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Issues Related to Fire and Smoke Claims

NAIFA

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Presenters

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Understanding The Urgency Of Fire Damage

- Fire Statistics
- Best time to plan
- Immediate response
- Psychological damage
- Safety hazards
- Odor penetration
- Ongoing effect of contamination

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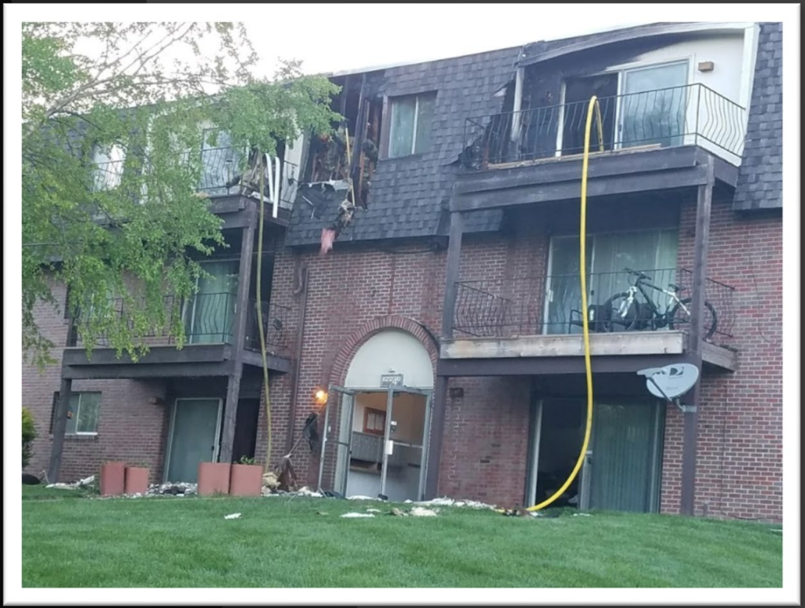
Fire Statistics

- Over 1.3 million US fires-2016
- 475,500 Structure fires
- 2950 civilian deaths
- 12,775 injuries
- $7.9 billion property damage



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Fire Statistics

- Fire every 24 seconds
- Structure fire every 66 seconds
- Home fire every 90 seconds
- 9 lives claimed every day

