



NEWSLETTER

JULY, 2010

SQUATTERS SPARK WORRY



Transients taking over empty homes have Langley City firefighters worried about public safety. Homeless people and empty houses are creating a dangerous mix in Langley City.

The fire department sealed up a townhouse that had been overtaken by transients. The owner lost the home when he was forced into foreclosure and the home was left vacant in the middle of a family-oriented complex a couple of blocks from the downtown core.

The bank and the new owner weren't scheduled to take over the home until mid-July, and transients moved in. It didn't take long, and the place was an absolute mess filled with drug paraphernalia and garbage. Concern was for the families who live on either side, and the City Fire Department sought a Fire Commissioners' order to deem the home unsafe.

The home was boarded up and secured, but the new owner will be taking on the home in the state it was left by the transients.

Here is the rest of the story in the new owner's words. Some details have been omitted to protect the innocent. This is taken from a letter sent to FICOM.

"I retained the services of a consultant after many months of total frustration. I would like you to give you some background on my situation. Please bear with me as this may shed some light on your investigation at hand.

I purchased the property because the unit was ideal for me in both price and location as I have two daughters that needed to attend school in the area. It was a court ordered sale as the then owner had defaulted on his mortgage.

After my purchase I was informed by my realtor that the owner had not been seen in some time and that the premises were occupied by street people (squatters) and that no one could contact the owner. The unit quickly deteriorated over the next few weeks resulting in the fire department boarding up the unit almost one month after my purchase was approved. I was called at work by my realtor who asked me to come to the property as soon as possible as it was being boarded up by the fire department.

When I arrived, I was met by the fire chief who took me inside the unit. To say the least, I was horrified at what I saw. I cannot begin to explain the condition of the unit. At that time I did not have possession, so I was told there was nothing I could do but wait until my possession date.

At that time I made a call to the president of the strata corporation. He suggested that I speak with the property manager and he provided me with their office phone number. I called the property manager on 3 occasions leaving messages on their voice mail. These messages were not returned. This was the beginning of my frustration.

I made several trips to the unit and talked with the neighbor in the unit next door. I was informed that the problems in the unit extended back to early spring last year. The neighbors had made numerous complaints to the strata council that the premises were being littered and people were coming and going at all hours of the night. The police were called on several occasions to attend. The neighbouring unit owner was given a file number by the RCMP because of the numerous complaints. The complaints to the strata council and the property manager were made in the form of phone calls or emails from the owners in the complex.

The neighbours on both sides of the unit were becoming extremely frustrated with the lack of action taken by the council and the property manager and they attended a strata council meeting to stress their concerns, and the enormity of the situation they were dealing with on a daily and nightly basis. It is my understanding from talking with the surrounding owners that no action was taken by the council or property manager because council had no power to act as the unit was privately owned, and it was up to this owner to control the situation at these premises. The strata council as well as the property manager were advised by the neighbour next door to the unit that the owner had stated to her in late April or early May that they were no longer residing in the unit, and they were walking away from it all.

In my opinion, it would seem to be abandoned at that point. I cannot begin to explain to you what was going through my mind ... I had completed the sale on my home and was making preparations to move. I was to take possession of the unit in July and I needed questions answered as to what my responsibilities were regarding the unit. I called the property manager to no avail. I was given the email addresses of some of the strata council

members and proceeded to email them with simple questions, like who will be replacing the door to the unit as it had no way of being secured once the plywood was removed, and who would make arrangements to replace glass in the broken windows?

I did meet one strata council member on my visits to the unit, who informed me as to what was taking place at strata council meetings in regards to the unit. Council was advised by the property manager that they could not take action because the unit was still owned by the current owner. The property manager also advised them that since I was not yet the owner, they could not correspond with me. One strata council member forwarded me confidential emails from the property manager to strata council members stating that my emails were received and how difficult I was, and that they couldn't please me. I was told that because my emails were not directed to the strata council as a whole, the president could not respond.

I should mention that the president of the strata council that served during the duration of the situation at the unit resigned the day after the unit was boarded up. The new president took over at that time and my emails were to him. That one strata council member also told me that the council had called the existing mortgage company to have them take care of the situation at the unit and they told the strata council to take care of it.

It was clear to me that no one wanted to deal with the situation, which resulted in the condition I was left to deal with. My realtor also made calls to the property manager that went unanswered. I was told by the one council member to keep on emailing and calling strata council and the property manager because they should have done something to prevent what had happened. I have emails where the one strata council member is telling me they have been laying low because of the infighting among council members regarding the situation, and by no means was I to mention that they was communicating with me.

