

SUGGESTED METHODOLOGY FOR  
**MANAGEMENT**

OF THE

**ARSON**

**CLAIM**



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### Disclaimer

Included herein is a suggested methodology for management of the suspected arson claim that may be relevant to your claim investigation. This methodology is not necessarily all comprehensive, nor applicable to all situations. Rather, it should be used only as a general guide in investigation, to allow for close consideration of what is material to the

# **SUGGESTED METHODOLOGY FOR MANAGEMENT OF THE ARSON CLAIM**

(From Notice Of Loss Through Determination Of The Claim)

We have intentionally used a retrospective, and potentially misleading term, “Arson Claim” in our title in order to draw your attention to this crucial subject. In reality, as is discussed below, only after a careful, thorough investigation can a fire claim be classified in any manner, whether it be intentional, accidental or undetermined. No investigation should begin with a preconceived conclusion about anything, especially the type of fire.

Included below is a suggested methodology for management of the fire claim which may ultimately be determined to be arson. This methodology addresses from the notice of loss through determination of the claim. This methodology is not necessarily all comprehensive, nor applicable to all situations. Rather, it should be used only as a general guide to investigation, allowing for close consideration of what is material to the particular facts in your

## **I. Initial Issues:**

### **A. Review insurance policy and history.**

1. What, if any, insurance policies (including endorsements) are properly in place? This includes other insurance by co-tenant or building owner and liability policies for insured or others.
2. Examine the underwriting file and also the agent/broker’s file to determine whether there is anything unusual that might create more coverage than anticipated or potential ambiguities. Realize that there may be significant discrepancies between the agent/broker file and the underwriting file. Look for waiver/estoppel issue (i.e. do the underwriting file and agent’s file coincide?) Be aware of relevant underwriting procedure manual provisions.
3. Is the application for insurance attached to the policy? (Relevant in some states regarding fraudulent misrepresentation issue.) If there is misrepresentation in the application, is it “material,” i.e., would it have affected the underwriting of the insurance and/or the premium paid? What were the circumstances under which the application was taken (i.e. signed, telephone, etc.)? To what extent did the policyholder directly contribute to the potentially “material” misrepresentations?

4. Identify the named insured and all other parties with potential rights under the policy or against the property, including mortgagees, lien holders, co-payees, and additional insureds.
5. Determine the age of the policy and prior claim history.
6. Become familiar with this particular insurance policy and endorsements and provisions, including duties of the insured, and requirements of the insurer, and reconcile with any state Fair Claims Practice Act requirements. Statute generally wins over policy if more restrictive.

B. Scene Investigation.

1. Determine status of securing the scene - whether by public officials or by the insured.
  - a. Is excavation and/or demolition necessary for origin and cause investigation? If so, arrange as soon as possible with the insured and his public adjuster and/or attorney, if any. Make sure the property is secured and carefully preserve the chain of evidence. Identify any potentially interested parties: as soon as possible, and consider whether it is feasible to notify them before the fire scene is altered. Remember that spoliation of evidence can be a sword or shield in fire related claims and litigation.

Will the local government, another insurance company, the insured or some other entity share in the cost of the initial excavation/demolition? What part of the cost of excavation is investigative expense, rather than debris removal that may be covered under the policy? What are the policy limits for debris removal coverage? Decide how to best avoid allegations of waiver in necessary advance payments.

- i. Weigh the advantage of using a “loan receipt,” or non-waiver for any “advance” payments to the insured for securing the property, as opposed to waiting for the insured to properly secure the premises and possibly exposing the liability policy to claims (if permitted in your jurisdiction). In any event, remind the insured in writing as soon as practicable of the duty under the policy to safeguard and secure the premises.
- ii. Document contents of structure as the quantity, quality and condition. Verify ages, serial numbers and brand names on major items that can be identified. Look for items missing that should normally be in the structure. Compare the inventory listed by the insured with the list and photos obtained during your investigation to look for inconsistencies.

