



Proof of Loss as a Tool to Resolve Disputed Property Claims

First Party Property losses such as stolen construction tools and equipment, should be a straight forward claim. You send in documents to support the value of your claim, and then you expect to be paid by your property insurer. Typically, the claim is paid but sometimes things get derailed. Your property insurer may dispute the value of your claim or disagree with some other issue regarding the facts of the loss or insurance coverage. It becomes an endless circle of move and counter move, similar to playing a chess game, where you are hoping for an immediate victory but knowing you are up against a powerful player (your property insurer).

Is there another way to a satisfactory resolution? Yes, if you file a Sworn Statement in Proof of Loss early with your insurance company. This is your formal claim, sworn by you, against your insurance company. Usually a Sworn Statement in Proof of Loss is required by an insurer within sixty days from the date of loss at their request, but we recommend that you preempt your insurer and file it voluntarily. Usually, your property insurer won't be expecting this tactic.

Sworn Statement in Proof of Loss - Five things could happen:

A) An insurer may reject a Proof of Loss for omissions and insufficient descriptions. If an insurer is rejecting a Proof of Loss as incomplete, it must give the policyholder a reasonable amount of time to submit a supplemental Proof of Loss. This can be avoided if the Proof of Loss form is completely filled out by you, and includes a full schedule of what was lost or damaged property (your addendum). Also remember that a Sworn Statement in Proof of Loss must be signed by you before a notary public. It is a legal document.

B) If the Proof of Loss is complete, the insurer usually can't reject it unless the insurer fully explains the basis for the rejection. A disagreement over reasonable amounts to support the loss does not give the insurer the right to reject the claim. If they have a factual dispute outside of damages, the insurer now must tell you the basis of that dispute.

C) Your insurer may demand an appraisal process. This is a method to have the damages evaluated by two separate independent appraisers. Your insurer will hire an appraiser and you hire an appraiser too. If they agree on value, great. If the two appraisers can't come to an agreement, they submit their findings to an umpire (a third party similar to a judge) and a written itemized award sets the amount of your loss.

D) Your insurer may demand an Examination Under Oath (EUO). This is somewhat unlikely unless your loss is very complicated, and your insurer needs your oral testimony to sort things out. The other reason is problematic, and caution should be exercised by you, there is the notion of a fraudulent claim by your insurer. Usually an insurer will never say the word "fraud" to an insured, out of fear of defamation, so your only red flag would be the request for an EUO when you know your loss is not that complicated to understand. Your insurer will help or harm you through an EUO.

E) The insurer pays the claim as presented on the Proof of Loss, or actively negotiates with you for a reasonable compromised amount. Once your Sworn Statement in Proof of Loss has been acknowledged by your property insurer, and there are no defects with it, and there are no factual disputes related to the loss, they must negotiate with you. This is the desired result and the most common response by a reputable insurer.

Why does this happen? You are legally entitled to be treated in good faith by your insurance company and its adjusters. All representatives of your insurance company are required to tell you the truth. This duty includes in-person conversations and all communication by phone, letters, and email. This also means your insurer must be considerate of your loss. It must communicate fully and honestly with you about your property policy and your Sworn Statement in Proof of Loss.

Of course, you are obligated to be honest too. You must cooperate with reasonable requests from your insurer for information relevant to your claim, but still there is a higher burden on your insurer to treat you fairly and in good faith to pay your legitimate claim.

How and When to Use a Sworn Statement in Proof of Loss:

If your claim is not resolved in a timely manner, or if the adjuster is not evaluating your loss correctly, we recommend that you call us. We will provide you with a Proof of Loss form so your company can immediately file it with your property insurer. We will walk you through the process, evaluate your damages, and give you solid ideas to support your claim. We will also help you with the adjusters. We have vast experience regarding property claims, and we know what to reasonably expect from your insurance policy to get you paid. We are your ally and advocate in this process.

Recent Success Stories:

A heavy equipment loss submitted by one of our clients was met with stiff resistance by a property insurer. Their equipment was vandalized and the property insurer asserted that the loss payable was less than \$2,500. Our client was very frustrated because the damages were much more than what was paid. Moreover, our client urgently needed the equipment back in service for their business. The adjuster was steadfast with his offer until a Sworn Statement in Proof of Loss was voluntarily submitted by our client with an addendum that supported the true value of the loss. In less than two weeks, the insurer negotiated a new settlement with the insured for \$15,000—a meaningful difference because of the Proof of Loss. A great result for our client.

Another client was offered \$18,375 for the total loss of an aging dump truck. Again, the loss was greater but the adjuster was not interested in correcting the actual (market) cash value because the dump truck's market value was already established by an independent appraiser working for the insurance company. We had the client file a Sworn Statement in Proof of Loss and picked apart the appraiser's blended market values. Again, in about two weeks, our client received a payment greater than the last offer, \$4,160 more! Again, a better result through a Proof of Loss.

By being aware of the use of a Proof of Loss, you have now armed yourself with a powerful tool in the claims process and how your company can speed up a favorable settlement with your insurer.

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