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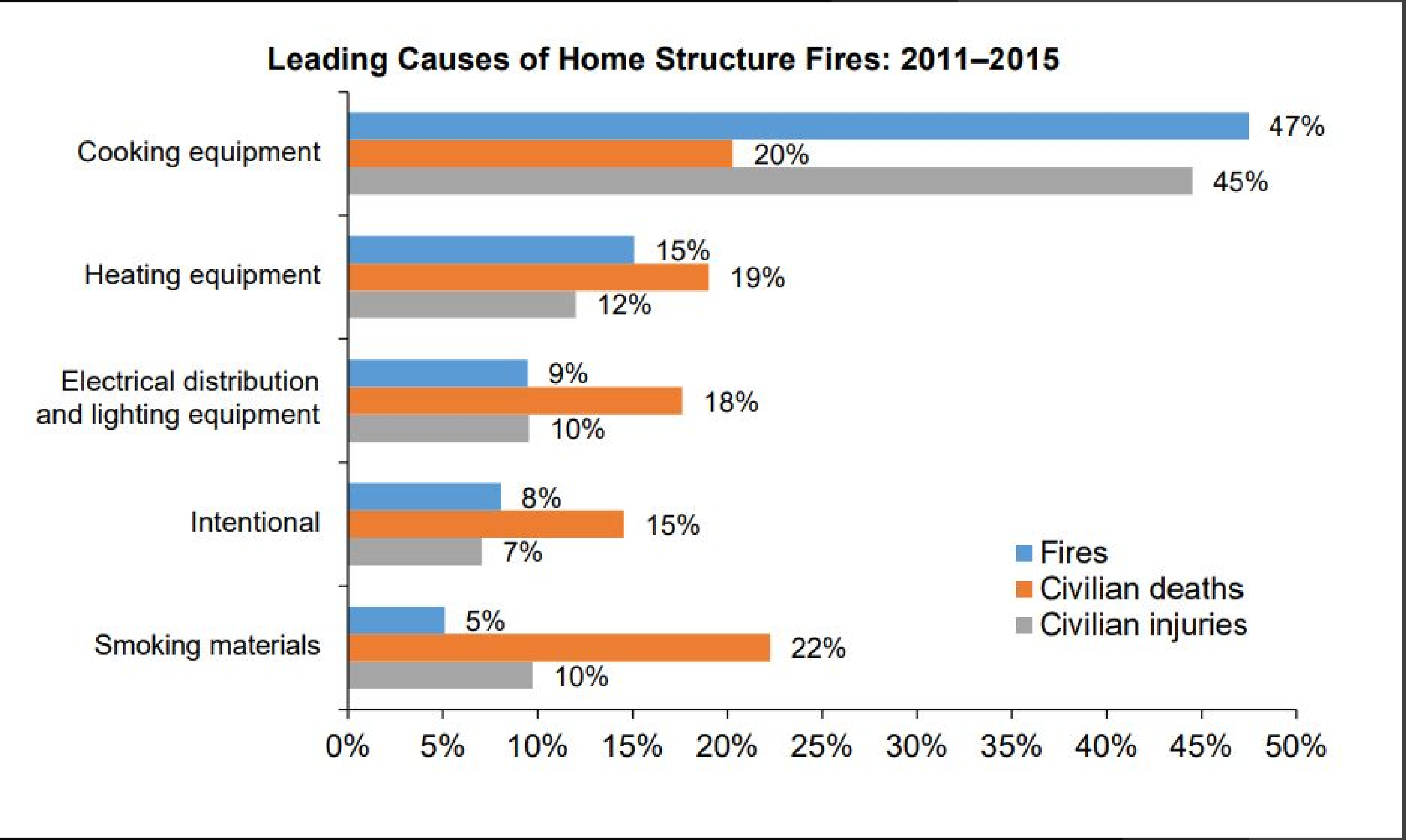
Leading Causes of Fire



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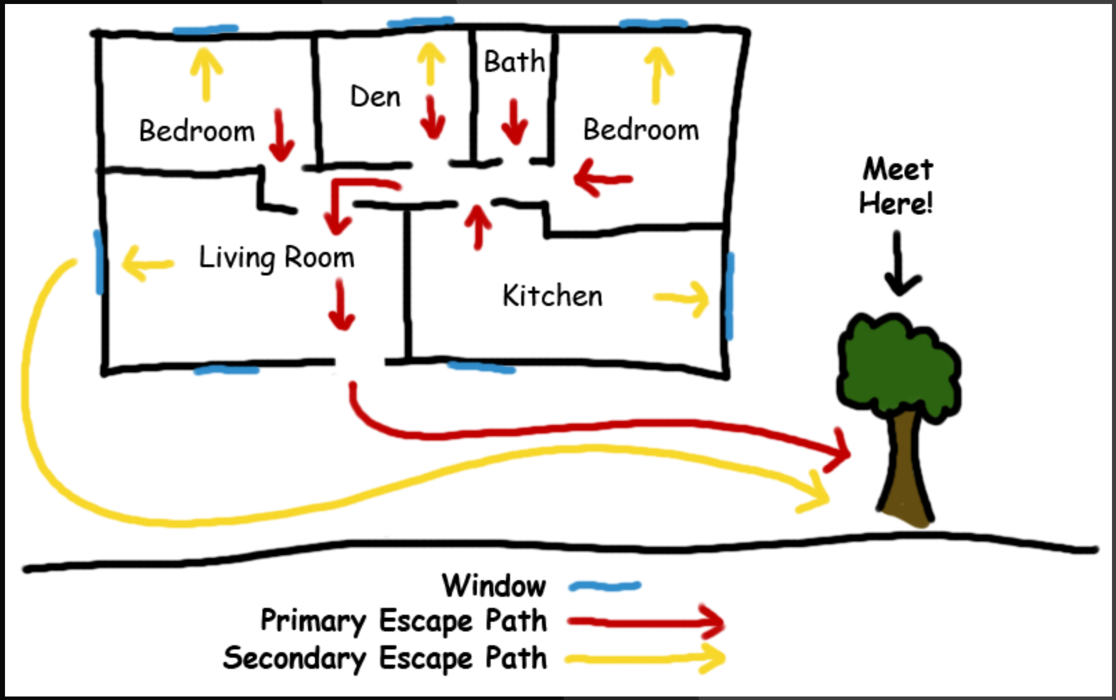
Best Time to Plan?

