

# The CHRONICLES Newsletter

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**Editor:**  
Walking Dog

**Reporters:**  
Robert Eyford  
Ron Wilkes

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## 1. CUTTING CLAIMS COSTS - WHO DO YOU, CALL FIRST???

- Robert Eyford, CFEI, CCFI, CFII, CVFI – Rae-Tech Investigations Ltd.

Fire investigators, electrical engineers, estimators – all persons with different expertise, training, background, and qualifications. A typical fire loss may require one or more of these people to assist you in your handling of the loss. Knowing where, how and why the fire started is important for policy coverage issues as well as the possibility of subrogation against third parties. Although there are fire losses where people with several areas of expertise may be required before the job is completed there is one factor that is extremely important to the management of your claim and it's final outcome. That is – whom do you call..... **“FIRST”!!**. Most independent adjusters and claims examiners won't have trouble answering that. Most would call a private fire investigator to determine the origin and cause of the fire, knowing that if that fire investigator finds an issue in the fire scene that requires him/her to call on the assistance of another specialist, he will do so, ie. an electrical engineer. However there are a surprising number of adjusters and claims examiners who bypass the fire investigator and call either an electrical engineer or an estimator to examine the fire scene and determine the cause. Although these people may be highly qualified in their area of expertise (electrical or estimating), let's examine the dangers of this practice.

Some adjusters who handle heavy equipment fires, instead of calling a private fire investigator to determine the origin and cause of a fire, call a heavy equipment estimator. An estimator is a person who has a history of employment in the heavy equipment field – usually a mechanic - and is familiar with most types of heavy equipment. He can examine the burned piece of equipment and provide an estimate for the cost of repairs or replacement. People with this expertise are also sometimes asked to determine the origin and cause of the fire while they are preparing their repair estimate. Although this is not something they have been trained for, because of their familiarity with heavy equipment, they are sometimes correct in their determination of the origin and cause of the fire. However, just suppose that subrogation should arise out of one of their determinations and the matter ends up in litigation. The money saved by the Insurer by not calling in a private fire investigator first, is quickly lost because the estimator may not be qualified to provide expert evidence in court on fire related matters, cannot show that he has followed a scientific method of investigation and may not have learned the importance of the continuity of any exhibits he may have taken. Imagine sending a building estimator or contractor to determine the origin and cause of a structure fire. Absurd right? The same logic should apply to heavy equipment and vehicles.

There are some electrical engineers that do a lot of work in fire scenes. They are called in by the private fire investigator to apply their expertise when electrical components are suspected of having been the cause of the fire. There have been some examples of electrical engineers, since they spend a lot of time assisting private fire investigators, acquiring the belief over time that they are

also fire investigators. This sometimes results in Insurers or adjusters calling them instead of a private fire investigator to determine the cause of the fire. The same problem arises, wherein they are not fire investigators and are not qualified to give expert evidence outside electrical matters. There have been cases where Insurers have paid dearly for making this mistake, because in litigation, the other side has employed a private fire investigator to successfully contradict the evidence of the electrical engineer who did not confine his investigation to his area of expertise – electrical matters.

There are also a large number of adjusters and claims examiners who rely on the fire department to determine the origin and cause of the fire. Often this is a logical avenue because many fires are of obvious origin it would not be wise spending to call in a private fire investigator. However, when the fire cause is questionable or may result in litigation, it is wise spending to call in a private fire investigator. Fire departments that do investigate the causes of fires do so under the authority of assistance to the Fire Commissioner's Office. They very often do not have the time required to do a thorough job on an investigation and often do not have the luxury of being able to spend time digging or excavating the scene completely nor the finances to call in electrical engineers or other experts. The other factor that many adjusters and claims examiners do not consider is that many volunteer fire departments only attend several fires a year and their fire chief does not have the experience or the training to properly investigate the cause of the fire. Their investigations therefore rarely stand up to scrutiny. This ends up costing Insurers dearly because what is labeled by the fire department as an undetermined or accidental fire, is often an arson by the Insured or an accidental fire in which litigation could have allowed the Insurer to recover their costs.

