



TOP FIVE CLAIMS

AGAINST HOME INSPECTORS

PRESENTED BY Carrie Joubert

A LITTLE ABOUT ME



BORN & RASIED IN SOUTH AFRICA
BECAME A U.S. CITIZEN IN AUGUST 2019!
PREVIOUS REAL ESTATE AGENT
FAMILY INSPECTORS/REALTORS
8 YEAR WITH INSPECTORPRO
11 YEARS WORKING WITH INSPECTORS
CIC (Certified Insurance Counselor)

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TOP FIVE CLAIMS

AGAINST HOME INSPECTORS

1. WATER DAMAGE
2. ROOF
3. FOUNDATION
4. MOLD
5. PLUMBING



CLAIMS...
WHAT IT FEELS LIKE
WHEN YOU GET
“THAT” CALL





STEP BY STEP

- 1. CLAIM BASICS**
- 2. WHAT TO LOOK FOR**
- 3. HOW TO REPORT**
- 4. BEST PRACTICES**
- 5. CLAIM SCENARIOS**

CLAIMS BASICS



CLAIM

A claim is a written demand for money that is based upon an actual or alleged “wrongful act.” Most policies require reporting a claim as soon as possible but no more than 60 days after it’s received. Claims can come in two forms, errors and omissions or general liability.



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ERRORS AND OMISSIONS

An E&O claim is when something is allegedly misreported or something you are supposed to inspect is left out of your inspection report.



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GENERAL LIABILITY

GL claims are if you damage any property or cause harm to anyone else. This is usually leaving a bathtub on or putting your foot through the ceiling.



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MERITLESS CLAIMS

As many as 80% of claims are completely meritless. It's hard to know why, but many home buyers seek cash payments for problems not covered by inspections.



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PRE-INSPECTION AGREEMENT

Make sure to get your Pre-Inspection Agreement signed before you begin your inspection. It's not only important so you can establish the right expectations, but not getting your inspection signed before you begin your inspection might leave you without insurance coverage.



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1 WATER DAMAGE

WATER DAMAGE

Water Intrusion is the number one enemy of a the home. It attacks from all potential angles and from the rafters to the foundation, it degrades materials like sheet rock and drywall. It rots wood, attracts insects and rodents, and can lead to microbial growth. Water claims can be either E&O or GL.



WHY IS WATER DAMAGE SO COMMON?



IT'S EVERYWHERE

INSIDE

- Pipes
- Appliances
- Fixtures

OUTSIDE

- Sprinklers
- Weather
- MANY POSSIBILITIES FOR DAMAGE

WHY DOES IT GET MISSED?





I'm trying to sell my house, so I'm not going to say the toilet overflows twice a month.



WHERE TO LOOK

- **Basement, Slab, and Crawlspace**
- **Windows and Doors**
- **Bathrooms**
- **Kitchens**
- **Attic**
- **Sprinklers**

WHAT TO LOOK FOR

- **Discoloration or staining**
- **Moist or swollen materials**
- **Water marks on the exterior**
- **Peeling vinyl or wall paper**

BEST PRACTICES

- **Take lots of pictures.**
- **Use a moisture meter and IR.**
- **Take pictures of the moisture meter.**
- **Don't go outside SOP.**
- **Report well.**

TAKE LOTS OF PICTURES

REPORTING WATER ISSUES

- **Describe:** Basement has efflorescence on the wall and the rest of the wall is blocked by contents.
- **Advise:** Have re-inspected prior to closing by a specialist. Could be further damage.
- **Vocalize:** Read through the report with your client.



CLAIMS SCENARIO 1

WHAT HAPPENED

A few months after the home inspection. The new owners notice a baseboard was swollen and cracking from water damage. They allege the home inspector missed a leaky drain, that has been causing water damage for many months.



FROM THE REPORT:

Main Bedroom Picture - *Continued*



General Observations

Informational Conditions

This room could not be fully inspected because of all the stored material.

Doors

Functional Components and Conditions

The entrance door appears to be functional.

Walls & Ceiling

Components and Conditions Needing Service

The wall adjacent to the master bath has a visible bulge which should be explained and monitored.



Wall bulging adjacent to master bath shower





Blanket rack obstructing hall wall



visible moisture problem in the hall that was caused by a leak in the master bath shower. The home was originally inspected on 3/31/18. The following was observed during my re-inspection:

- Arriving I found visible moisture damaged wood wall and trim in the hall. The moisture damaged trim was visibly cracked and appeared to be a problem that had been ongoing for some time. I did not open the inspection port during the initial inspection because the port was blocked/hidden by a blanket rack which was placed in front of the port. The trim in the wall appeared to have been heavily caulked and painted.
- After evaluating the area and the shower, I determined that the problem appeared to be the shower drain leaking and causing the plywood below the drain to become soaked and moisture damaged.

Conclusion: The problem was not found because the port was concealed. I do not know if the owners knew about the problem, but I do find it suspicious that the trim was heavily caulked, painted and the blanket rack was placed directly in front of the port.

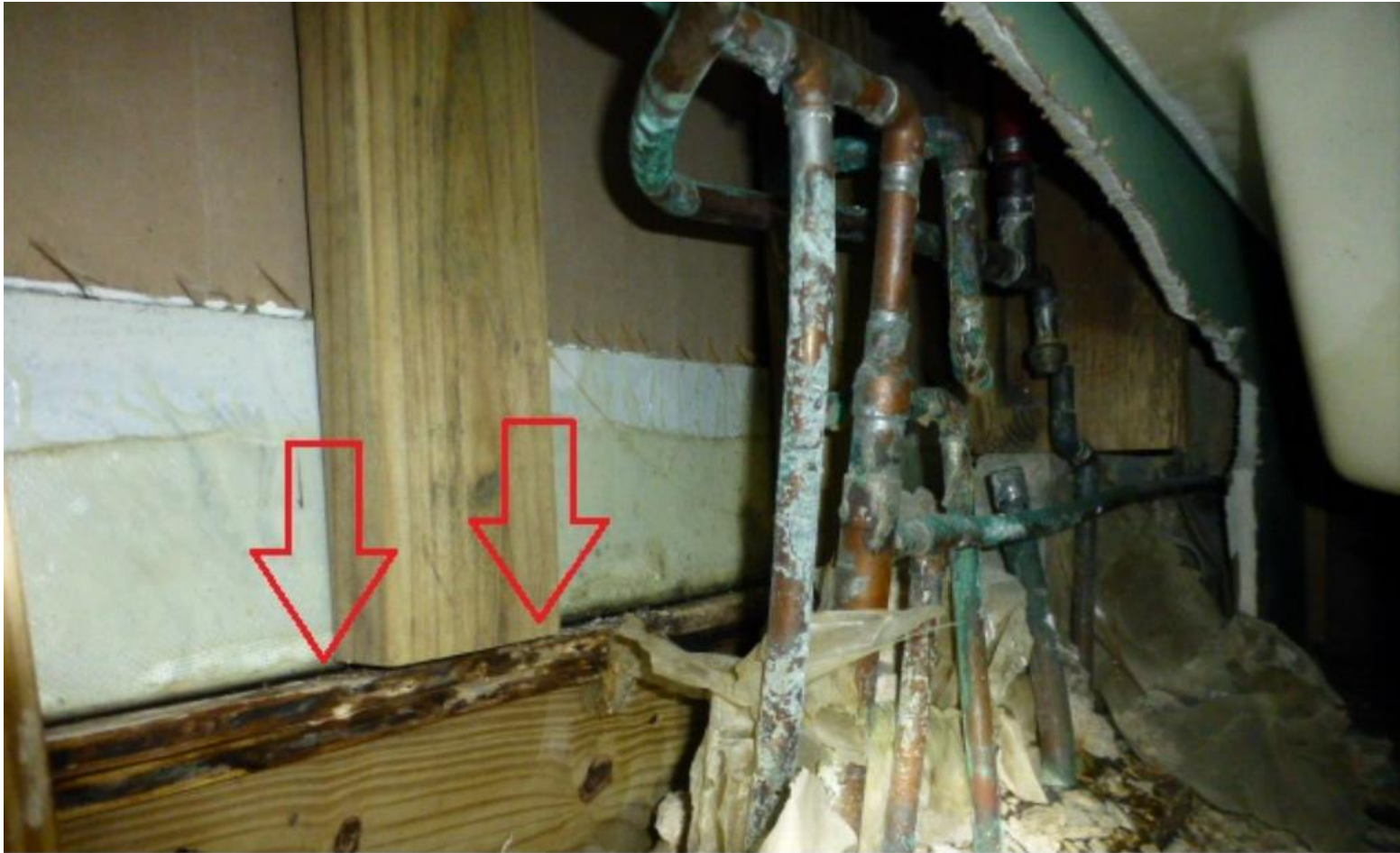
Please contact me if you have any concerns or questions.





