

When the Inspector is Inspected

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The importance of the inspection process cannot be overstated. In many cases, this is the first and only direct contact the insured has with the insurance company. Even though today's technology enables many of the inspection processes to be done remotely, including photos, there is no substitute for the personal contact of the inspector with the insured. Having set procedures for the inspection process is an essential part of a successful program.

Nils Deacon has been an inspector for over 40 years. As an inspector with decades of experience, he has done complete underwriting inspections on thousands of commercial and residential properties. This includes evaluations of automatic sprinkler systems, cooking installations, factories, warehouses and churches. The occupancies have run the gamut from convents, indoor malls to massage parlors, and to 500,000 square foot internet server facilities. Perhaps the most unique was a decommissioned nuclear power plant that had been converted to pharmaceutical manufacturing because the containment vessel worked well for their processes.

A big part of an inspector's job is to look for trouble – anything that would generate recommendations for improvement in order for the company to feel comfortable writing or staying on the risk. These include problems with the heating equipment that might put people in danger from carbon monoxide, or an accumulation of oily rags and other combustibles that could cause a fire, or slip and fall hazards, or flammable chemicals and liquids.

An inspection can be a stressful time for the insured. They know the inspector is looking for problems, so the visits are a cause for concern. They don't know what this inspector may find that will take time or money to rectify. In order for the insured to be more comfortable, and to expedite the process, Nils makes appointments for commercial risks to ensure that he has complete access to the property and does not have to go back again.

When Nils arrives at the risk, he has his inspector gear: clipboard, camera, flashlight and tape measure. Everyone knows an inspector is on the premises, questions will be asked and possible problems uncovered. People can get a little nervous, so he tries to make it as pain free as possible.

Communication is essential to reduced stress during an inspection. As Nils explains, "The inspector should explain the nature of the visit, making sure the insured knows that they are not being singled out. The inspector is the eyes and ears

for the underwriters, and it is in everyone's best interest, both company and insured alike, to have the safest possible risk."

With digital cameras, the inspector really can provide detailed pictures of the insured risk to the underwriters. Taking a lot of photos may make the insured uncomfortable. The inspector should explain that this is a requirement of the insurance company, so they can have a true understanding of the property.

Of course, these photos may provide evidence of hazards that will draw risk improvement recommendations. That trouble can mean costly repairs, expensive fire defense measures and the need for professional services to mitigate the hazard. This is the last thing many of the insureds want. It is difficult enough to make a business survive without unforeseen costs from their insurance carrier. However, costs of compliance may be small when compared with the costs of a fire or large liability loss that could have been prevented.

The inspector may or may not discuss recommendations at the time of the inspection. It can be a time consuming process, and some insureds can become argumentative and even angry. In addition, the inspector does not know which of the recommendations are mandatory or optional. The insurance company may not insist on compliance with many recommendations depending on their own underwriting standards. The company should clearly communicate if there are recommendations that the inspector should not discuss with the insured. The inspector should of course inform the insured and the underwriter immediately if a hazard poses an imminent danger.

When the company does require compliance from the insured, the inspector may be asked to provide guidance on how to comply with the recommendations. Many of the recommendations will cite NFPA standards, so it is the inspector's job to translate them into everyday language. Agents can be very helpful by acting as a bridge between the inspector and the insured at this time.

Sometimes the tables are turned and the inspector is the subject of the inspection. As an insurance professional, Nils also gives presentations, contributes to insurance journals and provides technical training to



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underwriters and claims personnel. He is a member of three NFPA technical committees, helping to revise standards to the current situation. In other words, he is well aware of what can cause damage to buildings and people, and the mitigation standards that will improve the risk. But we all know the story about the shoemaker's children having no shoes.

When Nils received a questionnaire from his homeowner's insurance company about his house, he knew it was an underwriting review. Nils has been with the same homeowners company for many years, and did not recall filling one out since he purchased the home. The questionnaire was well laid out and asked the pertinent questions about the presence of swimming pools, breeds of dogs owned, if any, trampolines and hot tubs. For fireplaces and woodstoves, how often is the chimney cleaned? What is the age of the roof, and is there a gas generator? There were more questions, they all made sense. Luckily, Nils felt that he kept a fairly safe establishment and did not have too much to worry about.

However, the thought did come that his home could be the subject of an inspection. One day, several months later, Nils saw a man with a clipboard walking up to the house. Yes, he had the standard "inspector's gear": a clipboard, camera and flashlight. Nils didn't see a tape measure.

The inspector rang the bell and said he was there to "survey" the house for the insurance company to be sure it was insured to the correct value. Well, this is the same thing Nils says when he does homeowners inspections. It makes things easier, and of course, it is true, just not the entire reason. Nils felt tempted to tell the inspector that he was an inspector also, but didn't, it wouldn't make any difference and would just take extra time. Nils knew the man was busy.

The inspector needed to go around the outside of the house, and asked if there were any dogs. Nils does the same in his inspections. Nobody wants to be surprised. He has been chased more than once because a homeowner forgot to tell him they left their pit-bull or bichon frise loose in the backyard.

Nils left the inspector to do his work, then remembered the large accumulation of basically junk in front of his garage. He had just cleaned it out, and there were a number of empty paint cans, old rags, boxes and other debris there. Though fairly neatly stacked awaiting disposal, it still didn't look good, that is, when you are being inspected.

The inspector took pictures of that and many other things around the house. Nils noted: "I felt nervous. Did he get the cracked sidewalk and driveway areas I had been meaning to repair? Some large tree limbs were overhanging the roof, I had meant to have that taken care of to. And was that moss or lichen on some of the shingles? I was feeling like the plumb-

er whose own house had lots of leaks. But mine were safety problems, I should have fixed them, I was going to have problems with my insurance company."

Two months after the inspection, Nils received a letter from the company requesting that he have the large tree limbs overhanging the roof removed. The moss on the shingles was to also be removed. Because of the extra shade from the tree, moss had grown on some of the shingles. Nils has made those exact recommendations on many buildings. Overhanging tree limbs can cause serious damage to the roof and structure. Moss and lichens can damage the shingles and cause water leakage.

A week or two after the letter, Nils' agent called and asked if he had gotten the letter and that it would be a good idea to comply as soon as possible. Nils had a tree company come out and remove the overhanging limbs. He was able to access the roof and removed the moss with a high-power hose.

Through the course of complying with the recommendations, Nils took pictures and sent them to his agent and on to the insurance company. The agent was very helpful throughout. She kept the underwriters informed of the progress and advocated for Nils at the same time. The underwriters were also helpful, if the pictures didn't answer their concerns completely, it was not a problem to take more until all were satisfied.

Even though it was not brought up by the insurance company, Nils did his own inspection of his house and came up with recommendations for improvement. He took care of the cracked sidewalk and driveway areas, rechecked the smoke and carbon monoxide alarms, and had his annual service to ensure the boiler and hot water heater were not leaking carbon monoxide. Nils had the fireplace chimney cleaned and make sure there were no oily rags and trash in the garage that could cause a fire. The locks to secure the hot tub were checked.

A season after Nils' home inspection and subsequent mitigation actions, there was a particularly bad nor'easter in the area. Some large tree limbs came down in the neighborhood and homes were damaged. Luckily for Nils and his insurance company, his house suffered no damage. According to Nils: "Just goes to show the value of inspections, if I do say so myself."

In many cases, the inspector is the face of, and the only contact for, the company to the insured. It is essential that steps be taken and processes put in place to ensure that the process goes as smoothly as possible.

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