- Before the disaster
- Why is this important?
- Discuss
- Train
- Practice Plan



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Fire Drill

- Simulate a Real Emergency
  - Standard fire drill
  - Everyone exits home or building
  - Goes to assigned area

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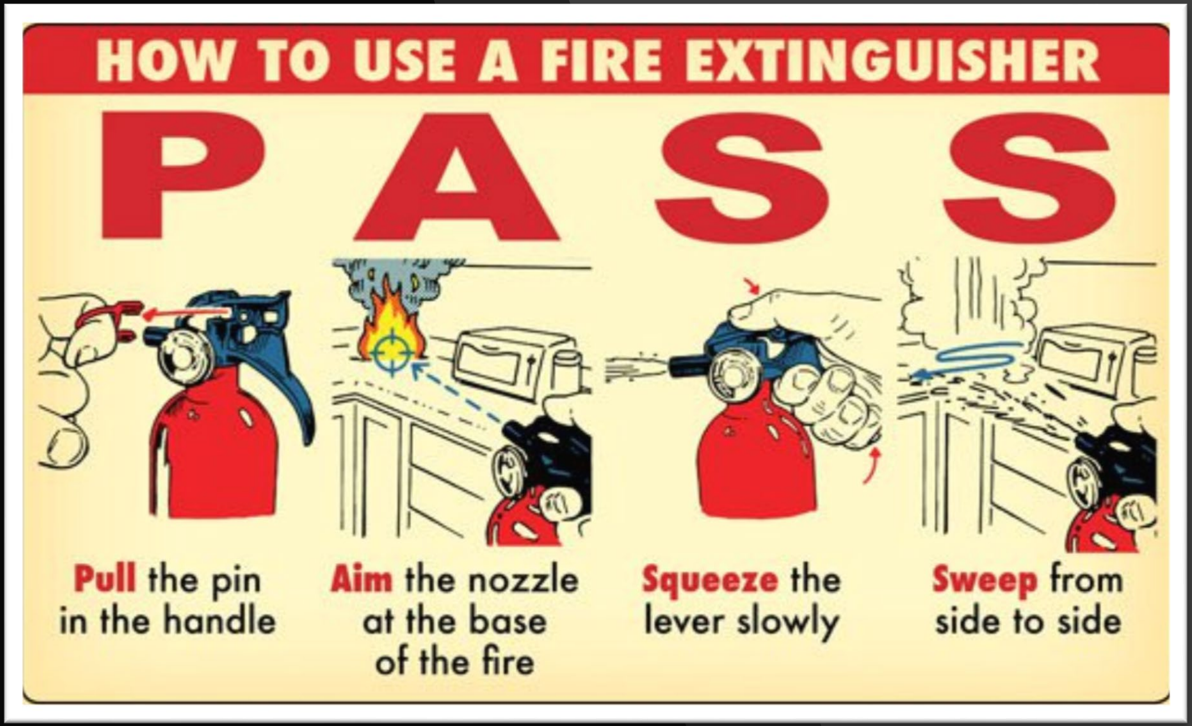
Do you Know?



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Planning / Training

- Why spend so much time on something that might not ever happen?