Moisture damage trim and wall in hall area





Dripping water appears to be from leaking shower drain when water is running



GOOD FOR THE INSPECTOR

- Got signed Inspection agreement.
- Took good pictures.
- Documented nearby defects.
- IA included limit of liability.
- IA included arbitration clause.



BAD FOR THE INSPECTOR

- **Should have included more details in report with bulging wall.**
- **Could have used a moisture meter to confirm.**
- **Should have given stronger advice.**



RESULT

**The claims department issued a denial of liability
When no response was received, the claim was closed.**

**A few months later, we received an attorney letter
disputing the limitation of liability in the DOL. The claim
is presently open.**



KEY TAKEAWAYS

- Take pictures of everything you see.
- Communicate findings vocally with client.
- Report what you'd want on a report for a property you're buying.
- **What more would you have put about this bulging wall?**



CLAIMS SCENARIO 2

WHAT HAPPENED

Over a year after the inspection, claimants alleged that the home inspector failed to report significant defects in the property's front stoop. Since the inspection, water had entered the basement between the front porch and the vinyl siding, causing damage. By the time the inspector received the letter, the claimants had already removed and replaced the stoop.





WHAT HAPPENED

The construction company that repaired the stoop wrote a 5 page letter on the claimants' behalf arguing that the inspector had failed to perform an adequate inspection as he should have noticed the "musty smell." They went on to say that the inspector *photographed but did not call out the water stains* on the exterior siding and that he should have made recommendations to prevent future water intrusion.



FROM THE REPORT:

Landscaping☐ Slopes to House☐ Hedge☒ Tree☐ Earth to Wood☒ Site Erosion☒ No Swale**Damaged:****No**

Flat Landscape along house isn't idea for drainage. As part of normal routine maintenance it's better to grade landscape away from the house at a minimum of 2 degrees. A ten to fifteen degree slope is idea. Always fill in any low lying areas or pot holes to maintain good drainage. Consider improvements if possible.

Driveway☐ Slopes to House☐ Paving Stone☐ Gravel☒ Concrete☒ Asphalt☐ Brick Pavers**Damaged:****No****Walkway/Path**☐ Slopes to House☐ Paving Stone☐ Patio Block☒ Concrete☐ Asphalt☐ Brick Pavers**Damaged:****No****Porch**☐ Unsecured☐ Metal☐ Wood☒ Concrete☐ Brick☐ Crack☐ Corrosion☐ Rot☐ Repaint**Damaged:****No**

Sellers acknowledge water entered basement at front porch. Vinyl siding was sealed at porch by sellers. Repairs were done in basement where water penetrated structure. Advise monitoring regularly to ensure water doesn't enter basement area and repairing as necessary.



Includes all Bedrooms		Bedroom
Ceiling Fan <input type="checkbox"/> Unsecured		Operational: Yes
Heat Source <input type="checkbox"/> None <input type="checkbox"/> Thermostat <input type="checkbox"/> Electric <input checked="" type="checkbox"/> Air Register <input type="checkbox"/> Convactor <input type="checkbox"/> Radiant		
Additional Comments		
Limitations		
<p>→ WISCONSIN WEATHER: Throughout the year Wisconsin weather can be very unpredictable and sometimes extreme. These types of weather conditions may include but are not limited too high winds, excessive rains, heavy snows, ice storms, tomadoes and periods of dry spells. These changes in weather can and do affect the structures and foundation of residential dwellings. It is very important to inspect your house regularly after weather condition have subsided for any damage that may have occurred during or after the prevailing weather conditions. Therefore it is strongly suggested that a thorough inspection of the exterior and interior be preformed to assure that any damages that have occurred are addressed and repaired to minimize water intrusion into the structure and foundation. This includes all exterior components from the roof down to the foundation for damage or missing components to areas of the landscape that maybe draining water towards the foundation. If areas of concern arise it's suggested that the appropriate qualified contractor be contacted for repairs or replacement of components to minimize further damage or water intrusion. As Pillar to Post and all associated entities will not be held accountable for damage incurred by exterior elements.</p>		
<p>→ FOUNDATION: Despite a diligent visual inspection of the interior and exterior foundation a dry basement or lower level is never a guarantee, implied or otherwise due to weather conditions, concealed walls, seller(s) or tenant(s) property and any other items or situations that may block or limit a visual inspection. Cracks maybe the result of shrinkage, settlement, heaving or movement and in general are a part of the settling process. During the inspection cracks may or may not be acknowledged written or oral depending on size and location. Under the right conditions a settling crack will allow water to penetrate the foundation as a result of weather conditions, soil erosion, sloping landscape towards the foundation or poor drainage of the gutter systems. These items must be addressed to minimize water penetration on a regular basis. If personal initiatives are attempted and unsuccessful a certified landscape or waterproofing contractor is advised.</p>		

Disclaimers in report



CLAIM RESPONSE

Our claims department sent the claimants a denial of liability letter, a formal letter that rejects the claimants' allegations and highlights some of the key reasons why the inspector is innocent. In the letter, the claims professionals argued that the inspector had followed the SOP and performed a proper inspection.



CLAIM RESPONSE

In addition to demonstrating how the inspector met the SOP in his report, they explained how the construction company's letter manipulated what visual property exams actually require (can't report on hidden defects). The claimants, however, continued to argue that the inspector was wrong. And refused to go away for many months.



RESULT

After months of dragging on responses, all parties agreed to settle. Claim closed for \$2,750, half of original demand.

KEY TAKEAWAYS

- **Sellers repair cheap, but the inspector gets blamed.**
- **Set expectations for recent repairs and that they should be monitored or may be faulty.**
- **Emphasize that you can only diagnose the property's systems and components on the day of the inspection and cannot predict what may occur in the future.**



CLAIMS SCENARIO 3

WHAT HAPPENED

Soon after a home inspection, the sellers ran a load of laundry and left the house. Upon returning they found water soaking the carpet and baseboards. The claimants alleged the home inspector had disconnected the drain hose and was liable.



GOOD FOR THE INSPECTOR

- He has GL Coverage.

BAD FOR THE INSPECTOR

He disconnected the hose.

He admitted that he did disconnect the hose and that he may not have reattached it correctly.