On one occasion, I was driving by the unit and was waved down by the neighbour next door to the unit to tell me the fence surrounding the property was taken out with a chain saw and that was encouraged and witnessed by some council members. This was to expose the problem to the community and put pressure on the council to have the place cleaned up. It took a few days before the fire department again attended and cleaned up the accumulation of junk to prevent a fire hazard.

This made it extremely clear to me that the strata council was desperately divided, and action was taken against advisement from the property manager. In my discussions with the owners in the complex, one thing always comes to the surface very clearly. The property manager's inability to take action to protect the asset of this corporation was extremely irresponsible. The safety and well being of the owners were at extreme risk.

I spoke with BC Hydro to connect power to the unit on my possession date and was told that the power had been cut to that unit at the beginning of April; more than 2 months before it was boarded up. The squatters were using candles, propane, and charcoals for light and cooking purposes. I was told by the neighbors that drugs were being sold from the unit and also prostitutes were setting up shop. It was a nightmare to say the least. This was common knowledge and nothing was done.

On the possession day in July, I received a call at work from the property manager advising me of who she was and that she could not contact me before this date. To say the least, by this point I was frustrated beyond belief with everything I had learned and my situation as a whole. I was told that she would not be meeting me there but was sending an insurance adjuster to meet me at 1 p.m. that afternoon at the unit. I was somewhat confused as to why an insurance adjuster was meeting with me and I had no patience at that time to talk with the property manager.

At this point my main concern was to evaluate the condition of my new property. I had a household to move the following day and I needed to make arrangements. Prior to my taking possession, I had conversations with the fire chief who also told me he had difficulties dealing with the property management company. The chief advised me that he would be on vacation when I took possession but the deputy chief would be in charge in his absence and that they would meet me at the unit 48 to explain procedures before I entered the premises. When I met with these gentlemen, I was given latex gloves, a face mask and asked if I had hard soled shoes.

We talked a little about what had transpired in the unit and why it had taken so long for it to be shut down. I was told by the deputy chief and I quote " People owe this neighbour in the neighbouring unit (and he pointed) a great deal of thanks. If it wasn't for them, this place would not have been boarded up." It was their constant calls and complaints that brought it to their attention.

When the fire department left, the glass company showed up to replace windows. I had no idea they would be there. This gentleman was of great assistance to me and helped me remove plywood from the windows. I had invited the strata council members to attend and see the condition of the unit and no one attended except one council member who was retired and was very vocal along with my original council member who had kept me up to date. This council member actually tried kicking a hole in my shed door, telling me it would be replaced by council if it was damaged.

After the crowd of neighbors dispersed having satisfied their curiosity to the condition of the unit, the adjuster arrived, introducing himself as the adjuster for an independent adjusting firm. I had no idea why he was attending as I had had no communication with council or the property manager as to what would take place once I was the 'recognized' owner.

The adjuster did a thorough inspection of the premises and said I would need a scope of damage done. I had no idea what was transpiring. He made a few calls on his cell phone and advised me that 2 different companies would be attending to evaluate the extent of the damages. The firm I hired as a consultant later on being one and the approved restoration contractor for the insurance company for the strata building being the other.

My consultant would be responding within the hour but "approved Restoration Company" could not attend until the next day. It was then in my discussion with the adjuster that I was told the procedure that was in place. The adjuster would have to receive 2 complete scopes of damage and that there were so many policies involved it may take weeks to sort out. I didn't until that time realize that there was a claim being made by the strata corporation. I can't tell you how I felt at that moment, standing in a parking lot and realizing I was in fact for that moment homeless. I had to tell my daughters we had to make some sort of arrangements for the time being and we were not moving into our so called new home. I can tell you it wasn't a good feeling.

The consultant arrived within the hour and took no time at all putting on his work boots and getting to the task at hand. I stayed and observed the effort the consultant went to, thoroughly checking out the damages. The consultant explained to me the procedure in cases like this and how times consuming it can be, but it is all necessary in making sure things are done correctly. My experience with the consultant was very informative. I found the consultant very patient and sympathetic to my situation.

The following day I met with a representative from the restoration company when the project manager arrived, he was very hesitant to even enter the premises and in fact he did not. The project manager peeked in the door and

said, are you sure we can get rid of this stuff? He opened his briefcase and asked if I had gotten a scope of damage done already. I told him I had, and he said and I quote "Oh, OK we will go from that". He was very matter of fact and seemed to be impatient to get on his way. Needless to say, I wasn't impressed in the least.