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Overland Park, Kansas

- Disasters can happen anywhere
- March 20, 2017
- 8 Alarm Fire
- 5 Fire Departments
- 2 Large buildings demolished=$20 M
- 25 Homes damaged=$5 M
- 8 homes total loss

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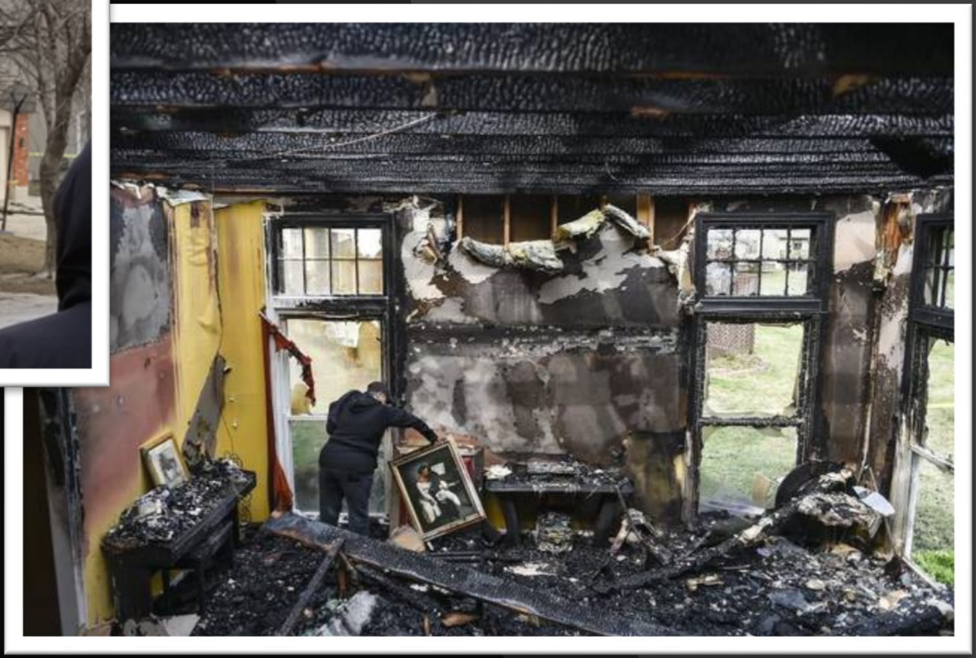
Overland Park, Kansas



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What about Hoarding?

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Pre-Loss Inventory

Sortly
Sort your life

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Pre-Loss Inventory

- 300,000 items in average American home
- American home has nearly tripled in size over past 50 years
- 1 out of every 10 Americans rent offsite storage
- 25% of people with two-car garages don't have room to park cars inside them
- US has more than 60,000 storage facilities, five times the number of Starbucks
- Self storage = $22 billion industry

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Immediate Response

- With aggressive mitigation efforts begun within 4 to 12 hours after a loss, the overall cost of a loss can be reduced up to 50% to 70%
- When the fire trucks are gone, damage is on-going
- Property owners do not always realize this
- Improper actions can jeopardize successful restoration

Psychological Damage

- Fire loss is traumatic to policyholder
- Expect immediate response in their time of need
- Personal connection to their home
- Feel violated, invaded or robbed of life as they know it
- Often adjuster cannot be on-site right after fire
- Highly vulnerable to bad advice from neighbors, etc.
- May take matter into own hands jeopardizing their safety and impeding successful restoration

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Safety Hazards

- Structure can be highly hazardous
- Insured is usually unaware of types of risks
  - Unstable structure, stairs
  - Theft
  - Broken windows
  - Electrical or plumbing fixture exposed
  - Contaminated food
  - Standing water
  - Soot, toxic chemicals in air

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Ongoing Effects Of Contamination

- Odor sources continue to off-gas until they have been dealt with properly
- The longer porous materials are exposed, the more difficult it becomes to clean
- Smoke residue, over time, will degrade almost all surfaces
- Delay in process can drastically increase the size of claim

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What is Mitigation?

- Reasonable and prudent steps taken under the terms of an insurance policy to limit loss; to preserve, protect and secure property from further damage.