RESULT

\$5,629.33 paid to close the claim. Insured paid deductible

Water damage like this is certainly the most common GL claim. It often comes from leaving a tub running.



KEY TAKEAWAYS

- **Don't move anything.**
- **Don't disconnect anything.**
- **Be sure to turn all the water off before you leave.**



ANY QUESTIONS?



2 ROOF





ROOF

Second only to general water damage claims, roof damage claims—especially ones alleging roof leaks—are one of the most common claims against home inspectors.



WHY IS ROOF DAMAGE SO COMMON?



THE ROOF IS THE HAIR OF THE HOUSE

You can maintain it well, or let it go. But either way there will be some problems, its probably going to get patchy and maybe a little grey.

Small problems can cause a lot of damage and can be hard to see



WHY DOES ROOF DAMAGE GET MISSED?



InspectionPro.com



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**The seller
repaired the roof
themselves. I'm
sure they did a
great job.**



WHAT TO LOOK FOR

- **Attic issues**
- **Toe boards**
- **Incorrectly installed counter-flashing**
- **Continuous, one-piece flashing**
- **Gaps beneath the flashing**
- **Cracked sealants**
- **Sealant where sidewall flashing is missing**



BEST PRACTICES

- **Take lots of pictures.**
- **Use a moisture meter or thermal camera.**
- **Note the weather and how change in weather may show potential issues.**
- **Don't go outside SOP.**
- **Consider using a drone to view roof from more angles.**





DRONES

Using a drone is a great way to get a better view of inaccessible roofs. Make sure to take the necessary precautions though, and make sure your GL coverage protects you.



REPORTING ROOF ISSUES

- **Describe:** Soft spot in roof could indicate further damage.
- **Advise:** Have re-inspected prior to closing by a licensed roofing company or contractor to uncover other issues, potentially significant.
- **Vocalize:** Read through the report with your client.



CLAIMS SCENARIO 1



WHAT HAPPENED

Nine months after a home inspection, the inspector received a claim alleging he failed to disclose roofing problems in his report that led to multiple roof leaks and water damage inside the home.



WHAT ELSE HAPPENED

The inspector didn't immediately report the claim and instead arranged for a roofer in his network to repair the roof, but the roof continued to leak.





GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **Reported well.**

FROM THE REPORT:

IN THE SUMMARY

Roof & Attic

10. Needs Repair: Shingles -

Raised Shingles - Observed raised shingles on the roof. Raised shingles are mostly likely attributed to nail pops (nails backing out of the roof sheathing). Raised shingles can allow moisture to penetrate under the roof covering that can result in damage, as well as exposing the shingle to further damage during high wind conditions. Have a professional roofing contractor evaluate the entire roof and make the necessary repairs so that all shingles lay flat across the shingled roof covering.

11. Needs Repair: Gutters -

The Gutters Not properly installed - The gutters are installed at the bottom of the fascia board. This is allowing for water to run off the roof and over the gutters rendering the gutters ineffective. Recommend having a professional gutter installation contractor make necessary repairs so that the gutters function as intended.



IN THE REPORT

S = Item is satisfactory


R = Item needs repair

I = Item needs investigated

NP = Item not present

NI = Item not inspected

ROOF

Report Number
071315CCA = Tips, Tools, and Savings

S	R	I	NP	NI
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ROOF COVERINGS- Fiberglass / Asphalt Composition**ROOF STYLE-** Gable

Needs Repair: Shingles - Raised Shingles - Observed raised shingles on the roof. Raised shingles are mostly likely attributed to nail pops (nails backing out of the roof sheathing). Raised shingles can allow moisture to penetrate under the roof covering that can result in damage, as well as exposing the shingle to further damage during high wind conditions. Have a professional roofing contractor evaluate the entire roof and make the necessary repairs so that all shingles lay flat across the shingled roof covering.

GUTTERS- Aluminum

Needs Repair: Gutters -
The Gutters Not properly installed - The gutters are installed at the bottom of the fascia board. This is allowing for water to run off the roof and over the gutters rendering the gutters ineffective. Recommend having a professional gutter installation contractor make necessary repairs so that the gutters function as intended.



BAD FOR THE INSPECTOR

- **Not enough pictures. More is always better.**
- **He did not immediately report the claim.**
- **Found a roofer to fix the leaks and promised there wouldn't be any more.**
- **Did not receive a release of liability.**
- **There were more leaks.**
- **Threat of reporting to state licensing board.**



RESULT

After all these bad things happened, he reported the claim and started working with our team.

The claim was settled for the cost of inspection.

**AMAZING RESULT CONSIDERING HOW MUCH WORSE
THIS COULD HAVE BEEN**



KEY TAKEAWAYS

- **Don't admit liability in any way.** He admitted liability even though he reported well, then caused more problems by finding a roofer on his own before contacting us.
- **Report claims immediately.** Not reporting the claim and admitting liability means he could have jeopardized his insurance coverage.
- **Take more pictures.** And always review the pictures you take and put in your reports!



CLAIMS SCENARIO 2



WHAT HAPPENED

Eight months after the inspection, claimants allege the inspector failed to disclose the faulty state of the roof, plumbing issues, and sump pump issues resulting in ground water coming up from the floor of the basement.



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed (with picture of them signing).**
- **Reported well.**





They first disputed that this wasn't them signing, and claimed they hadn't seen the agreement.

Then they said they had signed it after the inspection...

After that, they said that the agreement was forged and they never signed it all



FROM THE REPORT:

1. Roofing

The home inspector shall observe: Roof covering; Roof drainage systems; Flashings; Skylights, chimneys, and roof penetrations; and Signs of leaks or abnormal condensation on building components. The home inspector shall: Describe the type of roof covering materials; and Report the methods used to observe the roofing. The home inspector is not required to: Walk on the roofing; or Observe attached accessories including but not limited to solar systems, antennae, and lightning arrestors.



Styles & Materials

Roof Covering:

3-Tab fiberglass
Architectural
Modified bitumen
Asphalt/Fiberglass

Viewed roof covering from:

Walked roof

Sky Light(s):

None

Chimney (exterior):

Brick
Cement Fiber

Items

1.0 ROOF COVERINGS

Comments: Repair or Replace



The flat roof (Less than 3/12 slope) at the front porch roof has improper style roof covering (three-tab shingles). It should have either selvage, roll roofing, rubber membrane or an approved covering for a flat roof. The roof may leak in heavy rain or ice may dam in winter causing a leak.



1.0 Picture 1

1.0 Picture 2



1.0 Picture 3 Front porch roof

1.1 FLASHINGS

Comments: Inspected

1.2 SKYLIGHTS, CHIMNEYS AND ROOF PENETRATIONS

Comments: Inspected

1.3 ROOF DRAINAGE SYSTEMS

Comments: Repair or Replace



BAD FOR THE INSPECTOR

- **Claimants are very demanding, borderline harassing.**
- **Claimants are trying to scare inspector into admitting fault or settling.**

RESULT

Currently Closed for \$0.

We denied that that inspector had any liability as he reported on the roof issues and the potential consequences if left unchecked.

Based on the claimants somewhat crazy behavior, we will wait to see if they come back with a suit (hopefully not)



KEY TAKEAWAYS

- **Don't bend to harassment.**
- **Stick to your agreement and report.**

CLAIMS SCENARIO 3



WHAT HAPPENED



On the inspector's birthday, he receives a call from a recent buyer who is experiencing roof leaks 5 months after completing his inspection. They would like the roof replaced.

