



The CHRONICLES Newsletter

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THIS WEEKS FEATURES

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❖ LETTERS TO THE EDITOR

Grant Taylor, Mutual Fire Insurance Co. of BC

❖ CLAIMS AND CONSUMERS

Ron Wilkes, Integral Property Loss Consultants

BLAST FROM THE PAST

Sponsored by Integral Property Loss Consultants

❖ FRIDAY, OCTOBER 29, 2004



on Friday, November 11th, 2005

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LETTERS TO THE EDITOR

Grant Taylor, Mutual Fire Insurance, Langley, BC

Article on Aspartame

According to www.snopes.com this information is FALSE. Please refer to the 25 Hottest Urban Legends and scroll down to Item #16. There are quite a number of these so-called legends that one can easily fall for. I know, I've done it myself. I have read this article before but have always found it difficult to understand why health departments would permit its use if it was so bad for us and causing huge costs to the health system

Best wishes,

Grant Taylor

Mutual Fire Insurance Co. of B.C.

Editors Note:

Good Morning Grant

Our policy for the Chronicles is to publish any article that any of the readership writes or sends to us providing that they do it in good taste. We do not check the validity of the article.

Ron Wilkes



Rae-Tech Investigations Ltd.

International Fire & Forensic Consultants

Rae-Tech Investigations Ltd. is an international fire and forensic consulting firm based in Western Canada. We cover western Canada from our offices in British Columbia and Alberta. We service North America and other Pacific Rim Countries with affiliates in Philippines, Canada, United States, South America and Great Britain.

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Please come and visit us on the web at www.rae-tech.net

CLAIMS AND CONSUMERS

Ron Wilkes, Integral Property Loss Consultants

We are currently in the process of revising our website and are adding a section called Frequently Asked Questions. As we receive constant questions asked of us because of our site, the majority of them are from the consumer.

Today the consumer is very educated and we can expect to be asked at least one of the following questions once a week.

Why should an independent damage report be obtained when the approved restoration contractor is providing one?

Today insurers are walking a fine line between "Bad Service" and "Bad Faith" and are raising major concerns by the insurance consumer. The consumer simply does not understand their rights, or the responsibilities of the insurer to them. Fewer than five percent actually read their insurance policy.

Bad faith on the part of the insurers can be described as any blatant action taken by the insurer or their representative that undermines the terms and conditions of the policy. This could include bad service. Even legitimate damages that the insured may be legally entitled to can simply be denied by the insurer that results in the claim not being paid and the file closed because the consumer will take the word the insurer and not challenge the process any further.

Some insurers will only respond to litigation which is an expensive method that usually results in long delays before reaching any type of conclusion. There are alternatives available at a fraction of the cost to the consumer that is a viable option.

As a property loss consultant, we investigate the loss by determining the quality, and quantity of damaged property that will produce a report outlining the cause, circumstances surrounding the cause, description of property, scope of damage, and assessment of restoration. Once this has been produced, the consumer can

make certain that all the facts surrounding the loss have been determined which includes the handling of the claim by the insurer or their representative and therefore produce a reasonable, sufficient proof of loss for the consumer to file to his insurer. We have other consultants in other specialized areas available to us to call upon should we have the need for their expertise.

The INTEGRAL method is

- A. To provide an objective independent damage report.
- B. To limit liability and risk by applying the rules of accepted appraisal practices.
- C. We identify all damaged items that have not been damaged by the insured peril that are included in the report.
- D. We identify costs that exceed industry standards.
- E. We identify conditions that have a bearing on the cost of repairs.
- F. We identify delays and errors which has escalated the cost of the repairs.
- G. We identify interpreted quality and quantity differences.
- H. We clearly define the work to be completed.
- I. We clearly assign a dollar value to each task.
- J. We clearly write our reports in layman's terms for clearer understanding by everyone.
- K. Our reports are supported by trades or suppliers willing to provide the services or products required.

My strata complex that suffered a fire on the top floor is a 3 story building with 30 units in it. Water poured down into my suite on the ground floor and my insurance company denied my claim yet other owners in the building are having their claims covered. I have a comprehensive policy. Why?

From what you told me in your letter, the fire destroyed the top floor of the building and to extinguish the fire on the top floor it sent water down two stories into the units below.

