

Burning issues

Facts about fire insurance escape most policy holders

By Jackie Klein
Staff writer

If you haven't read the fine print on your fire insurance policy, you're not alone. The most sophisticated busi-

nessperson may be naive about property damage coverage.

That, at least, is the opinion of Robert Levin, a partner in Professional Appraisal Services and Globe Fire Adjusters Co.

The 30-year-old appraiser and public insurance adjuster says he's on your side when you've been the victim of a fire, tornado, theft or flood.

As an appraiser, he's a practitioner in the unsung art of pressing property-loss claims against fire insurance companies for his clients.

As a public adjuster, Levin is a sifter of ashes, a counter of shoes and other items victims of fire losses forget to list — a jig-saw puzzle assembler whose pieces are the embers and crushed masonry of buildings attacked by flames.

"The key line in every policy is the phrase which says that the insurance company will reimburse you for your loss in like kind and quality," Levin said.

"THAT PHRASE is interpreted as reimbursing you to the limit of your coverage at its current actual cash value of your property at the time of loss. But your home may have a market value of \$100,000 and it costs \$200,000 to repair when it's damaged."

"Because the majority of policy holders don't know what they're entitled to, they believe their policy is a guaranteed contract to completely protect them against loss, Levin said.

"Few people have adequate insurance and most are covered for partial loss. It's up to the insured to prove the value of property damaged in a fire or other disaster. But there's nothing scientific about a policy.

"When there's a dispute between the policy holder and the company, we're often retained by the insured to assess damages based on our knowledge of how the loss fits into the policy. Most people don't even know how to present a claim."

In Southfield early this year, the wrecking ball demolished a tumble-down vacant house which had become the center of a neighborhood controversy.

NEIGHBORS HAD been complaining about the large two-story house with the destroyed roof and the boarded-up windows since it was abandoned after a November 1980 fire.

Levin represented owners of the home who said problems with their insurance company held up rebuilding the structure.

"The owners had insured the property for \$300,000 because that's what

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their agent recommended," Levin said. "But when the owners incurred a severe fire loss, the insurance company offered them \$100,000."

"We appraised damages at more than \$300,000 and we finally settled for \$257,000. But because of delays, it was too late to save the house from demolition."

In negotiating a claim, Levin, a representative of the insurance company, and a disinterested third party — who may be appointed by the court — sit in an informal session to try to hammer out an agreement.

"Consideration is given to the insurance company and the insured and the decision of two out of three of the negotiators is binding," Levin said. "The only other alternative in a disputed claim is a lawsuit."

"The problem is, very few attorneys are experts in property damage cases and many lawyers consult with us in the tremendous realm of value and loss."

IT ISN'T the job of insurance companies to guide customers to the fullest possible settlement to which they're entitled, Levin said. Policies specify that the insured must prepare the claim, prove the loss and say how much it's worth.

"Insurance companies have adjusters whose job it is to see that you're right in what you claim and to do their best to satisfy you at the least possible cost to the company. Most policy holders accept this in good faith until they have a fire."

"One of our clients is a businessman who said he could handle his own home insurance. But when his \$70,000 building was destroyed by fire and the insurance company offered him \$30,000, he admitted he didn't understand the policy."

Besides understanding the cost and

complexities of construction and refinishing and interpreting insurance policies, Levin said he's called upon to analyze the books in business losses and figure out what the stock is worth.

The depreciated value on the books doesn't correlate with the insurance value, he maintained.

AS A PUBLIC adjuster, Levin is hired by the insured to represent him or her in preparing, submitting and negotiating claims when there's a loss.

"It's best for us to get involved at the beginning to try to avoid problems that call for appraisals. We evaluate the contents of a building that's been involved in a fire because, unfortunately, we've never seen an adequate contents list prepared by the insured."

"The trouble is that when you take out a policy that gives you only partial

protection, you don't often believe that you're going to have a fire or other disaster. So that on any claim you enter, you may have to absorb some of the loss yourself."

Policy holders seldom take into consideration the cost of moving out of a burned house, rising construction and replacement costs, and general appreciation of property, Levin said.

Levin advises clients to take a meticulous inventory of every item in their homes or businesses. Even if each item isn't covered, the insured can write off the loss on their income tax, he said.

LEVIN PERFORMS surveys and takes photographs of every bit of furniture, clothing, art work and accessory to be insured, when and where they were purchased and their current cash value.