With my household belongings in storage, one child boarded out at a friend's and my youngest daughter with me at a motel, I sat and waited until a decision could be made regarding my property. I called the adjuster after a few days and asked him if there was an allowance for me to live in a hotel and was told NO there is no coverage for that in the policy, and he suggested I call my insurance company. I had a representative from my insurance company meet me at the unit and was told that since I didn't have the policy on the unit when the damage took place there was no coverage. I was also informed that they would not insure my household contents that were held in storage.

We are now into mid July and I am finally told that yes, it is an insurance claim. I chose the consultant to complete my restoration. He provided me with a time frame as to the work and a tentative move in date. Finally, a light at the end of the tunnel!

Then I was informed that the restoration company had put in a much lower estimate of damage. I am not sure what their tactics were but I cannot see a scope of damage differing by thousands of dollars (\$20,000), except maybe in the case where they are the preferred contractor for the insurer.

This put everything on hold. I found myself putting out money week after week in a motel not to mention the other expenses I incurred because of the restoration company's actions and the property management company's in-action. I called the adjuster for the strata complex towards the end of July and was informed that he was waiting on the property manager to make a decision of some sort. Being at my wits end, I called the property manager and was in fact quite short with her and asked why the work was being delayed. The property manager stated that she was waiting to hear from the adjuster which totally contradicted what was told to me by the adjuster himself. It seemed to me that the property manager was totally at a loss to answer me. Within 10 minutes, I was called by the adjuster and told work could proceed by the consulting firm. By now the consultant had to rearrange crew schedules and the availability of some of the trades which gave me an estimated move in date as the end of August.

As the end of August approached, repairs were being accomplished but not all would be completed as the consulting company had to conform to guidelines set out by the restoration company's lowball bid. I found myself completing things that should have been covered in the scope of damage.

I moved into the unit at the end of August as I had exhausted my funds and my girls had to attend school. Throughout last fall, I slowly accomplished unfinished tasks at my expense.

Monthly, I receive copies of the minutes of the strata council meetings. It is through these minutes that the property manager stated that the claim on my unit had been paid and that there would be no expenses incurred by Strata Corporation. I was quite shocked to say the least that the property manager went into extensive detail regarding the money involved. I thought financial matters were dealt with in camera at strata council meetings. I was actually surprised to see this stated as fact, as I had spoken with the consultant a few days previously and he informed me that this was not the case. When the consultant returned from vacation in September, he was informed that the adjuster had left the independent adjusting firm. A new adjuster was now handling the claim on my unit. She told the consultant that the claim file was a complete mess and he would have to again re-submit the

scope of damage, essentially starting again at square one. I find this totally unacceptable. The consultant had gone to great lengths to conform to the limitations set upon him by the restoration company's actions.

The consultant has been very professional and courteous throughout my ordeal. I am sure there were times when he would have liked to close the book on this situation but didn't. The consultant knows the extent of my frustration and I his, but from different points of perspective.

I sold my home in order to minimize my expenses and to start with a clean slate debt free. I now find myself again in debt with expenses that were incurred through the negligence of other people and procedures beyond of my control.

I feel someone should be held accountable for my frustration and my expenses. I have incurred expenses in excess of \$8,000 for accommodations and expenses for myself and my 2 daughters due to the lack of action taken by the strata council and property manager, not to mention the additional restoration costs of over \$6,000, I had to pay because of the restoration company's bidding practices, which I strongly question.

I have retained the consulting firm to assist me in recovering these amounts. I didn't know where to start and the consultant has assisted me greatly in achieving my goal in making someone accountable. I see no reason for the consulting firm to be investigated. Without the knowledge, expertise and professionalism of the consultant, I wouldn't even know where to start to recover my loss. I now feel again that I can see the light at the end of the tunnel. If more people that were involved had the integrity and determination that is found within this consultant, I and many others would not be in the position we find ourselves.

In conclusion, firstly I want to say that at no time did the consultant tell me that the damage or expenses I incurred were or were not covered; he simply told me that he would assist me and present my case and the amount of money incurred. He told me not to accept "no it is not covered" answer without a reasonable explanation as to why it was not covered and to keep presenting it until I received a satisfactory answer with an explanation of the adjuster's findings.

Secondly, after exploring your website, I see that your department administers and oversees insurance, real estate, and mortgage companies and strata groups. I would like to lodge a formal complaint against the mortgage company; the real estate company; the property management company; the adjusting firm; the insurance companies; the insurance company's contractor and their agents, administrators, managers, adjusters, project managers, etc. of these companies who handled my file.

I thank you for your attention to my concerns and will look forward to hearing from you."

