

Best's Insurance Law Podcast

How COVID-19 is Changing Insurance Claims Handling and Inspections - Episode #168

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Hosted by: John Czuba, Managing Editor

Guest Expert: Tripp Wagner of Jensen Hughes

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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, Tripp Wagner, from expert service provider, Jensen Hughes. Jensen Hughes is a global leader in safety, security, and risk-based engineering and consulting since 1939.

Tripp is a senior forensic mechanical engineer located out of Westchester, Pennsylvania. He conducts forensic investigations in origin and cause on fire losses, fire suppression systems, and non-fire related losses.

He's been involved in the forensic evaluation or cause of 1,200 fire losses. Tripp has also testified in approximately 80 cases as an expert in fire-related cases, and is a retired Delaware state deputy fire marshal.

Tripp, thank you so much for joining us this morning.

Tripp Wagner: Thank you for having me on, John.

John: Today's discussion is on how claims handling and inspections have changed since COVID-19. Tripp, for our first question today, how has COVID-19 impacted forensic engineering, claims handling, and relationships with insureds?

Tripp: As a whole, during all this, the process has slowed down, and that begins with retaining information from the insured, reaching the insured, scheduling inspections, the time it is taking to travel to inspections and complete inspections.

We have a delay now in parties receiving notice. Adjusters, attorneys, corporations, everybody is working from home. Certified letters may not be going through as they usually do, so we've slowed down on the receiving notice and replying.

We've also seen delays in joint exams being rescheduled. There's a lot of travel issues. There's a lot of scheduling issues, so we have the delay all the way to the joint exams, and it continues through the whole process all the way to lab exams. The biggest thing we're seeing is a slowdown in everything. Everything has hit the brakes.

The first thing that happened when we encountered this current environment we're in is, in the forensic world, we saw product reps losing the ability to travel. When I speak about product reps, I'm mostly referring to internal experts from corporations or companies.

If you were to take a major auto manufacturer, when there's a loss, whatever type of loss it may be, they prefer to send their internal experts and not hire an outside company. Those were the first people we saw that would reach back and say, "We're shut down. We're not allowed to travel."

That's understandable because they're not forensic firms. They're large corporations, and just as a corporation, they said no more travel. That was the first issue we came across. What that ended up resulting in is, we saw some expert selection change. Everybody has their favored expert, and everybody has the expert they prefer. These corporations would like their internal experts.

Conversely, product manufacturers may like a certain expert that has to travel across the country, and what we saw was, that's not doable sometimes. There are many limitations. It may not just be the company that's saying that. It may be the individual. It may be just the inability to get to a location.

We saw companies having to think outside the box and maybe work with a local expert, and they work with their preferred expert and work in cooperation. We definitely saw a selection change. We had to move forward many times, so you have to work outside the box and work together as all parties to get that accomplished.

Lastly, one of the big things is, we saw the lack of ability to interface with the insured. The insured, when it comes to a loss, no matter what type of loss, are a huge avenue of data to gather. They're the first one maybe to discover the loss. They have history with the appliance, the plumbing, whatever it may be, and we lost the ability to have them come out to our site.

Pre-COVID, in an ideal world, we'd have the insured show up. We'd walk through and look at items and say, "What was this? When did we do this?" That's gone. The insured generally is not willing to meet with experts, and it's understandable in our environment. They are no longer there, and we have lost an enormous amount of data that we usually could gain as a result of that.

John: Tripp, how are scene inspections being handed now?

Tripp: Scene inspections are definitely handled differently, and I think we are going to see them handled differently throughout the future. I don't think this is just going to stop any time soon.

The biggest thing about scene exams is, what type of scene exams do we have? Simplistically, we may say like a business versus a residential. Residential scene exams have changed immensely, and especially if the residence is still occupied.

What comes to mind for me as an example of a loss we had, which was a chimney fire, when this first started, but it did not destroy the house. It was still occupied, so we had to discuss with the insured, "We need to proceed with this. We need to get into your home to examine this. What are you comfortable with?"

Conversely, what am I comfortable with, as the expert? What is going on in the home? What PPE would we have to wear?

There's an enormous amount of exchange of information that has to go on upfront, prior to even the initial exam, and this is just the first party going out. We're not even talking about the joint. We're talking about maybe the first fire investigator, the first engineer going out.

Whatever it may be, it needs to be discussed upfront, need to determine what can happen, what needs to be done to proceed with the inspection, and then you need to make sure all those things are accomplished.

