

# STUDY:

## The Finances of Defending a Home Inspection Claim or Lawsuit (Part 1)

### Just The Facts

As a frequent contributor to online inspection forums, I regularly get private emails from professional home inspectors seeking my opinion on legal matters.

I get asked frequently about the cost of defending a home inspection lawsuit.

Fortunately, not every claim involves a lawsuit. Most claims begin as a complaint from a disappointed client. And most experienced business people have had to deal with customer complaints at one time or another in their careers and have no problem whatsoever rectifying a legitimate complaint to the customer's satisfaction.

The problem arises when the claim is not legitimate, which is an ever-present issue 99% of the time with claims against home inspectors.

You heard me correctly. In nine years and over 800 claims, I have seen exactly four legitimate claims.

### Example from the Field

I recently received a letter from a reader who asked:

*"Joe, absent an E&O home inspector insurance policy, inspectors are exposed to the realities of defending a claim, which in 99% of the cases you have seen are without merit. What do you estimate the costs are to the inspector to defend themselves, considering court costs, attorney, depositions, etc.?"*

Caving in to illegitimate claims is a terrible business model, especially in an industry that generates so many of them.

When "legal action" is threatened, should you not knuckle under to your client's preposterous demand, you may receive a demand letter from a local attorney or a summons from your local Small Claims Court. If the latter, you can generally get the claim dismissed due to lack of jurisdiction.

If the "legal action" or threat manifests itself via a demand letter from an attorney, say a prayer of Thanksgiving. Why? Because the attorney is not emotionally involved in the case. He's *financially* involved in the case. And the minute he learns from me that there's no case and that there are multiple defenses to the claim; that his client has no damages; and that the defendant will vigorously defend the claim, that is generally more than

### THE TAKEAWAY

Not every claim involves a lawsuit, and 99% of claims made against home inspectors have no merit. Don't start caving in to illegitimate claims. It's a terrible business model, especially in an industry that generates so many of them.

enough disincentive to prompt him to advise his client to move on with his life. And they generally do.

In the next video and case study, I will discuss the unpleasant experience of an incoming complaint, the strategies you can use to get the complaint dismissed and the harsh realities of your insurance company's singular motives.

Visit my website, [www.JoeFerry.com](http://www.JoeFerry.com) to learn more about my proven strategic response to meritless claims. My mission is to stop the UNDERBUSSING of competent home inspectors.