Unfortunately the insurance industry has adapted the three strikes and you are out theory. Deny the first time and the majority of claimants will go away. Deny the second time and you will lose about another fifty percent. Deny the third time and with everyone that will remain they will be considered serious claimants.

Since it is becoming more and more common for insurance companies to deny claims or find alternative solutions that are less expensive but could or do not produce the results required, and you are receiving this type of treatment from your adjuster and underwriter then perhaps you should seek some outside help.

As a Restoration Manager, we photograph the building, make a diagram of the building, complete our own Scope of Damage, and complete our own Assessment of Damage in the form of a Damage Appraisal Report. We price the work on a replacement cost basis using our own qualified trades people. If we are dealing with strata owners improvements or leasehold improvements, these improvements are incorporated into the total report. This report will be sent to the

adjusters for the building insurer as well as the unit owner or tenant's insurer. It is the job of these two adjusters to determine who is responsible for what damage because we are not adjusters. We are appraisers.

After the adjusters have determined coverage, amounts, etc. we can then manage the restoration process. Once the value or budget has been determined we will continue to work with you until the restoration process is complete and to your satisfaction.

We are not a restoration contractor, but rather a restoration manager. We have no vested interest in the work to be performed because we are paid fees on a report and management basis. We manage the scheduling and services of separate qualified sub contractors who are not usually an approved contractor of the insurance company.

The insurance adjuster is not considering all of my fire damage and says there is nothing wrong with finishes in the second bedroom. There is approximately \$ 7,500 damage in this room from smoke and water. I have talked to several people who advised that I seek a public adjuster, or a lawyer, or an advocate. Who should I talk to?

This is an excellent question. So let's take them in order.

A public adjuster is a licensed insurance adjuster who works on behalf of the consumer or the insured. In accordance with the Financial Institutions Act anyone working for consumer as an adjuster must be licensed (there are a few exceptions) if they are doing it for remuneration. The public adjuster works on a percentage of the loss paid and in this case the amount of damage does not warrant them from taking on your case. Any case would have to be much higher, and probably \$ 50,000 is a starting amount.

A lawyer is exempt from having to have an adjuster's license under the Financial Institutions Act. In this case their hourly fee of \$ 150 or more would soon take care of \$ 7,500. A lawyer would probably advise you that it isn't worth pursuing.

The term advocate is interesting, as it really is a general term. The public adjuster is an advocate. The lawyer is an advocate. Your broker can even be an advocate. However, the reference is probably directed towards an insurance buyer, or risk manager whereas that individual is an employee of the insured and could be considered as part of the insured. These positions would be found in commercial, agriculture, institutional and industrial risks, not residential.

However there is a fourth option. Today the insured can present their own case for coverage by obtaining an independent Damage Appraisal, and / or Contents Appraisal from Integral on a packaged fee basis. It is up to the insured to prove his loss and these reports are the proof. The cost of these reports would be necessary even if a public adjuster, or lawyer is retained later on.

BLASTS FROM THE PAST

Sponsored by Integral Property Loss Consultants

1. WHEN THE INSURED CRIES OUT FOR HELP – Ron Wilkes - Editor

Integral Property Loss Services are not public adjusters, but property loss specialists that work with the insured as a restoration manager for all aspects of the restoration process, in order to put the insured back into the position they were prior to the loss, and some of process can be misconstrued as improvements and betterments. However these changes are sometimes necessary in order to rebuild on the same site especially if there is an influence from one or more government agencies that get involved with the restoration process. The insured does not have the experience or resources to deal with problems surrounding the following case file.

The following is how the events unraveled during a recent loss that we managed in the Lower Mainland. We were involved with all 5 government bodies through eight months of constant negotiations in order to get the home rebuilt and satisfy all parties including the insured and insurer.

On Saturday, November 22, 2003, the insured left home that morning to run errands, and returned that afternoon to find the fire department of site. The residence had been gutted by fire which started with a short in the wiring in the crawl space.

The following Saturday, a friend of the insured came to visit not knowing that the insured had a fire. The friend listened intensively to the insured regarding the fire, then took a brief look around and knew that there was going to be an underlying problem in rebuilding. He asked if he could call someone he knows to come over right away and offer their opinion. The insured agreed. That someone that was called was Integral Property Loss Services.

