

STUDY:

Are Insurers Unknowledgeable or Are They Only Fighting For Themselves?

THE TAKEAWAY

A home inspector on a state licensing board wrote that 90% of claims brought in that state “had merit.” While that is completely at odds with my experience, it illustrates the problem with many home inspector insurers.

Just The Facts

During a lively industry LinkedIn thread that spawned from an article at my website, www.JoeFerry.com, a home inspector who serves on his state’s licensing board wrote that 40 inspectors, which is about 6% of state licensees, had claims filed against them, and that about “90% of them have merit” and that the “average cost of defense” exclusive of any payment to the claimant is \$45,000.

Those numbers are completely contrary to my experience in general, where less than 1% of claims have any merit, especially in that state in particular, where the entire universe of claims that I have seen were meritless.

After hearing those astounding numbers, I really have to wonder whether the insurers on those claims are doing **any investigation whatsoever**. And in what bizarre world does squandering \$45,000 per claim to defend claims that are meritorious make any sense? If the claim has merit, for crying out loud, negotiate the best deal you can and pay it.

Example from the Field

I sincerely doubt that 90% of the claims filed in this state had merit because that is so markedly at variance with my figures that it defies explanation.

We all know the sobering stories by now. Many insurers do not know what constitutes a meritless claim if they are pleading ignorance or simply are looking out for their own best interests — not the home inspectors’ business and reputation.

There are simple characteristics of a meritless claim: one brought by someone with whom the inspector had a contractual relationship for failure to discover a defect that the inspector should have discovered and which failure caused economic loss to the claimant.

Virtually no claim can meet these criteria, because they are always, always, always for something that was outside the Standards of Practice, or concealed at the time of the inspection, or disclaimed by the inspector in the inspection report due to inaccessibility, or discovered at the time of the inspection or working at the time of the inspection even though it is not working now.

Your Professional Advocate

The claims that fall under the criteria established prior, which constitute nearly the entire universe of claims, are not meritorious and should always be resisted.

That criteria and my own experience leads me to believe that while the home inspector’s numbers may be accurate, it’s a strong illustration of an insurance company’s ignorance or negligence on your behalf.

Visit my website, www.JoeFerry.com to learn more about my proven strategic response to unmeritorious claims and let me have your back and put an end to UNDERBUSSING.