- b. Be mindful of potential third party exposure as a result of the insured's failure to secure the scene with fences or guards or other protection against the attractive nuisance possibility.
  - i. Consider if preliminary demolition is necessary to prevent further collapse, which may cause damage to surrounding property or injury to persons. Establish contact with key people with the government body to determine what concerns there may be about securing the premises. Identify potential claimants for property damage (and/or personal injury if there is an applicable liability policy) - and regulate your dealings with them accordingly.
2. Retain investigative experts and counsel.
  - a. An origin and cause expert is needed as soon as possible. Have a list of work and home telephone numbers, pager numbers and e-mail addresses of qualified and proven origin and cause investigators ahead of time.
  - b. Other experts may be needed quickly as investigation progresses, including accelerant - detecting dog, electrical and/or gas powered appliances are a potential fire cause. Consider applicability of licensure statutes for origin and cause investigators and professional engineers.

Be aware that an otherwise qualified electrical or mechanical or other expert with no prior experience or understanding as to litigation and evidence must be worked with closely to insure that the evidence is properly documented and secured. REMEMBER: The strength of factual, evidentiary basis for each opinion is just as crucial as the opinion itself. Gut feelings are simply not enough. Also ensure that the experts understand the dangers of the appearance that there has been a conclusion prior to a completed investigation, and also the dangers of flip, offhand comments, either orally or in their records that might be the basis of controversy later on. Don't assume any expert understand these concepts unless you have dealt with them previously.

Your fire investigative experts should have a working knowledge of up to date reference resources which may be applicable, including for example, the latest editions of: NFPA 921 and 1033, NFPA Fire Protection Handbook, and Kirk's Fire Investigation (John DeHann, PhD). Why? Because the credibility of their opinions during cross - examination may depend upon documentation of awareness of certain issues raised by these reference materials.

- c. Consider retaining defense counsel immediately to assist in preservation of and securing evidence, as well as for timely legal analysis. A visit to the scene by counsel, if possible, will allow a valuable perspective of the investigation. Counsel should not direct the investigation, or engage in other conduct which may result in the attorney becoming a potential witness.
- d. Determine the origin and cause of the fire as soon as possible - plan and follow up with the investigative activities that are going to be required to make a timely decision! The insurance adjuster should actively participate in developing a clear understanding of the strengths and weaknesses of any origin and cause determination. The experts should be required to explain their opinions and bases in layman's terms (as they would to a jury).
  - i. Most arson cases involve circumstantial (indirect) evidence rather than direct evidence. Therefore, it is often challenging to make a decision as to whether or not to deny insurance coverage based upon the strength of circumstantial evidence. It is important to gather all needed (available) information, exhaust the analytical process, and to make a timely decision as soon as possible, to avoid exposure to bad faith damages. It is important to remain goal directed in the investigative approach.
  - ii. Be aware of policy and statutory deadlines for making decisions concerning coverage. If statutory deadlines are stricter than policy deadlines, they will likely control. If policy deadlines are vague, be aware that they may be construed strictly against the insurer, as drafter of the language.
- e. Spoliation of evidence. Ensure that your experts carefully observe local and state law concerning spoliation of evidence when removing evidence for the scene, and during subsequent storage and testing. Written agreements should be obtained among all potentially interested parties whenever feasible prior alteration of evidence (including removal from scene). Obtain a court protective order when agreement cannot be reached. Consult with legal counsel and your experts early on about this crucial issue - the credibility of your expert testimony can be weakened or destroyed by the mishandling of evidence.
- f. Accidental cause. Before the fire can be determined to be of incendiary origin, other potential causes or explanations for the fire must be eliminated. It can be as important to identify and rule out all potential accidental causes as to document the actual cause of the loss.