We met that Saturday on site with the insured and the insured's friend and advised the insured that this loss would have to be tightly monitored, due to the existing conditions of risk, the age of the residence, the construction practices used in the building of the home and the set backs to the property. We agreed to meet with the adjuster and the restoration contractors on site the following Monday morning.

The Monday morning meeting took place with some apprehension on the part of the adjuster at first, but soon became amicable once he realized our role was not to adjust the claim but find solutions to the restoration process. This became very evident as time progressed during this loss. The two restoration companies were experienced well known companies that were on the insurers approved list. One

had completed all emergency service requirements and a scope of damage written for the loss.

The residence was an older home at the time that it was moved to this location over 40 years ago. It has been placed on a foundation with a dirt floor crawl space of approximately 18 inches. The footings had been dug and poured on top soil. Although the water table in this area is high, the lot backs off a nearby stream, that is managed by the Department of Fisheries, which can overflow, its banks, thus producing a water problem to the dirt floor crawl space. This has been the case over the years, but has not caused damage to the residence itself.

When the home was built it was of a good quality for its day that provided solid construction, some detailed millwork, and features.

The fire damage to this residence has created concerns by all parties that attended the site as to the extent of damage and restoration required to the structure. Our position has been that the roof is removed completely; the interior should be stripped out to expose the framing; and the exterior wall cover should be removed completely back to the exterior wall sheathing, as a minimum requirement.

We understand that the city has even gone further and suggested that the building should be torn down to the foundation. We are also in agreement with this recommendation but this raises some concerns, which can be dealt with appropriately. The crawl space because of its height is considered a confined space.

Since the fire, deep fresh cracks started to appear on the stucco. This is an indication that either the building envelope has been breached or there is water behind the stucco that either got in when the fire was being extinguished or has entered from an insecure roof structure. Probably both. Water evidence behind the stucco can be seen from the outside just looking at the stucco surface. The stucco will appear a darker shade of colour.

Since stucco is not a moisture barrier, we felt it is necessary to remove the stucco, replace the building envelope cover, and re stucco all elevations where there is stucco applied.

This would affect approximately 1,300 square feet of exterior wall area.

We received a telephone call from the adjuster with a message left on my voice mail around midday of December 24th, asking for the additional costs to take the home down to the foundations and rebuild. This now raises some concerns in as far as exposing the crawl space. By exposing the crawl space, we have to approach the restoration process quite differently.

If we were to follow the existing approach to the restoration of the home, using the existing scope of damage provided, it would escalate the cost to between \$ 150,000 and \$ 160,000, and it would not resolve the crawl space problem.

On January 24th a work authorization was signed by the insured, and demolition down to the floor was performed on March 6th after a lengthy negotiation period with the municipality as to what was going to be done with the structure.

Since the floor infrastructure has now been exposed it has drastically changed since the original scope was completed. The access to view this structure was obstructed at the time the original scope of damage was completed. The following changes are to this structure.

- The floor was constructed in three separate sections at different heights.
- The three separate heights were leveled off using additional sub flooring.
- The original thought was that there were 4 support posts; however there are 6 support posts not located where they were originally thought to be.
- There are 3 separate beams running from front to rear of the floor and not one as originally thought to be.
- The floor joists are on 12 inch centers and not 24 inch centers as originally thought to be.
- The reduced size of centers will increase the bridging sets required.
- There is a wood sill around the perimeter of the foundation, which was not thought to be there originally.

The most cost effective way to rebuild this floor would be to place 6 posts in the center for a 4 ply 2 x 12 beam that would now run down the middle of the crawl space. We would replace the sill and use 2 x 12 floor joists with bridging notched where required to level the floor. A single new plywood sub floor would be applied on these joists, with an underlayment on top of this in the wet areas.

As mentioned before, an updated topographical survey is required because part of the residence is located within the Fisheries set backs for salmon bearing rivers & creeks. This is because the top of foundation lies below the level of the road.

On April 10th, the floor structure was removed as agreed upon by the adjuster after he had a chance to review it.

By removing the floor structure, we have exposed the foundation and crawl space completely.

Although the foundation is stable enough to rebuild on it requires the following work completed to it by the municipality due to the fire.

- Enclose the exterior access to the crawl space and provide a new access from the floor inside the interior of the residence.
- Enclose the foundation to the pier foundation at the rear where the existing covered porch is because the main roof overhangs it.
- Renew all the vents to the crawl space.
- Repair all foundation cracks.