In summary a claim that was originally denied by the insurance company, was reconsidered and \$50,000 in damages was paid out which was \$20,000 lower than the actual damage created by the vandalism of the squatters. Negligence by the strata, property management firm, Mortgage Company, etc. created an additional out of pocket expense to the new owners of \$14,000. Then couple this along with the sweat equity put into the unit by the insured, family, friends, and some volunteers, the nature of this loss was in the neighbourhood of \$100,000.

In as far as the consultant and the consulting firm was concerned, they survived the investigation and changed their name so that it did not reflect terminology that is used by public adjusters, to one that more so reflects their services. They are still flourishing today.

The consultant had to officially withdraw their services from this case, and advised the insured of the following information:

If you want to lodge an official complain concerning a property manager or a property management firm, you can do so by writing Financial Institutions Commission, 1200 – 13450 – 102nd Avenue, Surrey, BC, V3T 5X3.

If you want to make a formal complaint regarding any adjuster or adjusting firm, broker or brokerage firm, you can write the Insurance Council of BC, 300 - 1040 West Georgia Street, P.O. Box 7, Vancouver, BC, V6E 4H1.

If you want to register a formal complaint, against any insurer you can write The General Insurance Ombudsman Service, 255 - 55 St. Clair Avenue West, Toronto, ON, M4V 2Y7.

BAD FAITH

Are you a victim of “bad faith” by the insurance companies involved in the settling of these types of claims to building, contents, and improvements?

The following activities of insurance companies are indicators that they have crossed the line and are attempting to falsely deny or reduce payments on insurance claims without legal justification by:

- Misrepresenting pertinent facts of insurance policy provisions relating to coverage at issue.
- Failing to advise insured’s of all eligible coverage or benefits available to them under the insurance policy, for which they may be entitled to claim against.
- Failing to acknowledge and act reasonably and promptly upon communications with respect to claims arising out of insurance policies.
- Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.
- Refusing to pay claims without conducting a reasonable investigation based upon all available information.
- Failing to provide Insured’s with a written copy of the facts or results of all investigations, including expert reports, which have a direct bearing on decisions being made to deny claims.
- Failing to confirm or deny coverage of claims within a reasonable time after the proof of loss statement has been completed.
- Not attempting in good faith to effectuate fair and equitable settlements of claims in which liability has become reasonably clear.

- Compelling Insured's to incur unnecessary expense and time in order to justify their claim; or to provide additional information or reports, which ultimately have no reasonable bearing on the claim decision.
- Compelling Insured's to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amount ultimately recovered in actions brought by such insurers.
- Attempting to settle a claim for less than the amount to which a reasonable man would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application.
- Delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information.
- Failing to promptly settle claims where liability has become reasonably clear less than one portion of the insurance policy coverage, in order to influence settlements under other portions of the insurance policy coverage.
- Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

Since the insurance industry was taken over by the banking industry, the bottom line is the only guide for management at insurance companies, as they struggle to produce profits in a non profit style of industry. The CEO no longer has worked his way up to that position from office boy or girl, to being the head of a corporation that was originally formed to share loss of a few amongst many. This fundamental principle has long been forgotten.

Today staff is parachuted into management positions with only university degrees; seasoned experienced mentors are no long around and are considered obsolete, and inexperienced staff fills chairs, desks, automobiles, etc to do the work that was once the proven foundation for obtaining positive results.

Today "Bad Faith" which was hardly visible years ago, is becoming more prominent and it is important that not only the insured is aware of the preceding points but the broker, the underwriter, the adjuster and above all the management teams are also aware of them.

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- **Building Replacement Value**



		MINIMUM	MAXIMUM
		CHARGE	CHARGE
Appraisals	Desk	\$ 225	\$ 725
	Site	\$ 725	\$ 1,450

- Including Occupancy Design Fixtures
- Actual Cash Value
- Code Upgrade and Bylaws Value
- Demolition Value
- Catastrophic Value

Damage Assessment Reports



		MINIMUM	MAXIMUM
		CHARGE	CHARGE
Assessments		\$ 725	\$ 3,275

Know the loss with accurate reserves including

- Conditions of Risk
- History of Building
- Extent of Loss
- Scope of Damage
- Assessment of Restoration with separate
 - Reconstruction Budget
 - Actual Cash Value
 - Code Upgrade & Bylaws
 - Demolition & Debris Removal
 - Abatement
- Footprints
- Photos

Loss Control Audit Reports



		MINIMUM	MAXIMUM
		CHARGE	CHARGE
Audits	Desk	\$ 375	\$ 3,275
	Coordination	\$ 725	\$ 11,800

Analysis your property claims with

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- Loss Control
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