"Documents are important," he said. "You can't say your contents are worth \$100,000 and later claim a value of \$300,000. But documentation comes into play for tax purposes or a possible negligence lawsuit against an insurance company."

"Besides financial benefits we try to get for our clients, we help them avoid the trauma of having to go into their homes and look at the charred remains of contents they care about. Some losses can't be recovered. Sentimental value has no price."



MINDY SAUNDERS/staff photographer

As a public adjuster, Robert Levin is a sifter of ashes, a counter of shoes and other items victims of fire losses forget to list. As an appraiser, he is often called in by the insured to assess damages based on how the loss fits into a fire insurance policy.



This 2-story Southfield house with the destroyed roof and boarded up windows remained a neighborhood eyesore, while owners battled the insurance company for a settlement. It was demolished during the negotiations.

Stricter fire codes sought for buildings

By Sylvia O'Neill
staff writer

Ed Greenfield is a determined man. Although he has suffered a tragic personal loss that might crush other men, Greenfield has bounced back and is ready to fight the entire Michigan Legislature if necessary.

The Greenfield family was on a combined business and pleasure trip to Las Vegas in 1981 when a hotel fire took the life of his son Frank.

Greenfield, his wife, Faye, and his two sons, Frank and Steven, were planning to go out to dinner that Feb. 10 evening. But at the last second, Frank, 22, decided to remain in their room at the Hilton Hotel.

"We left him in the hotel — the fire started five minutes later," Greenfield said, his eyes becoming misty. "It happened 16 months ago, and I still can't stand it when I get up in the morning."

But the West Bloomfield resident is a fighter. He began to use all the resources at his disposal last fall to campaign for changes in Michigan's fire codes to prevent any future tragedies.

GREENFIELD BEGAN a letter-writing campaign to the Detroit daily newspapers and Michigan Gov. William Milliken.

He spoke out on WDIV-TV's "Just a Minute" segment. He attended a public hearing in Lansing and asked legislators, "Why does the tragedy have to happen first before new laws are enacted?"

Greenfield wants to muster public support for the fire safety bills introduced in Lansing last October calling for sprinkler systems, smoke detectors, intercom systems and fireproof elevator shafts and stairwells in all public buildings.

One of the bills would guarantee an annual inspection of all public buildings. The inspections would be funded by an additional 1-percent premium on fire insurance policies, or an increase of \$2 per year to the average homeowner, Greenfield said.

As a gladiator might arm himself with a spear before battle, Greenfield has prepared a forceful speech to ward off the harsh opposition he fears may be waged by the insurance companies at the next public hearing, which may not take place until late this year.

"If there are less fires and buildings are properly equipped, they'll sell less fire insurance," Greenfield said, adding that he feared the insurance companies will use the 1-percent premium as an excuse to lobby against the new bills.

If the insurance companies do lobby for their cause, Greenfield is ready. He recently has enlisted the support of the Michigan Retailers' Association, the 3,000-member organization with offices in Lansing and a full-time lobbyist of its own has vowed to help Greenfield.

But Greenfield is not content to limit his fight to Michigan. He has recently taken his challenge for

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fire safety to the national level.

AT A RECENT business conference, Greenfield, a sales representative for Bata Shoes, obtained the backing of the National Shoe Travelers' Association and the National Shoe Retailers' Association.

Although national fire codes are a dream for the future, the 53-year-old Greenfield wants to concentrate his efforts on Michigan's laws first.

Lt. Wade Schaefer of the state fire marshal's office agrees with Greenfield that Michigan's fire codes need updating.

"The fire marshal division definitely supports those bills because of the lack of fire safety in existing buildings and the lack of enforcement when new buildings are built in some portions of the state," Schaefer said.

Greenfield pointed out that the cost of hotel sprinklers is not prohibitive.

"Sprinklers would cost about the same as new carpeting for the hotel," Greenfield said. "You can't stop a fire — there will always be fires. But you could protect the people."

"AND IF WE can buy a smoke detector for \$8, think how cheaply they (hotels) could get them," he said.

Greenfield is circulating a petition urging legislators to pass the fire safety bills into law. He suggested anyone concerned about public safety write a letter of support to Rep. Joe Young Jr., D-Detroit, who introduced the bills.

Greenfield, his voice cracking with emotion, said, "I'm determined to do anything I can so no one will die in a hotel fire again."

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