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Mitigation is About the Fire… Smoke and the Water

- Fire needs oxygen-fuel-heat
- When items burn, they give off gases
- Small particles & aerosols are visible smoke
- Smoke follows airflow of structure

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Categories Of Fire Damage

- Light
- Moderate
- Heavy
- Very severe

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Light Damage

- Minimum fire residues
- Light to medium cleaning

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Moderate Damage

Damage:

- Fire residues
- Localized heat damage
- Odors

Restoration:

- Clean, paint
- Replace, resurface
- Deodorization
- Cleaning

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Severe Damage

Damage:

- Severe Structural damage
- Heavy fire residues
- Severe odors
- Contaminated cavities
- Contents

Restoration:

- Clean, paint
- Replace, resurface
- Deodorization

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Very Severe Damage

Damage:

- Unstable structure
- Major structural elements
- Heavy water damage
- Contaminated cavities
- Contents

Restoration:

- Temporary repairs
- Demolish, rebuild
- Clean seal, paint
- Access, treat
- Pack-out, most replaced

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What Happens Within Minutes

- Plastics discolor, small appliances, switch plates
- Paper discolors, books, documents, etc.
- Limestone, marble and alabaster stain

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What Happens Within Hours

- Grout stains
- Furniture and cabinet finishes begin to yellow
- Appliances discolor permanently
- Fiberglass plumbing fixtures yellow
- Metal begins to tarnish and rust
- Counter tops discolor

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What Happens Within Days-Weeks

- Most metals develop severe rust, corrosion or pitting
- Wallpaper discolors permanently
- Clothing becomes permanently soot stained
- Vinyl and wood floor require refinishing and replacing
- Paints yellow and discolor permanently
- Carpet, upholstery and drapery become permanently soot stained
- Glass, china and crystal require replacement, due to etching and pitting
- Window glass and mirrors etch and pit

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Behavior of Smoke & Smoke Categories

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Wet Smoke

- Smoldering
- Low heat
- Oxygen starved
- Easily absorbed by fabric
- Pungent odor
- Plastics, rubber
- Sticky, smeary
- More difficult to remove

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Dry Smoke

- Fast burning
- High temperatures
- Oxygen rich
- Heat rises, so does smoke
- Fine particles
- Less odor
- Easier to fix

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Smoke Residue Categories

Plastic or Rubber

- Burns vigorously
- Low temperatures
- Light weight
- Easily smeared
- Small quantity can produce large volume of smoke

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Smoke Residue Categories

Protein Smoke

- Meat or poultry
- Stove or oven
- Extremely pungent odor
- Oily residue
- Nearly invisible soot

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Behavior Of Smoke

- Temperature of Surroundings
- Rising hot air seeks cooler surfaces
- Every 10 degrees in temperature doubles air volume
- Falling air at walls causes pulling affect of warm air
- Results in soot deposit in cooler areas

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Behavior Of Smoke

Ionization of Smoke Particles
Magnetism to:

- Nail heads
- Synthetics
- Smoke webs

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Severity Of Smoke Is Increased

- Materials that burned
- Prolonged combustion time
- Lack of oxygen
- Higher temperature
- Fire is non-discriminatory
- Any substance that CAN burn WILL burn
- The more substances that do burn increase penetration of residue and create a more complex odor.

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Checklist For The Insured

What should they do?

- Take photographs
- Open windows if security and temperature allows
- Remove all pets to uncontaminated environment
- Wait for Fire Dept. clearance of scene
- Remove and prop up wet upholstery items
- Wait for insurance adjuster to advise on salvaging or disposing of contents

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Checklist For The Insured

What NOT to do?

- Attempt to wash walls, ceilings or other absorbent surfaces
- Use TV's, stereos, or electrical appliances until they have been inspected
- Try to attempt restoration processes on their own

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Understanding Fire Claims

If you, as the agent, understand the importance of fire and smoke claims, you are able to service your clients at a much higher level than those that don't

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Thank you

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