In that case, the insured was OK with us coming in with Tyvek, respirator, gloves, limiting our amount of time in there, and doing what we needed to do on the initial inspection to gather the information we needed to gather.

That exam proceeded to a joint exam, so now we're at the point where now we have...Luckily, it wasn't a large exam.

This is just one example. There's many like this, but we had four parties and we had to discuss with everybody upfront, including the insured, again, "We are going to limit the amount of people that are allowed inside the home. If your attorney is going to be present, one party is going to be allowed inside the home, and this is the PPE that we are going to need to wear to move forward."

I can understand that, from both the insured and the expert side, and I think that's going to go on for a while. It also did limit a little bit what data you can gain. You can have an insured say no. You can have an insured say, "I will let one person down to my basement to view this fireplace."

When you get to that point of a joint exam, you have to be cooperative with all the other experts, no matter what side you are, to say, "Look, guys. Only one person can get down there. I'm going to document as much information as I can, and I will share it with all parties. You need to tell me what you want, what you want to see, and we'll go from there."

I've also had the other side. I had a small water loss where the insurance company reached out to me and said, "Look, I've spoken with the insured. They have an infant. They are going to retain everything, and we are going to send you out there in July or August when this is done."

That required a call to the insured to discuss with them, to make sure they retain everything appropriately and they moved everything needed into their basement, and we'll follow up in July. That's the residential side, which are an enormous amount of losses.

The other side you have is the business, and obviously, we have many more industrial. I'm just going to grab the two most common in the short time we have to discuss this environment we're in, and discuss those.

Business has changed a lot. Do we even have access to the business? A business, a restaurant may be closed, and there may be a loss there, say a water loss that occurred, or a fire loss, whatever it may be.

We might not have access to that, and the insured may not want to come out and meet us. I had a water loss when this began, in a dentist's office on the first floor, and above it was a doctor's office. I had to coordinate with two individuals to make sure I could gain access to two businesses.

The doctor's office was not closed, and we're going to discuss that a little bit in regards to evidence because it was an operating doctor's office with patients coming in, and now we have to conduct an inspection. Enormous issues goes with that, in these COVID days.

Business, the biggest thing with gaining access, residential, it was if parties are still present in the house discussing everything.

PPE is obviously very important. I mentioned upfront, with the residential, we need to discuss PPE. That needs to be done on every exam. Every exam needs to be discussed what we will be wearing, what the minimum is.

Should parties want to go with a greater level of PPE, I don't think anybody is going to mind, but it needs to be discussed, "Hey, at this exam, all parties are going to wear this."

For the majority, we see N95 masks, gloves. We see social distancing. I was at a large exam the last three days, and after everybody would come out, you would see everybody go their own ways and social distance.

When we spoke, it's very difficult in an N95 mask. I was in charge of this exam, with 22 people there. It's very difficult to give them a briefing. I had to step back 10 feet, take my mask off and be very loud, ask everybody if they're OK with that.

There's a lot of logistics as to how PPE affects these exams, so we're mostly seeing respirators, gloves, N95 masks, and at times, Tyvek.

The other thing we saw with scene inspections is, they're taking longer, so, understand it may take longer for your expert to even get to a scene exam now. Flights are canceled. Right off the bat, flights are limited. We now have where let's say you may fly to a city direct to go to an exam, you may now see a connection.

Some experts are saying, "This used to be a four-hour flight. It's now six. I can drive it in five, or I can drive it in six." We're seeing a slowdown. Realize, your experts, it may take them longer to get there.

The exams are taking longer. This is going to continue. Pre-COVID, many a time, whatever type of loss, I recall being shoulder-to-shoulder with experts in a crawl space, examining some component of a loss. This doesn't happen anymore, and it might not happen again. I don't know what's going to happen.

You have to realize social distancing continues on a scene exam. Good example that comes to mind is that colleagues of mine were out on a large loss in the Midwest. The loss was so large, and the people, there were so many participants, they had to break down how many went into the loss at a time.

Literally, they were sending five into the area of origin with the radio, giving them a specified amount of time and then radioing them out, and then they'd go and sit, and five more go in. Pre-COVID, 15, 20 people would have been in there looking at it. That exam went from two days to four days.

Not anybody's fault, nobody is intentionally expanding the exam. It is where we are. The biggest thing is, expect the scenes to take longer, travel and exams.

Lastly, evidence has changed, the collection of evidence. Perfect example is the doctor's office. If I am going to remove evidence from a doctor's office in today's environment, I'm going to need to go above and beyond to make sure how I remove that evidence, and I'm going to go above and beyond as to how I store it. I need to consider new factors.