- i. Do not rely simply on an origin and cause fire investigator to rule out accidental causes - further experts, such as electrical and/or mechanical engineers, are often necessary to withstand legal challenge.
  - ii. Continue to fully investigate accidental causes of loss. Investigate subrogation causes of action - while the evidence is available. Consider which evidence must be preserved to document the ruling out or finding of an accidental loss. Be continually aware of the possible exposure to a spoliation of evidence claim by "any potentially interested party," including insurance subrogation plaintiffs. The claim file should reflect an open - minded attitude toward a finding of either accidental or intentional loss (or undetermined, if applicable).
- g. Non-waiver and reservation of rights. If and when there is the reasonable expectation that a coverage issue may arise, consider whether in your jurisdiction it is appropriate to obtain non-waiver from insure. If so, obtain in writing and/or tape, and reconfirm and document non-waiver agreement does not provide an unlimited cloak of security, and that it can be waived by acts of, or on behalf of , the insurer. Also be aware of the appropriate timing and form in your jurisdiction for giving notice of reservation of rights to the insured.
  - h. Recorded statement of insured. If appropriate, obtain preliminary tape-recorded statement from insured. (Develop a check list of questions beforehand - have a purpose for each question. Listen to answers carefully when questioning.) Consider taking initial/recorded statement of insured as soon as possible. Determine who should take the statement and the scope of the questions appropriate for each questioner. For example, will the origin and cause investigator be prejudiced: by investigating the financial and/or other motive issue? Should the origin and cause investigator therefore limit his/her questioning to the ignition sequence?

Topics to cover are not as broad as examination under oath. Identify beforehand and cover important insurance policy issues, concerning waiver/estoppel if any. Confirm any non-waiver agreement in the statement. Cover the opportunity issue in detail, and also any conversations insured has had with public officials, his broker/agent, the underwriting department, and the claims department concerning the occurrence or insurance or premises. Cover financial issues generally for broad statements concerning financial condition - personally and in business.

- i. Be aware that certain state laws require reporting of fraud, or even suspected fraud, to a State Fraud Bureau. Also be aware of any reporting requirements to the State Fire Marshal.

## **II. Begin documenting the claim file.**

- A. Facts, not hunches or suppositions, should be documented - assume that the entire file may be discoverable and read to a jury. Act consistently with any claim handling procedures that may exist in your company. Remember that generally, only evidence documented in the claim file prior to denial is relevant to the defense of a bad faith claim.
- B. Is the claim file discoverable? A good possibility exists in many jurisdictions that purely factual information obtained is discoverable. The strength of the work product doctrine varies from state to state, and certainly the adjuster's notes leading up to resolution may be relevant to the bad faith issue. It is therefore recommended that the adjuster record only relevant facts and no preliminary off hand personal opinions prior to the completion of the investigation. Consider the possibility that retaining counsel early on "in anticipation of litigation" may possibly protect the claim file or portions of it from discovery (varies by jurisdiction).
- C. Correspondence with the insured. All significant communication with the insure should be confirmed in writing. Consider using certified mail, and/or restricted delivery, particularly any letter that confirms agreements or conversations with the insured that are vital to corroborating your claim file. This includes with regard to coverage or potential bad faith issues, and also any letters publishing that there is investigation of arson as it might relate to the insure. Be aware that correspondence can be used by a sophisticated insured or artful counsel as a negotiation device to "box" the adjuster into a position you would rather not be in. React immediately, in writing to letters confirming understanding or agreements that you are not in agreement with, or correspondence alleging improper conduct, unreasonable delays or financial or social pressure. Be non-committal in conversations with the press or other third parties about the status of the uncompleted investigation, so as to protect the named insured's rights during the course of the investigation.

## **III. Request documents form the insured (General Guidelines attached).**

Solicit early in the investigation the suggestions of all of your experts as to what documents or information would assist them. Request documents from the insured in writing, making reference to the policy conditions related to cooperation and production of documents. Avoid requests that are burdensome and not material to the investigation; this will only dilute the strength of your demand for books and records, and create potential exposure to a bad faith claim.

## **IV. Proof of Loss**

- A. Decide when to send Proof of Loss form to insured (setting in motion policy time requirements). Send Proof of Loss form by cover letter (certified mail/return receipt), citing the “Insured’s Duties After Loss: from the policy. Reconcile any difference in time requirement between policy and Fair Claims Protection Act or other state laws (state law usually prevails). If returned incomplete, return Proof by cover letter, citing all deficiencies and enclosing a new blank Proof form. When in receipt of complete Proof, reserve right in writing to hold proof in abeyance pending completion of investigation (in jurisdictions where permissible).
- B. As part and parcel of your demand for submission of Proof of Loss, consider requesting information and documents, which would support and document the claim.

