. Walker, 157 Wis.2d 459, 459 N.W.2d 605 (Ct. App. 1990), rev. den. 465 N.W.2d 655 (Wis. 1990), denied coverage to innocent co-insured where only act of guilty insured was refusing to answer Examination Under Oath questions!

V. SUGGESTIONS FOR INSURERS THROUGHOUT THE FIRST PARTY CLAIMS PROCESS

- A. Know the policy - both the rights and obligations of the company and the insured.
- B. Investigate promptly.
- C. Respond promptly.
- D. Do not prejudge.
- E. Be courteous.
- F. Record objective facts, not impressions.
- G. Do not make derogatory remarks in claim file about the insured.
- H. Respond courteously and in writing to all letters of the insured. Make your requests for significant additional information in writing.
- I. Admit mistakes if made.
- J. Avoid telling the insured he will be hearing from you within a specified time unless you are positively certain you'll be able to do so.
- K. Complex matters, particularly unique policy interpretation questions or arson issues, should be reviewed by counsel.
- L. Before denial of any claim receive review of property loss manager or supervisor. If you do deny, do so promptly without keeping your decision a secret while requesting more information.
- M. If all or parts of a claim are denied, explain reasons to the insured and provide precise policy language. If some portion of the claim is undisputed, pay it.
- N. Do not attempt to settle for less than the amount to which you consider claimant entitled - no "low

ball" offers.

- O. If the issue is which of two insurers covers the loss, consider payment to the insured and resolve the insurers' dispute later.
- P. Overriding Rule - put nothing in the claim file you'll be ashamed to have read on television!!