GOOD FOR THE INSPECTOR

- Inspector used **Pre-claims assistance**
- **Pre-inspection agreement signed.**
- **Inspector reported roof problems and recommended evaluation by roof contractor PRIOR to end of contingency period.**



FROM THE REPORT:

3.2 ROOF COVERINGS

Comments: Further Evaluation

Inspection indicated that the roof cover was composed of dimensional asphalt shingles with molded ridge cap shingles at the ridge line. The ridge cap shingles are damaged and deteriorated in numerous areas from age and exposure.

It is recommended that further evaluation and estimates for correction of the conditions noted by a qualified roofing contractor occur before the close of the contingency period.



3.2 Item 1(Picture)



3.2 Item 2(Picture)

3.3 LOW ANGLED COVERINGS

Comments: Inspected

3.4 ROOF VALLEYS & DRAINS

Comments: Inspected

3.5 FLASHINGS

Comments: Inspected

3.6 SKYLIGHTS, CHIMNEYS AND ROOF PENETRATIONS

Comments: Inspected

3.7 ROOF VENTILATION

Comments: Inspected

3.8 ROOF DRAINAGE SYSTEMS (gutters and downspouts)

Comments: Not Present



(1) The attic access obtained thru the master bedroom closet access hatch. The inspection was limited to accessible and visible areas.

(2) The roof support framing is composed of dimensional lumber rafters and solid wood boards installed. Interior purlin wall roof support was noted. No indications of past leaks or stress to the roof support system was observed on the day of the inspection.

Purlin: defined as a structural support members that run between rafters and parallel to the ridge beam. Used to offer structural support to the rafters and the roof support system in general.



3.9 Item 1(Picture)



3.9 Item 2(Picture)

3.10 VENTILATION FANS AND THERMOSTATIC CONTROLS (ATTIC)

Comments: Not Present



PICS FROM THE CLAIMANT:





BAD FOR THE INSPECTOR

- Didn't take pictures of some of the damage, claimant found.
- There was also asbestos found in the ceilings (used as a bit of a threat).



RESULT

Claim dropped after contact from our pre claims team.

KEY TAKEAWAYS

- **Use Pre-claims Assistance if you are insured with a carrier that offers (like InspectorPro) .**
- **Take a lot of roof pictures.**

ANY QUESTIONS?



A photograph of a brick wall with a large, vertical crack running down the center. The bricks are reddish-brown and show signs of wear and aging. Below the brick wall is a concrete foundation, which also shows some cracking and peeling. A large, semi-transparent red '3' is overlaid on the image, positioned behind the word 'FOUNDATION'.

FOUNDATION

FOUNDATION

Foundation claims are the third most common allegation against home inspectors. However, foundation damage claims are the most expensive type of claim.



WHY IS FOUNDATION DAMAGE SO COMMON?



THE STABLE EARTH ISN'T SO STABLE



SO, WHY DOES FOUNDATION DAMAGE GET MISSED?





Well of course we painted over the cracks in the walls. We want to sell this house.



WHAT TO LOOK FOR

- **Cracks in the walls, molding, floor tile, and foundation itself**
- **Uneven or sloped flooring**
- **Windows and doors that are difficult to open or close**
- **Separation or space between walls, floors, doors, windows, and ceiling**
- **Sagging roof**



BEST PRACTICES

- **Take lots of pictures.**
- **Be thorough.**
- **Report well.**

REPORTING FOUNDATION ISSUES

- **Describe:** Basement walls are bowing.
- **Advise:** Have re-inspected prior to closing by certified professional, could indicate foundational issues.
- **Vocalize:** Read through the report with your client.



TAKE LOTS OF PICTURES

**Don't forget pics of areas that are
concealed or inaccessible**

CLAIMS SCENARIO 1



WHAT HAPPENED

Two years after the inspection, claimants allege that the inspector failed to warn of foundation problems that have led to home damage. \$15k in damages requested.

GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **He's got our claims team (you'll see why)**

BAD FOR THE INSPECTOR

- Not enough pictures.
- Didn't mention the foundation shims.

FROM THE REPORT:

Exterior View of Foundation

Type of foundation: **Raised**
Approximate % of visible foundation: **About 50%**
Visible cracks in the exposed foundation: **None noted**
Visible cracks inside the home
associated with foundation issues: **None noted**
Other observations: **None**

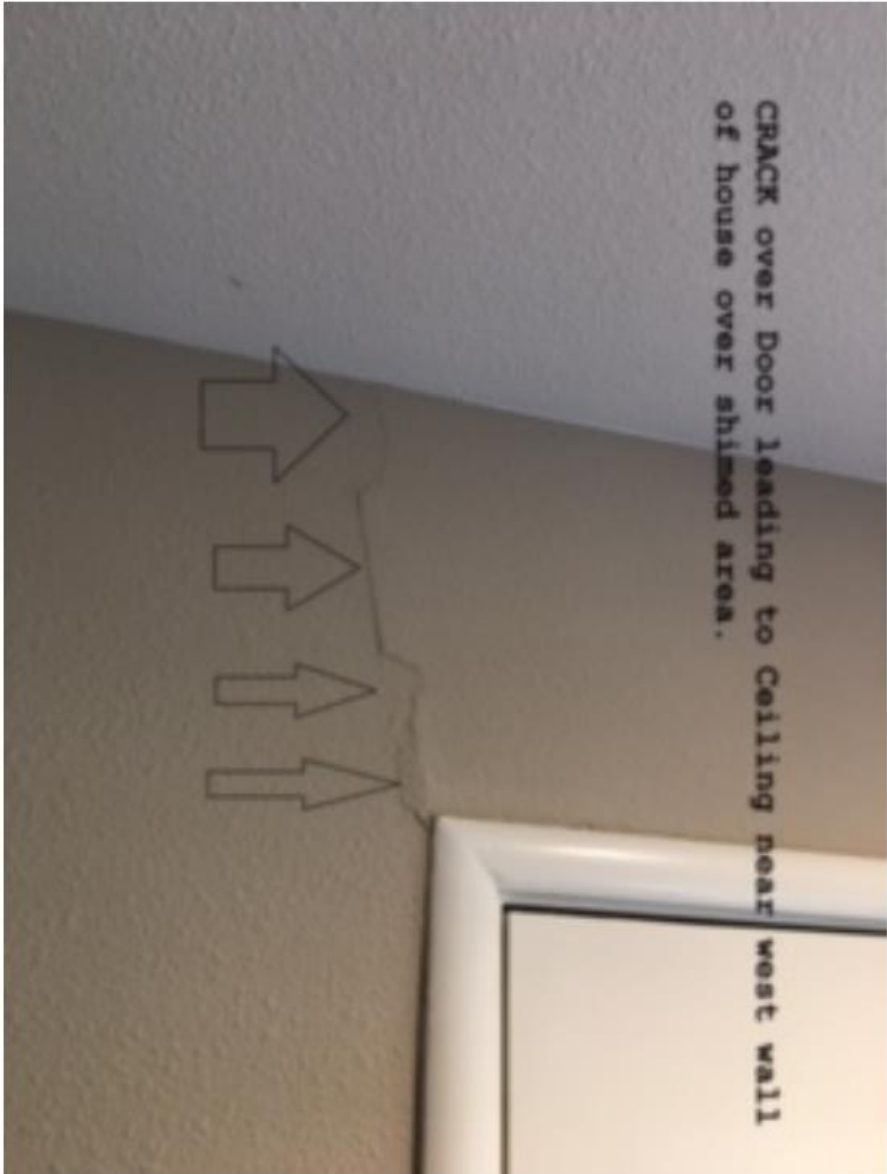
***No Foundation Issues
noted in report***

Foundation Comments or Recommendations

➤ ***There are no specific recommendations.***



FROM THE CLAIMANT:



FROM OUR CLAIMS TEAM:

Notwithstanding the above, as you may be aware, the pest inspection report dated January 23, 2015 contains the following:

NOTE: The foundation is cracked in multiple areas from an undetermined cause. Shims have been put in place on north side of the foundation to correct possible issues from settling.