**V. Take an Examination Under Oath, if warranted. (See General Guideline, attached.)**

Refer to policy to determine who may be examined under oath, and if separately. If the insured invokes the Fifth Amendment privilege during EUO questioning, there may in certain jurisdictions be a basis for denial of coverage for non-cooperation. Be aware if you are in the jurisdictions that may allow delay in insured’s duty to submit to EUO questioning pending the resolution of concurrent criminal charges.

**VI. Work closely, yet separately, with the public investigation, in the spirit of cooperation, while utilizing arson reporting immunity statutes. Be aware of conduct that may be construed to be intentional or malicious that might abrogate protection provided under these immunity laws. Provide notice to appropriate governmental entity of potentially fraudulent claims, as may be required by statute.**

- A. The arson reporting immunity laws provide certain protection to insurance companies that provide information to public authorities, under appropriate request. Federal investigative agencies are not covered under state arson reporting immunity laws. There is no federal arson reporting law. Each state immunity statute is different, and must be complied with strictly to insure protection. Usually under these statutes, exposure to, for example, libel and slander actions can be avoided absent malicious or willful activity. Off-color and/or conclusory comments should obviously be avoided.
- B. If it is found that the insurer is responsible for the unsuccessful prosecution of a criminal arson charge against the insured, there is the potential exposure to a civil malicious prosecution action by the insured against the insurer for civil punitive damages. These actions are rare, but can be lethal, thereby emphasizing the importance of maintaining and documenting separate investigations by the private and public sectors.

**VII. If the origin and cause investigation indicates an intentionally set fire, rule out third parties as suspects concurrent with the investigation of the insure. It is as important to investigate evidence which exonerates the insured as evidence which implicates the insured.**

- A. Keep in mind the unique resources available to the public investigation and the insurance company investigation. For example, the insurance company has the right to examine its insured under oath, in certain states, without Fifth Amendment privilege. There are also broad policy requirements that the insure cooperate with respect to documentation.

On the other hand, the insurance company has no control over third parties to cooperate in the investigation. The public investigation, however, can obtain search warrants and subpoenas, obtain telephone records and cooperation by witnesses. The arson reporting immunity laws allow the sharing of documentation, but do not necessarily in all states require the public entity to provide information to the insurer, it it determines that this act might adversely affect its investigation. "Off the record" information, if not documented in the claim file, may not protect against bad faith allegations.

- B. Understand the circumstantial elements of proof when deciding whether to deny coverage.
1. Incendiary fire. Do you and your experts feel comfortable with the basis of the opinions as well as the opinions of themselves? Anticipate cross-examination by developing "devil's advocate" analysis.
  2. Opportunity. Circumstantial evidence is often crucial to tie the insured to the fire - consider evidence of direct and indirect evidence of opportunity by the insured - investigate opportunity of others to set the fire. Probe alibis given by insured and others.
  3. Motive. Crucial to the circumstantial arson defense. Initial statement of insured need not go into a lot of detail about financial condition of the insured, but should cover the insured's rendition of his personal and corporate financial status in general terms. Subsequent document requests to the insured and examination under oath can thoroughly investigate financial or other motive, if appropriate. Also, look to the financial or other motive of other interested parties.
- C. The burden of proof is on the insurer to establish arson defense. The standard of proof in a civil action is not as stringent as in a criminal action. While in a criminal case "beyond a reasonable doubt" standard is used, typically, the civil standard is by a "preponderance of the evidence," or "clear and convincing evidence." Practically speaking, however, the insurance company may or may not benefit significantly from a lesser standard of proof, depending upon the make-up of the jury.
- D. Has the insured misrepresented and/or concealed material facts?(For

example, financial, alibi, contents.) Raise “Concealment or Fraud” defense, if applicable.

- E. Has the insured complied with all policy provisions, or has the insured breached any duties after loss? Raise a breach of insured’s duties defense if applicable.

