



MS. SALLY SOMEBODY – Part I

A Fictional Tale About The Truth & Trauma Surrounding a Hurricane Insurance Claim

by Mark Phillips

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She had arrived in Coconut Twist to retire and enjoy her golden years in the other half of the sunshine. Sally had daydreamed for years in her Vermont hometown of the tropical warmth and relaxation awaiting her in Florida. But it was that unpredictable hurricane season that blew around each summer that put an end to her enjoyment of that long-awaited dream. And it produced a catastrophic nightmare that one does not recover from with a strong cup of coffee.

The Florida Scrubber Hurricanes

It all began soon after she arrived at the Coconut Twist Condominium. Sally loved the comfortable and scenic setting of her new home. She was also identified as one of those nice caring ladies with a can-do spirit who could be counted on. So, it wasn't long before the Association Board of Directors received a nomination for her to become a member of the Board. Saying yes to this leadership position only led to other responsibilities and, before long, she was elected as the Secretary / Treasurer. This gave her a five year responsibility to record financials, maintenance records and legal filings as required by the State. But it was the last four years, during which the 2004/2005 hurricanes sliced through Florida, that her lifestyle was disrupted with deep seasons of panic, headaches and a dastardly gray cloud of despair over each and

every day of her life. Walk with Ms. Sally through the trauma and nightmare of three hurricane claims investigations that disrupted her daily happiness and added relentless stress.

Three hurricanes blew through the Coconut Twist County in 2004/2005 and the beach facing complex filed three separate claims for property damages that occurred as a result of each storm. The combined property loss estimate was over \$12 million. Subsequently, all three claims adjusting events, along with requirements from the three separate insurance companies investigating each claim created an unending chore for Sally to satisfy each of their demands for maintenance and financial records. These demands could only be handled by her since she was the controlling board officer with any awareness of Association records. It fell to her to promptly and accurately provide the documents in order for the adjustments and proper settlements to be processed and completed.

The Insurance Company's Rights

One would think, particularly since never being involved with a large property damage claim, that all you had to do was call your insurance agent, report the claim in timely fashion and all would be handled promptly within a few months. Well, let's see what that thick document, called the *Condominium Association Commercial Insurance Policy* might have to say about Sally's role and the records of the Association. This is where the nightmare began; in a little old paragraph stipulating **the rights of the insurance company** should a claim be filed.

Here's how the specific wording of contractual provisions read in the **Conditions** portion of the policy:

Paragraph 4. Your Duties After Loss

Item c: As often as we (the carrier) reasonably require:

- (1) Show us the damaged property;
- (2) Provide us with records and documents we request and

permit us to make copies; and

(3) Submit to examinations under oath while not in the presence of any other named insureds and sign the same.

Item d: Send to us, within sixty (60) days after our request, your signed, sworn proof of loss (*a very strong legal document unknown to most insureds*) which sets forth, to the best of your knowledge and belief:

- (1) The time and cause of loss;
- (2) Your interest and that of all others in the Covered Property involved, and all liens on the Covered Property;
- (3) Other insurance which may cover the loss;
- (4) Changes in title or occupancy of the Covered Property during the term of the policy;
- (5) Specifications of damaged buildings and detailed repair estimates;
- (6) The inventory of damaged and undamaged personal property described in Condition number 4.b., Your Duties After Loss.

So Many Documents, So Little Time

Now you can understand what a heavy load landed on top of Sally. The board members of course were very willing to affirm her role. But not one offered any meaningful "hands-on" help with this huge responsibility of that of constructing a history of all records of the Association's administrative life for review by the insurance company's claims department. One's mind goes numb just thinking about the pressure this must have put on her.

During this process, Sally discovered a certain work slip issued just over five years ago (prior to her involvement) for

roofing and window repairs on two of the twenty-four buildings. As she could best decipher, a \$4,700.00 invoice was presented by J & H Roofing for shingle repairs after a tropical system had moved through with 50 mph winds. It also included window re-caulking for leaks discovered in eight units of those same buildings. What was bewildering to her was that she could not find any record in the bank statement or general ledger of the Association's financial books that indicated a check payment was made to J & H Roofing for this completed work. The only indication of any payment activity was a hand-written scribble on the invoice stating "*paid in cash*". No initials, no nothing, other than that.

While trying to reconcile this record, she questioned Board President Harvey about his recollection of this since he had been president for seven years running. Harvey told her that it was indeed his brother-in-law that had promptly responded to the repair needs, and that since Bill, the treasurer at that time was laid up in hospital, he simply accessed the cash bin to pay the roofing company. Simple as that. Thus Sally concluded that all she could provide for this event was a written explanation of what Harvey said happened. Since board membership had changed substantially during prior years there was no other person on the board to corroborate this story.

What might not be apparent at this point is how such a small roofing repair issue would balloon into a huge legal dilemma for the wind damage claims that encompassed the new claims. But here's how it happened and the ramifications it produced.

Part II of this story will be reprinted in the next edition of "On Property" If you would like to read the remainder of the story sooner please contact author Mark Phillips.

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Tampa, Florida. He is available for seminars, workshops, media interviews and executive consultations to examine methods and strategies uniquely designed to help corporate leaders avoid liabilities and pitfalls as fictionally portrayed in this tragic claims story. He may be reached via email: mphillipswka@yahoo.com