As you can see, the shims were clearly noted in the pest inspection report prior to your purchase of the property. The sellers should have disclosed this condition if you were not provided with a copy of the pest report.



RESULT

Case settled for \$5,000 instead of the 15k they requested.

Insured paid his deductible

California is extremely litigious . In certain cases, it's better to settle than go into litigation



KEY TAKEAWAYS

- **Take pictures of everything you see.**
- **Report anything out of the ordinary and advise for further inspection.**
- **Settling to avoid litigation is sometimes an inspector's best option.**



CLAIMS SCENARIO 2



WHAT HAPPENED

Less than a month post inspection, claimants alleged the inspector had missed a leak, that the foundation was now “severely compromised” and that a formal suit would soon be filed. The inspector contacted InspectorPro immediately and, discussing with the attorney, we learned that plumbing was draining into a void under the house.



FROM THE REPORT:

- **The home inspector did note uneven floors in the bedroom in his report**
- **But his report did not recommend further evaluation.**
- **The realtor had told the home inspector that the floors were uneven floors because the last homeowner used a walker to get to the bathroom, and the inspector had verbally accepted this explanation.**



CLAIM RESPONSE

Upon discussing the allegations with the inspector, our claims team learned that there had been **bushes and overgrowth concealing the exterior wall at the time of the inspection.**

Therefore, the water damage had not been visible. However, the inspector did not mention any hindrance of view because of vegetation to the exterior brick wall, nor did he have a photograph showing the obstruction.



RESULT

Despite extensive negotiations with the claimant's attorney, the claimant was unwilling to admit the inspector's lack of liability. After months of negotiations and back and forth this claim was settled for \$15,000. The insured paid his deductible.



KEY TAKEAWAYS

- **TAKE PICTURES OF EVERYTHING- ESPECIALLY OF WHAT YOU CANT SEE OR INSPECT** (A picture of the bushes blocking the exterior wall would have been helpful in this claim)
- **Don't settle for the information you're given** (Realtors explanation of the floor being uneven).
- **Assume the worst and make recommendations for further evaluation. If they aren't taken at least you've covered yourself.**



SUSPICIOUS ACTIVITY

Foundation issues aren't just easy to miss; they're easy to cover up. If you want to avoid meritless accusations, you need to inspect defensively.

Be aware of what's going on around you- Does it smell like fresh paint in the basement? Was the floor just carpeted? Are those present at the inspection (Realtor, seller, or buyer) actively drawing your attention away from the inspection?

Ask questions. Make sure there's nothing inhibiting you from doing your job.



CLAIMS SCENARIO 3



BACKGROUND

While completing the home inspection, the inspector explained many defects with the home, built in 1916. Upon hearing these problems the potential buyers exclaimed, "We're not buying this house." The inspector took this as fact and didn't complete the inspection. Later, the buyers decided to purchase the home, and a report was requested. The inspector sent over the incomplete report...



WHAT HAPPENED

Almost four years after the inspection, claimants allege home inspector failed to identify foundation issues. A lawsuit was filed seeking \$300,000 in damages, \$50k MORE than the cost of the home.

**** A Law in Montana allows people to sue home inspectors for 3 X the cost of the actual damages and these people intended to use that to their advantage***



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **Not much else...**

BAD FOR THE INSPECTOR

- **NO PICTURES OF THE EXTERIOR.** Were there bushes or shrubs blocking the view of the entire foundation?? We don't know and never will without pics from the inspection, It was 4 years ago!
- **Montana Laws heavily favor claimants.**

FROM THE REPORT:

Foundation

1. Slab Foundation

Good	Fair	Poor	N/A	None
	X			

2. Foundation Perimeter

Good	Fair	Poor	N/A	None
X				

Observations:
 • No deficiencies were observed at the visible portions of the structural components of the home.

3. Foundation Walls

Good	Fair	Poor	N/A	None
	X			

4. Cripple Walls

Good	Fair	Poor	N/A	None
			X	

5. Ventilation

Good	Fair	Poor	N/A	None
			X	

6. Vent Screens

Good	Fair	Poor	N/A	None
			X	

7. Access Panel

Good	Fair	Poor	N/A	None
			X	

8. Post and Girders

Good	Fair	Poor	N/A	None
	X			

Observations:
 • Twisting of the main load bearing beam observed at the utility room.



RESULT

After months of litigation (and \$140k in legal fee's) the claim was settled for \$220,000.

KEY TAKEAWAYS

- **Take Pictures of the exterior of the property**
- **Don't let anyone stop you from doing your job.**

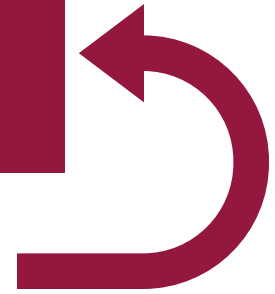
**Why did you
settle my claim?
I didn't do
anything wrong.**

RESOLUTION 1

\$\$\$\$\$ towards legal fees.



\$\$ towards settlement.