**VIII. Method of denial if the evidence establishes that the insured committed arson and/or made material misrepresentation(s).**

- A. Consider whether all possible investigation (timely) has been completed and all possible bases for denial have been documented, so not to potentially waive policy defenses.
- B. Identify any innocent co-insureds (if applicable in your jurisdiction) or other third party claimants or lien holders who may have a claim on policy proceeds. Document the real value of the insured’s claim and who must be paid regardless of the denial as to the insured.
- C. State all possible reasons and policy defenses for denial and reserve rights under other defenses which a further investigation might disclose. Return the proof of loss to the insured with the denial. Be sure to comply with the particular state Claims Practices Act concerning the content of the letter.
- D. The denial letter should be sent via certified mail, personal and confidential, restricted delivery, and should cite verbatim the policy conditions that are the basis of denial, and be as fact based as possible. Evaluate potential exposure to libel action before copying any third party (even insured’s attorney) to the denial letter.
- E. When making payment to innocent co-insureds, mortgagees, etc., protect the right of recovery against the policyholder.
- F. Be aware of any law that may require the local government to sign off that taxes and demolition charges have been paid before payment of any portion of the claim.
- G. Be aware of requirement to report property insurance loss under Property Insurance Loss Register (PILR) and use appropriate form.
- H. Consider utilizing any statutory or other basis for an action against the insured for reverse bad faith. For example, the Illinois Insurance Fraud Statute allows double the amount of the claim if no payment has yet been made to insure, and triple damages if payment has been made, plus attorneys’ fees. Decide the most advantageous forum to initiate the action, i.e., federal court vs. state court.
- I. Consider the use of declaratory judgment and/or insurance fraud action vs. insured.

# **GENERAL GUIDELINE FOR DOCUMENT REQUEST TO INSURED AND FROM OTHER SOURCES**

Included below is a listing of documents that may be relevant to your investigation. The list is not all-inclusive. It should be used only as a general guide in investigation, allowing for close consideration of what is material to the particular facts in your case.

- I. Signed Releases For:
  - A. Financial Records
    1. Credit Card Statements
    2. Bank Statements
    3. Books and Records from the Bookkeeper or Accountant
    4. Other Financial Records
    5. Billing and Expense Records from Vendors and Suppliers
    6. State And Federal Tax Returns for Personal and Corporate/ Partnership/Proprietorship
  - B. Employment Records (if any)
  - C. Insurance Records of Other Insurance Companies & Agents/Brokers
    1. Application
    2. Declaration Page
    3. All Policy Forms and Endorsements
    4. Information Regarding Prior Claims of Any Kind
  - D. Other Records
    1. Medical Records (if appropriate), to determine if there has been a burn injury and/or to investigate motive;
    2. Utility Records (to look for lapse in service and billing amounts to investigate financial; to determine amount of natural or propane gas used, if relevant to the origin and cause investigation; and also to determine abatement of Loss of Use claim);
    3. Telephone Records (home, business, cellular and/or portable) [to investigate opportunity and motive].

- II. Any and all insurance records, including fire insurance policy and all other policies of insurance, including liability policies, and any memos, notes, correspondence, etc., concerning the purchase and/or renewal or modification of the insurance coverage of any kind.
- III. Photographs and video tapes taken before and after the loss of the building and contents, even if not specifically taken for the purpose of inventory or documenting condition.
- IV. Plans, blueprints, drawings, sketches, and other documentation illustrating the floor plan and contents of the premises where the fire occurred.
- V. All receipts, original bills, invoices, canceled checks and other vouchers to reflect the original purchase and replacement/renovations of the items claimed.
- VI. All estimates for repairs or replacement of the items lost in the fire, for both building and contents.
- VII. All correspondence among all insured(s) and/or the insured and any other insurer or representative (including agent, broker, underwriter) regarding this property subject to the fire loss and any damages or loss resulting from the fire.
- VIII. Copies of receipts and documentation establishing any claimed loss of rents or business as the result of the fire loss.
- IX. Any and all documents reflecting the condition of the building and/or the leased premises before the fire, including City code inspection reports and citations, if any, and correspondence, notes and repair records regarding same.
- X. Any and all records, receipts, repair orders, invoices, canceled checks and correspondence regarding the inspection, repair and/ or condition of any sprinkler system within one year before and up to and including the date of the occurrence.
- XI. Any and all records, receipts, repair orders, invoices, canceled checks and correspondence regarding any electronic data processing systems up to and including the date and time of the occurrence.
- XII. Personnel records and files for all individuals employed by insured within six months of the fire loss.
- XIII. Any and all reports, receipts, correspondence, notices, and canceled checks regarding operation and condition and/or activation of any security system within one year prior to and up to the time of the date of the fire.
- XIV. Any receipts, invoices, reports, contracts, and notes an correspondence regarding the repair to equipment and/or fixtures within three years prior to the occurrence.
- XV. Receipts, invoices, plans, specifications, and contracts regarding remodeling to the premises, building, and/or equipment within the past 10 years.