In these days when many Insurers are experiencing slower financial growth, often because of high claims costs, it is important to spend wisely. Claims costs can be vastly reduced by making the correct decisions early in the handling of the claim, not only whom you call, but whom you call first. Private fire investigators are the most economical route to start your fire investigation with. During the initial investigation, if the need arises for other experts with specific expertise to assist, they can then be called. These additional experts are especially necessary in cases where litigation may result and the proper use of these experts fortifies an Insurer's chances of successful subrogation. However, it is the private fire investigator in the fire scene that should recommend when and if these additional experts are called. This will prove to be the most economical route to the Insurer.

## **2. LETTERS TO THE EDITOR**

### **Leona Ashcroft – Ashcroft Insurance Adjusters - Nelson**

Robert and Ron:

Congratulations on the success of your newsletter with its growing membership. You are doing an excellent job!

The best of the season to you and yours!

Leona Ashcroft  
Ashcroft Insurance Adjusters  
Nelson, B.C.

**Editors Note:** *Both of us thank you from the bottom of our hearts. It is letters from you that keep us going and contributing to this newsletter. All too often it becomes discouraging because of the time frames for copy and the delivery of the newsletter along with our day jobs.*

### **3. LETTERS TO THE EDITOR**

**Barry Chapman – Allstate Insurance - Calgary**

Ron

Thank You very much for including me in the monthly distribution of your Newsletter.  
I enjoy the information as well as the humour.

Merry Christmas and Happy New Year to all.

*Barry Chapman C.I.P.  
Allstate Insurance Company of Canada*

**Editors Note:** *Thanks Barry, I enjoy writing the newsletter for you and everyone else and it has been a pleasure knowing you over the years as well.*

### **4. LETTERS TO THE EDITOR**

**Simon Farrow – CUISA MGA - Penticton**

Nice little publication – thanks. You might like to know that the picture of the 1954 computer is actually a hoax, and it can be found on any number of hoax-busting websites.

Here's an example:

<http://www.popularmechanics.com/technology/computers/2004/12/hoax/>

Merry Christmas,  
Simon Farrow  
CUISA MGA  
Penticton BC

**Editors Note:** *Thanks Simon to bringing this to our attention. Now that you mention it – it looks more like a ship's bridge to some degree.*

## **5. THE 10 MOST COMMON QUESTIONS ASKED REGARDING BUILDING APPRAISALS**

**- Ron Wilkes – Integral Property Loss Consultants**

1. What makes a building valuable?

*The use and design of the building*

2. How do you determine the buildings value?

*The size and energy the building provides*

3. What do you mean by energy?

*There are 6 services that can produce energy*

4. What are the services?

*Gas, Water, Electricity, Refrigeration, Steam, Air (not in any particular order)*

5. How can you attribute each service to the building value?

*Each service is assessed by it=s whole contribution to functional use and design of the building.*

6. Can each service be gauged by a factor towards the value of the building?

*Yes, each service can be gauged by quality of the plant providing that service.*

7. What are the qualities?

*Poor, Fair, Average, Good, Very Good, Excellent*

8. What determines these qualities?

*The size and type of plant.*

## **6. WE LEAVE YOU WITH THIS THOUGHT**

*“Marriage is like dancing...a good partner always makes you look good.”*

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## **RAE-TECH INVESTIGATIONS LTD.**

123 McLeod Ave.  
Spruce Grove, AB T7X 2K6  
**Ph: 780-910-4424**  
Fax: 780-960-0418

**Robert Eyford**  
CFEI, CCFI, CFII, CVFI

1607 Ernst Rd.  
Quesnel, BC V2J 6H6  
**Ph: 250-992-7079**  
Fax: 250-992-7141

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A division of Integral Enterprises Inc.  
32150 Eagle Cresc.  
Mission, BC V2V 5C8  
**Ph: 888-880-2181**  
Fax: 604-826-9807

**Ron Wilkes,**  
AISA, CMSI

Visit us on the web at  
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