Since the floor has fallen through into the crawl space the following repair work to the crawl space would be required by the Department of Health.

- Replace the existing vapour barrier to the floor.
- Cap the existing vapour barrier.
- Re insulate the exterior foundation walls.

Since the above work is extensive, we met with municipality to discuss a more cost effective method to reconstruct this portion of the residence. If we

- Fill the foundation with drainage rock;
- Pour a monolithically slab over the drainage rock on top of the foundation wall;
- Provide drain tile around the exterior base of the foundation out to the street or drainage ditch with back flow valve; and
- Provide a grass berm over the drainage tile around the exterior base of the foundation,

then we can eliminate the topographical survey, crawl space, confined space concerns, and the wood floor infrastructure.

We have now satisfied the Department of Fisheries, Regional Health Department, and Occupational Safety & Health Board, as well as the Municipality in order to restore this home on this property. In essence what we have done is create this solid man made large heavy rock and are going to rebuild upon it.

Once the floor was removed and the trenching was complete for the new footings, it exposed the existing footings that were on top soil and not on solid ground such as clay, rock, shale, etc. If these other materials were not available in the soil, then it normally is acceptable for footings under the existing soil conditions to have pilings driven into the ground until they reached a solid base. This was impossible to correct at this stage because we could not remove the existing foundations and rebuild with new footings and foundations due to set backs controlled by the Department of Fisheries, and the Municipality.

The municipality required an engineering report for the existing footings as well as the new footings. Since pilings were prohibited, then in theory enough weight had to be put in place by increasing the height of the foundations coupled with the additional crawl space fill added, in order to have enough stability of the slab not to move.

Again once the floor was removed, and work had commenced to add to the foundations, the municipality required an engineering report. It was also discovered that the existing foundations walls were not straight, square or level. It was necessary for us to straighten out these walls in order to rebuild on them.

This leaves only the Variance Board for the Municipality to satisfy and have the insured appear before because we had to push the front porch ahead by 8 feet which infringes on the municipality right of way. Our approach to it was that the insured it would have been a hardship for the insured to eliminate the front porch. The board passed and allowed the front porch.

The following changes have been made and agreed upon by the insured and the governing bodies.

- Relocate the front and rear porches to accommodate changes
- Increase the square footage to accommodate changes
- Increase the ceiling height to 9 feet to accommodate changes
- Eliminate the crawl space
- Elevate the floor by 18 inches
- Change the wood floor to slab on grade with drain rock underneath
- Change to forced air heating to radiant hot water in slab
- Move all electrical boxes to utilities room
- Re connect water and sewer lines to road
- Resurvey the property

The resulting changes will increase the quality of the residence from average to good which in turn will result in the home being worth more money to reproduce.

We had started construction before the contract was drawn up and did not know exactly what to expect at that time. In reviewing the contract, we find the upgrades and changes such as the nine foot ceilings, vaulted ceiling in the great room, the three new porches, the hot water radiant heating system, the built in appliance package, the additional bathroom, and the slab on grade floor system were considered as part of the additional \$ 22,000.00 cost in addition to the insurance portion of the loss which was \$ 160,000..

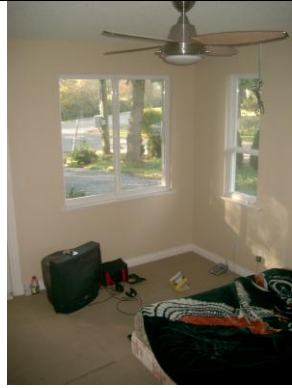
These additional costs were necessary in order to achieve the results you see today.