- XVI. Any official investigative reports relating to the fire, including ATF, State Fire Marshal and Fire Department**
- XVII. Written reports by all experts who have investigated on behalf of other insurers or entities (if possible).**
- XVIII. Written reports by insurer investigation experts.**
- XIX. Courthouse and official records (federal, state, local UCC) including, but not limited to judgments, mechanic liens, deeds, tax records, evidence of transfer of property, divorce, bankruptcy.**

## **GENERAL GUIDELINE FOR EXAMINATION UNDER OATH TOPICS**

Included below is a listing of suggested EUO topics that maybe relevant to your investigation. The list of topics is not necessarily all-inclusive. It is a general guide to investigation, allowing for close consideration of what is material to the particular facts in your case.

- I. On the record, confirm non-waiver and reservation of rights if applicable, and confirm agreement to sign EUO when completed.**
- II. Background.**
  - A. Personal - Date of birth, social security number (green card number), driver's license number, marital status and names and dates of birth of family members, as well as names and addresses of prior spouses, if any.
  - B. Education.
  - C. History of employment and business ventures, and rate of pay and financial gains and losses from prior business dealings.
  - D. Identify current and prior residences and dates with whom resided.
  - E. Civil suits of any kind, including bankruptcy.
  - F. Criminal convictions, with dates, counties.
  - G. Workers Compensation Claims.
  - H. Identify all prior insurance and all prior insurance claims of any kind.
- III. Preliminary Insurance Issues**
  - A. Insurable Interest (and innocent co-insured if applicable).
    - 1. Who owns the building and the business;
    - 2. Who is the named insured;

3. Identify potential third party claimants;
  4. Are there mortgagee or other third party rights/potential claims?
    - a. Loss Payees;
    - b. Mortgagees;
    - c. Liens Against the Property - (check public records regarding liens, judgments and other encumbrances to determine who has interest in and/or claim to the property, and concerning financial motive);
    - d. If There Is a Land Trust - go over the land trust documents with the insured to confirm the identity of the beneficiary of the trust and the chain of title and beneficial interest, since in some states the public records will not show the true chain of title.
- B. Check the Application for potential “material” misrepresentation. Also, check to see that the Application is attached to the insurance policy (some states require for use as basis of denial for fraud). Was the Application written or verbal? Who established the property values? To what extent did insured participate in providing erroneous Application information?
- C. Address any issues raised in the files of agent/broker, underwriter, and claim department concerning what insurance coverage actually exists, including endorsements (potential waiver/estoppel issues?). Explore the circumstances under which the policy of insurance was obtained.
- E. Determine whether there has been an increased hazard (i.e., drug operations or other illicit activities or some modification to the premise, which would make it more hazardous, without notification to the insurance company). Identify any modifications to the building to affect its value (also regarding the possible cause of loss, i.e., electrical rewiring), without notice to the insurer.
- F. Confirmation of oral and written communication between insured and insurer to the address compliance with policy provisions by the insured and insurer with the applicable state Fire Claims Practices Act.
- G. Review compliance under the policy with respect to production of records, the Proof of Loss (is it complete?), and providing past and additional releases of records. Identify on the record documents produced thus far and documents not yet produced per request, as well as further documents requested.

#### **IV. The Premises**

- A. Establish layout of the premises with a diagram, marked as an exhibit. Use plans, photos, sketches from the fire department or insurance investigator. Identify all entrances and windows. (The purpose of which

is to establish contents and fire load, and to determine consistency of public and insurance investigation as to origin and cause.)