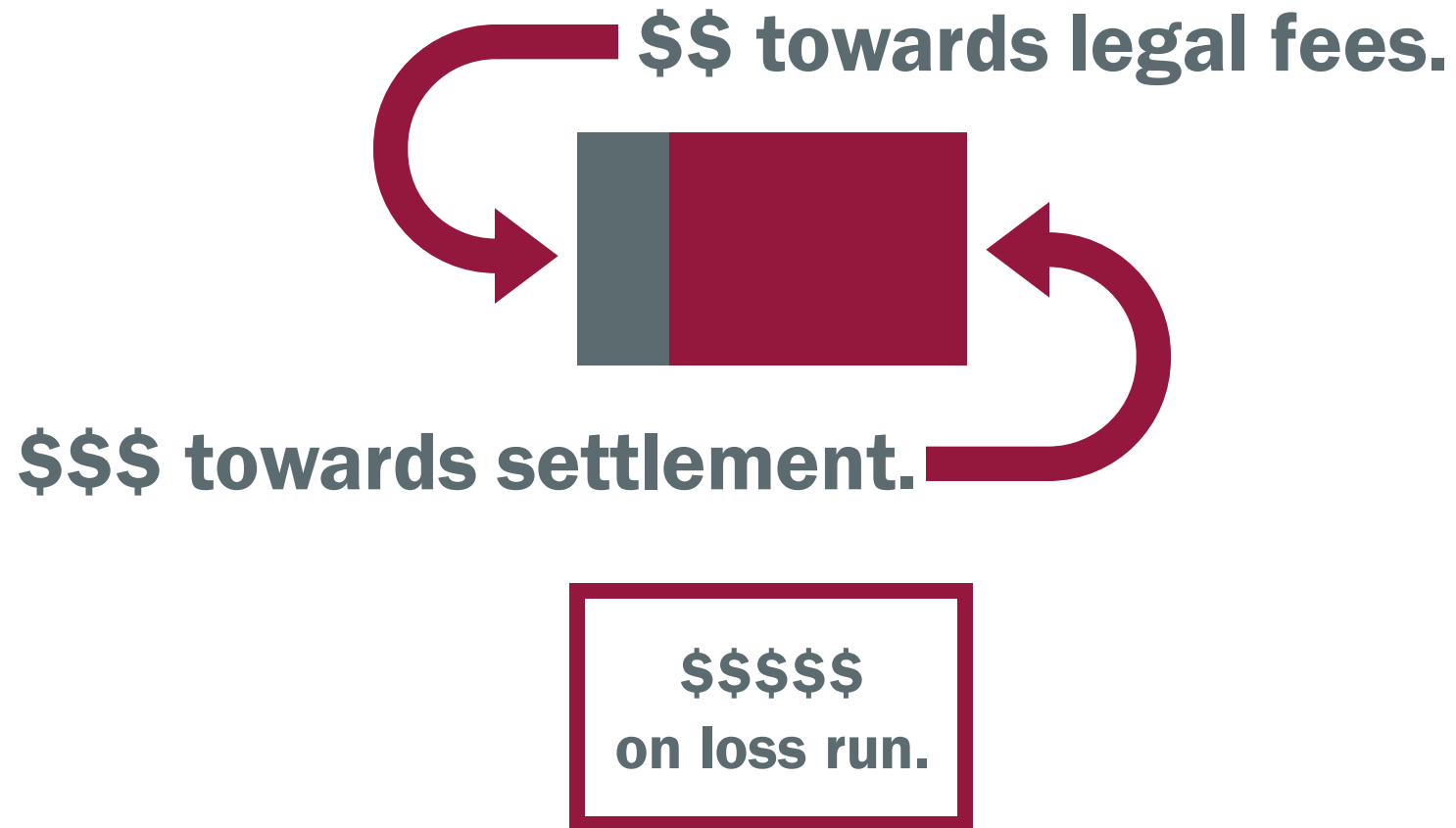


\$\$\$\$\$\$\$\$ on loss run.



Inspector Pro

RESOLUTION 2



SO LET'S COMPARE

Resolution 1

\$\$\$\$\$\$\$\$ on loss run.

Resolution 2

\$\$\$\$\$
on loss run.



InspectorPro

SO WHICH IS BETTER?

Resolution 2 is better even though the settlement amount is larger.

Depending on the claim details and local laws, settlement can be your best option to minimize high totals on your loss run that can drive up your premiums for years

ANY QUESTIONS?



4 MOLD



InspectorPro

MOLD

Mold claims are the fourth most common type of allegation against home inspectors, and its claims are costly. In 2004, the number of mold claims increased by more than 1,000 percent in some areas.



WHY IS MOLD SO COMMON?



A dark, reflective surface, possibly a wet floor or a pool of water, with a large puddle in the center. The puddle reflects light and vertical structures, creating a series of bright, vertical streaks. The overall tone is dark and moody.

IT'S ALL WATER'S FAULT

So...You took care of that
water damage yourself...

**AND NOW YOU HAVE
MOLD? SHOCKING.**



Inspector**Pro**

WHY DOES MOLD GET MISSED?





IT LIKES TO HIDE
And gets hidden by those trying to sell

I did say to
just cover
that up.



BEST PRACTICES

- **Take lots of pictures.**
- **Search all areas near water sources.**
- **Use a moisture meter.**
- **Test for mold (or recommend they have someone else test for mold if you don't offer)**



BREAKDOWN OF COMMON MOLD ISSUES BY ROOM

1. A wet or stained roof or ceiling may indicate water damage conducive to mold growth.
2. Window condensation may indicate high humidity conducive to mold growth.
3. Bathrooms are common places for mold growth. Check for excessive moisture.
4. Bedrooms are subject to mold in the same areas as the rest of the house, including the windows, sills and vents.
5. The sink, refrigerator, pantry, stove and cabinets are all places in which mold may reside.
6. Wet spots or buckling or peeling paint may be signs of water damage and mold inside the walls.
7. Mold often goes unnoticed in cluttered spaces. If the closet is open, check the walls and floors for mold that may have grown.
8. If clothes dryers aren't vented outdoors, they may cause increased humidity and subsequent mold growth.
9. Basements can be one of the most damp and most humid areas. Look for mold around the pipes, ducting, foundation and sump pump.
10. Water pooling around the foundation may be a sign of water intrusion and subsequent mold problems.



REPORTING MOLD ISSUES

- **Describe:** Under sink in basement bathroom tested positive for mold.
- **Advise:** Have re-inspected by certified mold removal company to determine extent of damage.
- **Vocalize:** Read through the report with your client.



CLAIMS SCENARIO 1



WHAT HAPPENED

Two months after the inspection claimant alleged the home inspector should have reported visible mold, despite the inspector not inspecting for mold. Damages were in the tens of thousands for repairs, medical bills, and rental costs.



BAD FOR THE INSPECTOR

- Not enough pictures.
- Very serious consequences for home occupants alleged.
- Inspector doesn't carry mold coverage
- This was a **PRE CLAIM** submission to our office (no written demand had been made yet) Can get broader coverage in pre claims sometimes



**Picture
provided
in claim**



FROM THE REPORT:

- **Nothing was recorded in the report because the inspector didn't inspect for mold.**



Interior Areas

The Interior section covers areas of the house that are not considered part of the Bathrooms, Bedrooms, Kitchen or areas covered elsewhere in the report. Interior areas usually consist of hallways, foyer, and other open areas. Within these areas the inspector is performing a visual inspection and will report visible damage, wear and tear, and moisture problems if seen. Personal items in the structure may prevent the inspector from viewing all areas on the interior.

The inspector does not usually test for mold or other hazardous materials. A qualified expert should be consulted if you would like further testing.

1. Bar

Good	Fair	Poor	N/A	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Observations: No bar area present.

2. Cabinets

Good	Fair	Poor	N/A	None
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Observations:
• No built-in cabinets present.



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement was signed.**
- **Claimant admitted knowing the inspection didn't cover mold inspection.**
- **Inspector stayed inside SOP.**
- **Inspector used pre-claims assistance.**



RESULT

\$0 settlement.

Despite the claimant being upset that we wouldn't just "pay out" we fought for our inspector and got them to drop filing a claim.



KEY TAKEAWAYS

- **Stay inside the SOP.**
- **Talk about your findings and remind vocally if you don't inspect for something.**
- **If you don't inspect for something, but find it, make a note and report what you can. Call your broker for advice if you need it.**



INSURANCE HACK: CARRY MOLD COVERAGE

Even if you don't inspect for mold, consider carrying mold coverage. Most mold claims are against inspectors who don't inspect for mold. If you get a mold claim and don't care mold coverage, you might not be covered.



CLAIMS SCENARIO 2



WHAT HAPPENED

Five months after the home inspection, tenants of the home file suit against the home inspector and home owner (original client) for failure to properly identify mold and disclose it to them.

GOOD FOR THE INSPECTOR

- **Pre-inspection signed.**
- **Had no responsibility to claimant.**

BAD FOR THE INSPECTOR

- Sometimes people sue.

FROM THE REPORT:

Site Observations:

(Conditions that can or may have previously led to fungal growth as well as items that may need attention to prevent future issues):

The inspector noted the following items:

- This inspection was performed due to a tenant concern.

Interior:

- In general, the interior of the property appeared to be in fair condition.
- ➤ Some areas were difficult to access for inspection due to contents, hindering the inspector's ability to completely inspect, moisture test or determine the condition of the walls behind.



