

Best's Insurance Law Podcast

What Insurance Adjusters Should Know About Wildfire-Related Claims - Episode #162

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Hosted by: John Czuba, Managing Editor

Guest Attorneys: Peter Schiffrin of [Schiffrin, Gagnon & Dickey, Inc.](#)

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John Czuba: Welcome to “Best’s Insurance Law Podcast,” the broadcast about timely and important legal issues affecting the insurance industry. I’m John Czuba, Managing Editor of *Best's Insurance Professional Resources*.

We're pleased to have with us today Peter Schiffrin, from [Schiffrin, Gagnon, & Dickey, Inc.](#), with offices throughout California. For over 45 years, Schiffrin, Gagnon, & Dickey has provided high-quality claim adjustments, investigations, and TPA claim administration services.

Peter is the president and CEO of SGD and also serves as a licensed adjuster and private investigator. Peter has extensive experience with a wide variety of claims, including property, casualty, and many specialty lines.

He is a past president of the California Association of Independent Insurance Adjusters, the Pacific Claims Executives Association, and of RPA. Peter is also the current secretary treasurer for the NAIIA. Peter, thanks for joining us today.

Peter Schiffrin: Oh, it's my pleasure.

John: Today's discussion is on wildfire claims, and Peter, for our first question, how have the California wildfires changed the landscape of claims adjusting in California?

Peter: I'll tell you, we've always had fires out here in California, but typically, they were not an every-year occurrence, and they didn't occur in both Northern and Southern California at the same time. I think, in my lifetime, this may be the first time where we really felt like a CAT state, versus a day claim state, where there were these kind of adjusting challenges.

We've really changed in how we have to tackle these claims, and our insurance commissioner has become very active in telling us how we have to do things. We've had quite a few changes in the last year and in how claims are being handled.

As an adjuster, keeping up with all those new rules has become half the battle. We have requirements on standard additional living expense payments, contents advances, inventory forms, and debris removal.

There's just a lot of things that have come down the pipe due to these fires that have made our job a lot more challenging. We have many new insurance code sections. For example, for the first time ever, if someone's house burns down, they can combine their coverage A and coverage B, if there's money left, and actually get more money than they would have in the past.

We even have a new insurance code section that requires a different valuation method when a house burns down. It's pretty active out here. I would also mention that we have a bunch of different insurers out here -- some admitted, some non-admitted -- and they take different stances in how to handle these claims.

If you're an adjuster, and you're working for more than one client, it's not easy to figure out which playbook you're using on which loss.

John: Peter, has there been any litigation that has arose from these claims?

Peter: I haven't seen a tremendous amount of litigation arise yet. I do believe that we will see more mitigation about valuation. Little by little, the burden of valuing the property is falling on the agent and the insurer more than on the customer.

Every time we have one of these fires, people are underinsured. They want to blame that on the party that sold them the policy, either the agent or the insurer, so I do think we'll see more litigation.

We did have some litigation after the mudslides in Montecito that followed the fires.

As to the issue of cause, you guys might have followed this. There was a big proximate cause argument on whether the fire caused the land to change, which then led to the mudslides, or whether those were simply mudslides from rainwater.

We saw some litigation from that. We also have a lot of smoke and ash claims out here, where there's question as to whether people were truly affected. Let's say they're a few miles from the fire, but they're claiming smoke or ash damage to their property.

Those claims do get denied on occasion for various reasons, and there have been lawsuits arising from that issue. That was a problem, they're the biggest things we see.

John: You mentioned the last two years being particularly challenging. What were some of the major challenges that the adjuster community faced?

Peter: I think probably the biggest challenge is sufficient staffing. Every time there's a catastrophe, you never have enough people to jump right on the claims. You're always having to find more adjusters.

I know, I'll forget which fire it was, but a couple years ago, when we had -- what was it? -- Irma in Florida and Harvey in Texas, and those had already hit. Then we had fires out here in California after those events.

You already had all the CAT adjusters deployed in Texas and Florida, and now, you're trying to get CAT adjusters to come to California, and they're just not available. Staffing's always going to be the biggest challenge in any catastrophe.

Access to the properties to commence the inspection is super difficult. You may remember after the Paradise fire up north, which was horrible, they kept us out of Paradise for weeks -- maybe even over a month, I think it was -- because they were still dealing with, quite sadly, body retrieval.

We couldn't get access, which will probably dovetail into some comment about technology. Also, finding experts to assist in the adjustment process is super difficult. In some instances, you have clients that can't get you money fast enough to make people happy.

I'll tell you, the best way to deal with a policyholder after a catastrophe, if at all possible, is to give them some money, so they can buy some clothes, get in a hotel, and try to have some semblance of life after their property's burned down.

John: Now, how have the turnaround of claims been in general?

Peter: I think, for the most part, these personal lines carriers have figured out that they need to shine at the time of a catastrophe and that good claims service is really the best customer service they can provide and the best advertisement for their company.

In general, I think carriers have gotten good at responding to these claims and making quick decisions. Of course, there's always outliers, where carriers make decisions that slow down the process. Obviously, as an adjuster, our job is to get out there and get enough information for the carrier that they can confirm coverage and make initial indemnity payments.

If we don't meet that promise, then, of course, it slows things down.

John: Peter, based on the challenges -- the wildfires and the mudslides you've mentioned -- is there anything you feel the industry would do differently, or what have they learned from all this in the last few years?

Peter: I would joke that what they've learned is they don't want to write business in California, because we've had so many losses out here, but that's not really learning. What I would say is that there's a big push for, as much as possible, handling these claims remotely.



Either to save expense or to identify damage, reserving, and issue payments faster. We're seeing satellite technology being deployed, drones being deployed, and flyovers being deployed, so that if I'm an insurer, I can as quickly as possible identify my losses and make payments without delay.

The traditional model was to always send an adjuster to every loss site to either meet with the policyholder, or at least verify the loss. The technology's getting to the point now where you don't necessarily need to send an adjuster out to verify that a dwelling has burned down.

It allows for a faster, and I would say, more economical adjustment of the claim. Technology's been a little slow to deploy in the adjusting arena, but I do think in this decade, we'll see a lot more push to use technology and use faster methods to get a loss assessment to push the adjustment through.

That's the biggest thing I think we'll see every time there's a disaster. It's more deployment of technology.

John: Peter, thank you so much for joining us today.

Peter: I enjoyed it. Thank you.

John: You've just listened to Peter Schiffrin from [Schiffrin, Gagnon, & Dickey](#), with offices throughout California. Special thanks to today's producer, Frank Vowinkel. Thank you all for joining us for "Best's Insurance Law Podcast."

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I'm John Czuba, and now, this message.

Transcription by CastingWords

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