- B. Confirm that any alarm system was engaged and working at the time of the occurrence.
- C. Identify all doors last locked by the insured, and who had keys to the doors, and access to the alarm system (to explore whether there was forced entry).
- D. Identify all flammables and combustibles on the property.
- E. Identify property of others.
- F. Identify wiring and outlet problems or recent electrical work for rewiring.
- G. Identify all appliances, as well as prior problems and repair to each, if any.
- H. Identify extent, age, value and origin of contents, stock or other personal property.

## **V. The Events Surrounding the Fire Loss**

- A. Determine if the insured was a witness, and if so, determine when he made his observations; the nature, color, location, intensity, and duration of the fire and smoke that he observed; also have him identify other people on the scene when he was there and other conditions of the scene, including signs of forced entry and unusual smells, including accelerant.
- B. Document the insured's account of the time and cause of the fire, and the basis for the claim.
- C. Explore insured's theories, if any as to why the fire would occur, including motives of others to burn the building, or dangerous conditions that might contribute to accidental fire.
- D. Determine the whereabouts of the insured at the time of the fire, and within 24 hours prior, and whom he was with, and whether he used the telephone (home, business, cellular and/or portable), or credit cards or bank ATM card. Confirm what clothing he wore at the time of the fire. Identify any vehicle color, make and license plate.
- E. Document any conversations the insured had with the authorities or with anyone else other than his attorney (if any) concerning the loss to commit insured to his account of those conversations.

## **VI. Financial Condition**

Obtain the necessary records from insured and questioning to determine actual cash flow at the time of the occurrence.

- A. Personal
  - 1. Income (Annual/Gross/Net)

2. Debts
3. Creditors
  - a. Mortgages
  - b. Banks
  - c. Financial Institutions
  - d. Personal Loans
  - e. Auto Loans
  - f. Credit Cards
  - g. Gasoline Cards
  - h. Promissory Notes
  - i. Others
4. NSF Checks
5. Late on Bills
6. Threats from Creditors
7. Collection Action
8. Savings Accounts
9. Checking Accounts
  - a. Names/Banks
10. CDs/Stocks/Bonds
11. Property Owned
  - a. Real Estate
  - b. Vehicles
12. Expenses
  - a. Household
  - b. Monthly
  - c. Health Care/Physicians
13. Taxes
  - a. State
  - b. Federal
  - c. Property - Auto/Real Estate

B. Business

1. Income (Annual/Gross/Net)
2. Sales
3. Revenues
4. Profits/Losses
5. Creditors
  - a. Suppliers
    - i. Recently changed to cash on delivery only?
  - b. Contractors
  - c. Labor
6. Expenses
  - a. Operating
  - b. Inventory
7. Taxes
  - a. Federal Income
  - b. Federal Withholding
  - c. 941/FICA
  - d. Tax Liens
  - e. Tax Debts
  - f. State Income/Sales
  - g. County
  - h. Property
    - i. Auto
    - ii. Sales
8. Bank Accounts
  - a. Loans
  - b. Notes
  - c. NSF Checks
9. Accounting Records/Financial Statements

**VII. Observe the nature of the responses and demeanor of the insured during the questioning and observe emotional responses.**

**The International Association of Arson Investigators, Inc. (IAAI)** is a non profit organization representing the interests of over 9,000 members worldwide. The IAAI is dedicated to the prevention and detection of Arson. The Association promotes training and professional development of fire investigators and those persons in related fields. The IAAI headquarters is located at 300 So. Broadway, Suite 100, St. Louis, Missouri 63102 (314-621-1966; fax: 314-621-5125)

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**Jerry Provencher** is CEO and Executive General Adjuster with Provencher & Company, LLC. As AVP of a major insurer, he managed the general adjuster, fire investigation and catastrophe programs. He has handled multi-million dollar losses across the country, and is experienced in arson case management and oversees a large Business Interruption claim office. Jerry is a frequent speaker on technical claim issues. His articles on adjusting large property losses have been published by such organizations as American Bar Association, Claims Magazine, PLRB and the International Association of Arson Investigators. He is a member of the International Institute of Loss Adjusters and has been an officer of numerous industry organizations. He holds a degree in Accounting from Duke University.

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