Total Air Sample Results

It is always recommended that samples are collected in areas that have either sustained past water damage or have current conditions conducive to mold growth. These samples are taken with the authorization of the client only. Samples were recommended at the time of inspection due to current conditions conducive to growth or past signs of water damage, suspect spotting etc. At the time of inspection, a total of Three (3) air samples and Five (5) surface samples were collected and submitted to the laboratory for analysis, however five surface samples were placed on hold with the lab at the client's request. All samples placed on hold with the Lab will be disposed of after 30 days. One (1) outside air sample was collected to provide background information for comparative analysis. These results represent the airborne fungi concentration at the time of sampling only and should not be misconstrued as being a true representation of the airborne fungi concentration inside the subject property at all times. The Laboratory results were as follows:

- The ambient air sample taken in the Bathroom showed elevated *Stachybotrys* with substantially elevated *Aspergillus/Penicillium* at the time of inspection.
- The ambient air sample taken in the Kitchen showed the low presence of *Stachybotrys* at the time of inspection.

This inspection was performed by [redacted] on March 5, 2018 and was limited to the Kitchen and Bathroom areas only; therefore we cannot determine the absence or presence of unhealthy or elevated levels of mold or conditions conducive to mold growth in other areas of the unit.



RESULT

Settled for \$4,861.58

The home inspector should not have been involved in this suit as it was the seller who concealed the results from the tenant.

The allegations against the inspector were meritless, but because they had coverage, we were able to get them dismissed for the small settlement.



KEY TAKEAWAYS

- **Anyone can file a claim against you for any reason**
- **Your insurance coverage is often used as defense against meritless claims**
- **Add optional coverages, like mold, to protect against wrongful allegations**



CLAIMS SCENARIO 3



WHAT HAPPENED

Two years after the inspection, claimants alleged the home inspector failed to identify improper attic ventilation that led to mold growth. Claimants argue \$21,000 in damages to framing materials and insulation.



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **Mold Exclusion in IA.**
- **Time limit on claims.**

BAD FOR THE INSPECTOR

- They didn't read the report.
- They didn't read the Pre-IA.

FROM THE REPORT:

2712.

Attic
Comments

Hall bathroom fan improperly vents into attic. Recommend extending the fans' exhaust to the exterior of attic to prevent damage/deterioration in the attic from moisture/condensation. (Picture follows)



CLAIMANT PHOTOS:





RESULT

Closed for \$0

Inspector excluded mold in his agreement and noted ventilation issues that needed to be corrected. After issuing a Denial of liability letter the claim was closed.



KEY TAKEAWAYS

- **Talk to your insurance provider. They can help you.**
- **Don't admit liability in any way.**



ANY QUESTIONS?



A close-up photograph of plumbing components, including white PVC pipes, a braided metal hose, and brass fittings with red-handled shut-off valves. The image is slightly blurred and has a dark overlay to make the text stand out.

5 PLUMBING

PLUMBING

Plumbing issues, not to be confused with septic, sewer, and waste issues, most often result from misidentification or leaks. Plumbing claims can be expensive because pipes need to be replaced and cause other damage leading to water damage, mold, or even foundation issues.



WHY ARE PLUMBING ISSUES SO COMMON?





Some plumbing types are more durable, whereas others are more susceptible to corrosion or bursts. Thus, clients are likely to desire certain types of plumbing over others and to be upset if the pipes are mislabeled.

Failure to identify the correct type of plumbing, may also lead to improper care or maintenance, causing issues later on.

WHY DO PLUMBING ISSUES GET MISSED?





**WE'RE JUST NOT THERE
YET**

We cant see through walls and that's where all the pipes are!

BEST PRACTICES

- Report well.
- Use a moisture meter.
- Use infrared camera
- Take lots of pictures.
- Know your pipes.



KNOW YOUR PIPES

It's important to be able to recognize different piping types when you see them. Some key clues to assist in plumbing identification include:

- **Material differences**
- **Color**
- **Pipe diameter**
- **Standard Markings (PB2110)**
- **Location**
- **When home was built ('78-'95 built homes most likely to have PB)**



REPORTING PLUMBING ISSUES

- **Describe:** Fresh paint and new carpet in one area of the house.
- **Advise:** Should be determined why this was done and when.
- **Vocalize:** Read through the report with your client.



CLAIMS SCENARIO 1



WHAT HAPPENED

After the inspection, but before the home was sold, the sellers were made aware of a water leak in the master bathroom shower. The sellers did not disclose the issues to the buyer, closed on the sale, and refused to take any responsibility after closing when the buyers discovered the issue- the new home owner filed suit against anyone involved.



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **PA included SOP for the state.**
- **PA includes mandatory arbitration.**
- **Claimant admitted it wasn't the inspectors fault (seller had concealed).**
- **Damage was hidden and not inspectable.**



FROM THE REPORT:

- **Nothing noted on inspection report**
- **No pictures taken**

Bathroom

Inspection does not cover any damage concealed by rugs, carpeting, wall paneling, furniture or fixtures. Typical wall/ceiling minor cracks/touch ups are considered normal and are not listed in report.

Laundry area bath Bathroom

Acceptable Closet: *Single*
 Acceptable Ceiling: *Drywall*
 Acceptable Walls: *Drywall*
 Acceptable Floor: *Tile*
 Acceptable Doors: *Solid wood*
 Acceptable Windows: *Wood double hung*
 Acceptable Electrical: *110 VAC outlets and lighting circuits*
 Acceptable Sink/Basin: *Pedestal*
 Acceptable Faucets/Traps: *Faucet fixtures with a metal trap*
 Acceptable Shower/Surround: *Fiberglass surround*
 Acceptable Toilets: *Kohler*
 Acceptable HVAC Source: *Electric*
 Acceptable Ventilation: *Electric ventilation fan and window*

Main Bathroom

Acceptable Ceiling: *Drywall*
 Acceptable Walls: *Drywall*
 Acceptable Floor: *Tile*
 Acceptable Doors: *Solid wood*
 Acceptable Windows: *Wood casement*
 Acceptable Electrical: *110 VAC outlets and lighting circuits*
 Acceptable Counter/Cabinet: *Laminate and wood*
 Acceptable Sink/Basin: *Molded single bowl*
 Acceptable Faucets/Traps: *Faucet fixtures with a PVC trap*
 Acceptable Shower/Surround: *Tile surround*
 Acceptable Toilets: *ToTo*