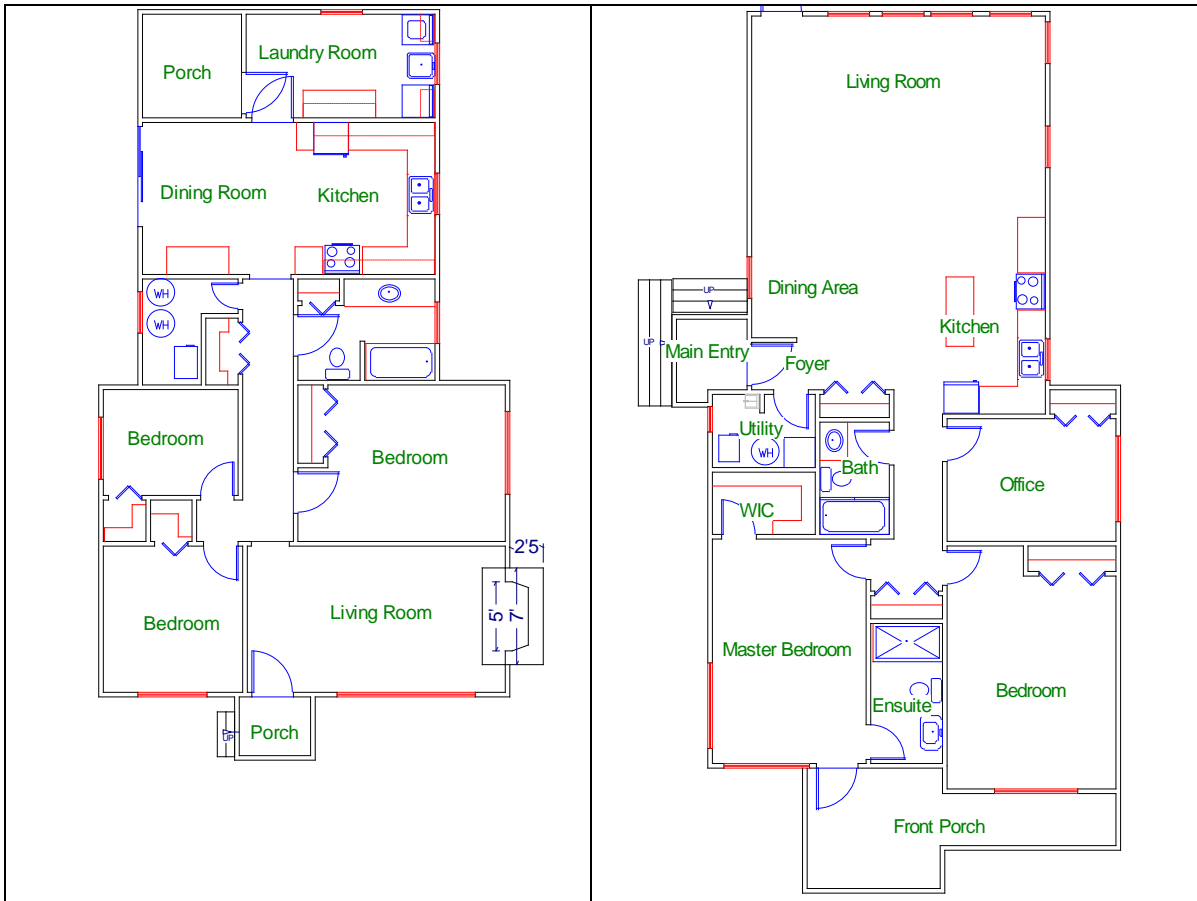
The insured loss was \$ 160.000 and an additional \$ 22,000 would be required to satisfy every requirement. The insured wanted to increase his mortgage for this but did not receive the co-operation he required to do so therefore other avenues had to be explored which ended up with him providing sweat equity and completing some tasks himself. Even in making these concessions, we were able to come in on budget and 2 weeks ahead of actual construction time schedule. All delays were caused by third parties.

The following is a photo gallery of this loss. The new photo's were taken during course of construction.









Integral Property Loss Consultants are committed to providing loss prevention and managing property losses that are innovative, responsible, and cost effective by assisting the consumer in restoring their property to its origin design, quality and value. We provide a consulting service that assists private and business consumers to make highly informed decisions with regards to a property loss in settling insurance claims.

GRC APPRAISAL REPORTS ~ LOSS REPORTS ~ ASSESSMENTS OF DAMAGE REPORTS

CONDITIONS OF RISK INSPECTION REPORTS ~ UNDERWRITING INSPECTION REPORTS

RESTORATION MANAGEMENT SERVICES ~ REPLACEMENT MANAGEMENT SERVICES

CONFLICT RESOLUTION SERVICES ~ DISPUTE RESOLUTION SERVICES

*CONSULTANTS FOR THE
GRIMSHAW TORNADO, THE
NORTHERN ALBERTA
WINDSTORM, AND THE
BARRIERE - KELOWNA
FIRES IN 2003*

Ron Wilkes

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And there you have it for this edition.....exit stage left!



Walking Dog