Also, there was a time when I would just sit down with an insured, and they may hand me a manual for a dryer, and I would take that, or a receipt. Can't do that anymore. I've got to use gloves. I've got to put it in bags, so evidence collection needs to be discussed. Evidence collection needs to change, and I envision that will change in the future as well.

John: Tripp, how has this impacted laboratory exams?

Tripp: Lab exams, when this all began, almost all of them were just immediately postponed, with no date set. You had all these lab exams on the books, and the labs came back and said, "Obviously, we're just going to stop. We don't know what's going to happen."

I think when everybody began this process, they had no idea how long it was going to last. I'm sure many thought a few weeks, maybe some thought much longer, but those exams for the most part are still postponed.

We are seeing now rescheduling occurring. What I was expressing to my clients about three weeks into it, when we realized this was going to go on for a long time, is, "We need to get them on the books now, because what we are going to encounter is everybody trying to get these lab exams."

To be honest, it is what we are encountering right now, at least in my section of the country. Trying to get all these lab scheduled, and you're going to have so many experts that are conflicting dates because they are...Let's say an expert during this process had 15 lab exams canceled. That expert was busy, let's say, four or five days a week pre-COVID.

Now, they're four or five days a week, and you're expecting them to fit in 15 additional lab exams with travel in the next three months. That's not going to happen. It's going to logjam everything up to the point where it's going to slow everything down in terms of scheduling.

Exams need to get on the books. I would highly recommend anybody listening to this to please, if you have pending exams, get a date set. I am to the point where I'm seeing exams scheduled to August, and that's not due to not being able to travel. That's due to six emails going through, where, "I can't make that date. I can't make it that date." Please get the exams on the book.

We've seen technology requests change. We have seen in lab exams, some labs have said "We are going to go forward. We will offer some type of virtual Zoom, whatever it may be, whatever platform, where you can view the exam."

Those are very specific to certain types of exams. If you are maybe taking a component in to get SEM or EDS scanned, you could Zoom that. People can share that.

Obviously if you're breaking down an appliance, that can't be too easily Zoomed, but we have seen a request for, "We can Zoom this." A lot needs to go into that. You need to speak with all parties involved, to let them know, "We will be live-recording. We will be telling you when we are recording."

You have to discuss if audio is going to be on. Everybody has to be aware any comments they make is now on a recorded line that is going to be distributed to all parties. That, just like PPE, needs to be discussed.

Lastly, with lab exams, we are still dealing with travel issues, so please understand you can get them on the books. You need to discuss, "Are you traveling now? Can you travel?"

Parties need to understand that travel is still going to be slowed down. What I mean by that is, "I may be available June 9th. However, I'm not available June 8th, and now due to limited flights, connections, I need a day of travel as well." That's going to slow the process down for lab exams as well.

John: Tripp, what will the future look like in forensic engineering and claims handling?

Tripp: I think the immediate future is scheduling issues, and slower exams, and PPE. I think the scheduling issues I already mentioned are going to continue throughout the year.

Exams are going to get pushed back, back, back, back. We are going to add all these exams that were either held, as the one I mentioned with the implement in July, or all these lab exams, and experts simply are not going to have the time to fit it all in there.

The lab exams, I know I don't want to harp on that, but those are the worst because you've got multiple experts trying to find a date that works. I would expect people to see scheduling issues through the remainder of the year, at a minimum.

PPE is going to change. Many times on exams, people wouldn't wear PPE, and not steel boots, but in terms of respirators or whatever it is, unless it was a very contaminated exam, asbestos, a very dirty exam, or whatever may be in the environment. I think you're going to see more PPE on a regular basis.

I think you're still going to see that slowdown in the exam that I mentioned earlier. You're still going to see maybe a one-day exam bleeding into two, because we are socially distancing while completing the exam.

Most importantly, I know I've talked here in this brief recording about all of our limitations and what everybody is going through. Everybody has to understand that does not mean it is an excuse not to comply with current guidelines and standards.

While we are still doing this, however we are doing it, whether it's through a Zoom, whether it is through an expert that may not be preferred, everybody must still comply with NFPA, ASTM, and all other standards that are out there to conduct an investigation as it should be conducted.

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

Tripp: Thank you very much for having me.

John: That was Tripp Wagner, from expert service provider, Jensen Hughes, with services worldwide. Special thanks to today's producer, Frank Vowinkel.

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I'm John Czuba, and now this message.

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