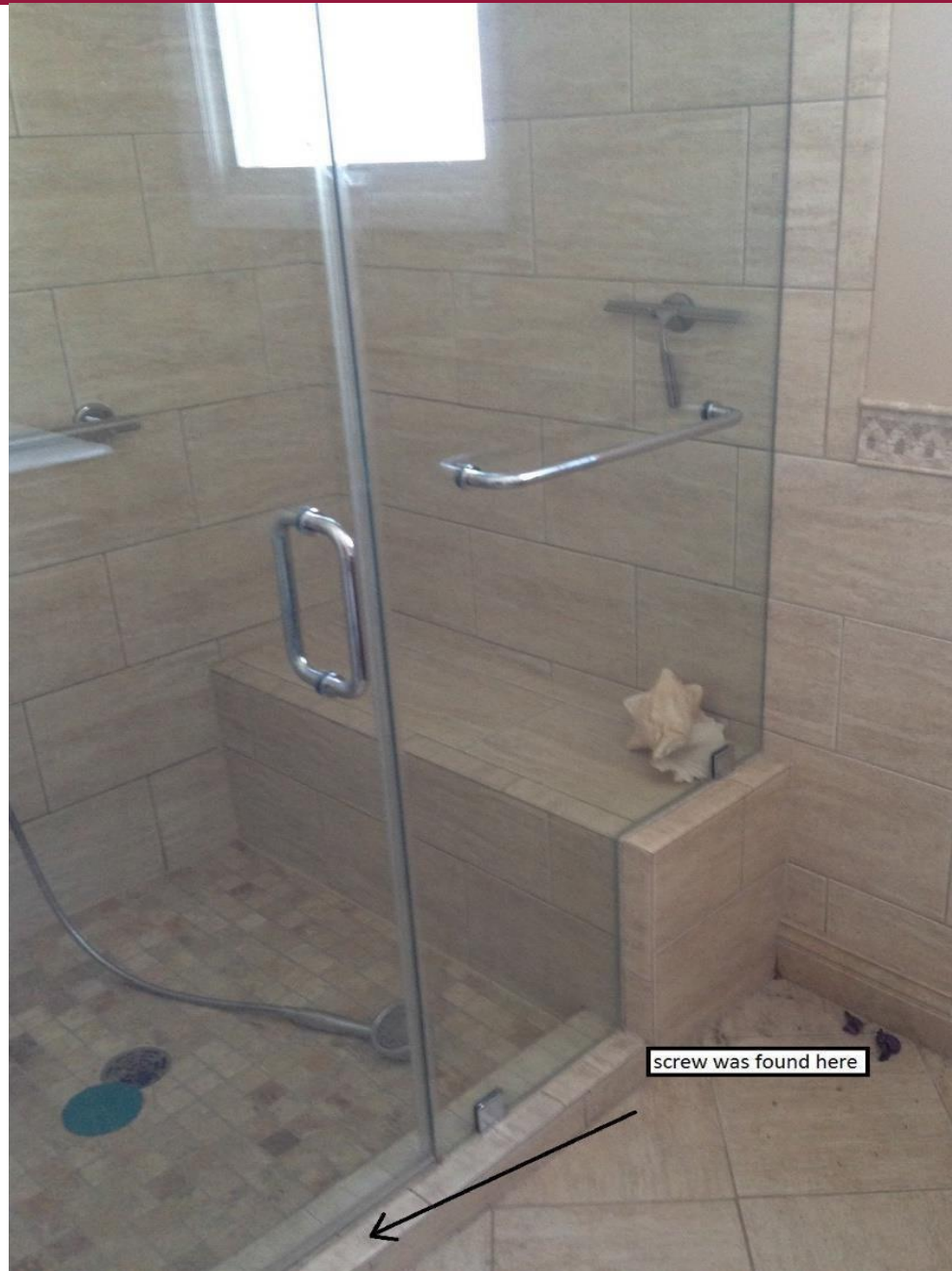
Nothing noted
in report

BAD FOR THE INSPECTOR

- **No pictures of the bathroom or living area with the leak to prove no damage at the time of inspection.**



PICTURES PROVIDED OF DAMAGE



A screw was found in a tile in the remodeled bathroom . It had pierced a plumbing pipe under the floor and had been leaking







RESULT

\$105,000 TOTAL awarded to claimants

**\$20k from inspector
(17k in expenses defending)**

KEY TAKEAWAYS

- Take lots of pictures.
- Use a moisture meter whenever you can.

CLAIMS SCENARIO 2



WHAT HAPPENED

Six months after the home inspection, buyers found polybutylene pipes and filed a claim, demanding \$17,499.00. There is no mention of polybutylene plumbing in the inspection report even though it was visible throughout the utility room of the home



GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **He's got our claims team.**

BAD FOR THE INSPECTOR

- While he called some pipes plastic, he did not mention polybutylene when he should have.



FROM THE REPORT:

PLUMBING SYSTEM

Plumbing:

Water Source:

City/Municipal.

Plumbing Service Piping Size to Structure:

3/4" water service line from the meter to the main cutoff.

Public Service Piping Material:

The main service line to the structure is copper.

Main Water Line Cutoff Location:

Basement level wall.

Visible Mineral Deposits or Encrustations:

No.

Interior Supply Piping Size:

The interior water supply piping is 1/2" in diameter.

Interior Supply Piping Material:

There are also some interior copper water lines installed. There are also some interior plastic/pex water lines installed.

Water Pressure:

Water pressure was checked at an exterior hose bib. Water pressure from 40 to 100 pounds per square inch is considered



within normal/acceptable range.



Exterior Hose Bibs Functional:

Satisfactory - The exterior hose bib(s) appeared to function normally.

Functional Supply:

Satisfactory - By testing multiple fixtures at one time, functional flow of the water supply was verified.

Leaks in the Supply Piping Noted:

No.

Sewage Disposal Type:

Public Sewer System.

Waste Line Materials:

The predominant waste line material is plastic.

Waste Piping Condition:

Satisfactory - The visible plumbing waste piping appears functional.

Vent Piping Material:

The vent material, as it passes through the roof, is plastic.

Vent Piping Condition:

Satisfactory - The visible plumbing vent piping appears functional.

Supply/Waste Piping Supports:

Satisfactory - The tie straps and hangers supporting supply and waste piping appear adequate.

Functional Drainage:

Functional drainage has been verified. Water drained from a random sample of fixtures drains at a rate faster than was supplied.

Objectionable Odors Noted:

No.

Location of Waste Line Cleanouts:

Base of stacks in garage.

Location of Noted Floor Drains:

Furnace area.

Floor Drains Functional:

Floor drains were not flood tested. Be sure to keep enough water in the trap to prevent unwanted gases from entering the room.

Sump Pump:

The sump pump installed is functional. The presence of a sump pump does not indicate there is a need for it. This inspection does not verify the existence or effectiveness of any subslab or perimeter drainage system.

Sump Pump Drain Line:

Satisfactory - The drainage line from the sump pump is installed in such a manner that water appears to be carried away from the structure far enough to prevent reintroduction.



RESULT

\$2,000 settlement

(original ask of 17k)



KEY TAKEAWAYS

- **Be thorough to avoid missing bad pipes.**
- **Know your pipes and how to identify**



CLAIMS SCENARIO 3



WHAT HAPPENED

Soon after purchasing their home, sellers attempt to re-sell. A new home inspection reveals polybutelene piping in the attic. Home owners now want \$8000, the hit to the home price.

FROM THE REPORT:

Styles & Materials

Water Source:

Public

Water Filters:

None

Plumbing Water Supply (into home):

Copper

Plumbing Water Supply Line Size:

1"

Water Pressure:

80 PSI

Plumbing Water Distribution (inside home):

Copper

Washer Drain Size:

2" Diameter

Plumbing Waste:

ABS

Water Heater Power Source:

Electric

Water Heater Capacity:

40 Gallon

Temperature Pressure Relief Valve:

Installed

Manufacturer:

BRADFORD-WHITE

Water Heater Location:

Garage

Water Softening System:

None Installed





Attic area



Attic area



Attic area



BAD FOR THE INSPECTOR

- Missed the PB pipes.

GOOD FOR THE INSPECTOR

- **Pre-inspection agreement signed.**
- **Previous Home owner's disclosed PB pipes.**

RESULT

CLOSED for \$0
(claim request was for \$8k)

We were able to get this claim closed without any payment since the buyer had received the sellers disclosures that listed the PB pipes.



KEY TAKEAWAYS

- **Use all the documents and info at your disposal.**
- **Always be thorough and look out for possible claims.**

ANY QUESTIONS?





THANK YOU

Carrie Joubert-Lawson
Program Manager
CLawson@citadelus.com
(801) 610-2734 (direct)







**TAKE A BREAK!
YOU DESERVE IT.**

**Carrie Joubert-Lawson
Program Manager
CLawson@citadelus.com
(801) 610-2734 (direct)**

