

Jim's Perspective...

Los Angeles Wildfires

I am sure we would all agree that the Los Angeles wildfires are a horrible disaster for the people of Los Angeles and surrounding suburbs. It is just a horrific tragedy, and it is so sad to listen to homeowners, standing next to their destroyed home, sadly looking, in complete despair, that they have lost not only their house, but all of the personal property inside the house. This catastrophic disaster reminds me too, of the very sensitive and personal experience of having sustained some type of calamity and turning to an insurance company for help. As I have said in the past, insurance is a very personal and emotional financial product. All insurance professionals should be proud of their work in the insurance industry, and appreciate that they provide some comfort and assistance in helping people recover and deal with some form of personal loss. The Los Angeles wildfires have the potential to be the costliest wildfire disaster in American history according to UCLA climate scientist, Daniel Swain.

The benefit and value of insurance was something I always appreciated as I handled litigation that was in some way, connected to insurance policies issued by Farmers Mutual of Nebraska where I worked for 32 years. I usually had roughly 200 lawsuits pending at any time. I just saw so many tragedies, and sad events that it just gave me a new perspective about insurance products. The litigation I handled was primarily third-party liability litigation (The insured and the insurer are the first and second parties to the insurance contract, and the injured plaintiff who sued the insured, is the third party to the contract), and a lot of it was related to automobile accidents. I have described some of this litigation, that I managed, in a prior article or two. I did not try the cases. If it went to trial, it was handled by outside insurance defense firms. My feeling that insurance is a very sensitive and personal experience, motivates me today to once again share with you a few of the old legal files I managed. I can review old litigation files with you because I still have all of my old "litigation summaries" in binders in my office at home. These summaries include a description of the loss. These summaries were necessary many years ago because the claim file itself was all maintained on paper and housed in the "file room" at the home office of Farmers Mutual. It wasn't practical to call the file room and request the entire paper file every time I was suddenly on the phone to discuss a pending lawsuit. I had the litigation summaries in binders in my office and simply pulled out a binder and looked at the summary to remind me of the current status of a lawsuit. So below, I write about some of the circumstances surrounding the litigation I handled just to briefly illustrate the personal, emotional and sensitive feelings, that arise with this financial services product. The sadness that exists in Los Angeles just prompted me to think back, again, about some of my legal files and how sorrow, sadness, heartache and grief can potentially be a part of any insurance claim

- ★ Insured was driving a tractor with a feed wagon extending from the rear of the tractor. The tractor was proceeding on a paved road. The claimant was not able to slow down his vehicle, and ended up crashing into the back of the tractor/feed wagon. As a result of the accident, claimant was rendered paraplegic. Claimant was a middle-aged young man. Future medical expenses were estimated to be approximately \$1.5 million. Claimant was married and had three children. Insured had \$1.5 million in farm liability coverage. The

tractor, as a “slow-moving vehicle,” was not eligible for auto insurance. Claimant had \$1.5 million in underinsured motorist coverage. There is a Nebraska statute which states, that failure to have a slow-moving vehicle sign on the rear of the vehicle is “evidence of negligence.” The total farm liability coverage was tendered to the claimant. The claim was eventually settled with claimant, who also recovered underinsured benefits.

Obviously, all very sad. I am sure the claimant would not take any insurance benefits if refusal to take this coverage would make him no longer a paraplegic.

- ★ Farm employee fired his rifle at a raccoon nearby. The bullet ricocheted off the gravel road and hit the employee’s friend in the eye, resulting in the loss of the eye. The claim was ultimately settled.
- ★ Farmer’s stallion escaped from a pasture and ultimately injured claimant farmer’s mare. Part of the fence around the pasture was down. A phone company had recently placed a telephone poll in the ground next to one of the pasture fence posts. A thunderstorm with strong wind, caused the post to fall and damage the fence. The claim was ultimately settled for \$650.00. This claim occurred in May of 1980. This is one of the first files I was assigned to handle. What a long time ago!
- ★ Farmer had a refrigeration tank that contained semen and embryos. The contents of the tank were destroyed due to a high evaporation rate in the tank. This condition reduced the holding time for the contents in the tank. The insured argued that either his agent or Farmers Mutual told him that he had all-risk coverage for the tank and contents and therefore the loss is covered. The Dec. sheet provided coverage on a named-peril basis. The claim was ultimately settled. What is interesting about this claim, is that I learned, over time handling similar named peril farm losses, that if the farmer had a piece of farm equipment insured on a scheduled basis, he/she did this and was thinking that since it was specifically listed on the policy, this meant it had all-risk coverage rather than just named peril coverage. I think it is always helpful for the agent to spend a little time explaining to the client what coverage applies to farm equipment specifically listed as a scheduled piece of farm property.

Hey, wait a minute . . . Every litigation file shown above involves a farm claim. I don’t want you to think I am discriminating against farmers, so I finish with the following claim.

- ★ The insured and his son had a collection of baseball cards. It was a fairly large collection with some pretty valuable cards included. My litigation summary does not state how the collection was destroyed. The summary only states that the claim was settled. But still, even this limited description of the claim shows that you never know how an all-risk homeowners policy might apply to personal property of the insured. One day it might be baseball cards, and the next day it might be a Husker jersey!

The Los Angeles wildfire catastrophe just continues to explode with more wildfires. The most extreme level of a “red flag fire warning” was issued in Los Angeles and Ventura counties this past Wednesday. Wednesday morning, Ryan Kittell, a meteorologist with the National Weather Service in the Los Angeles area, said, “We are not out of the woods yet, and people need to stay on guard for a fast-moving fire.” It is just all so sad, and I can’t believe this catastrophe is still ongoing, but at least on Thursday it was reported that firefighters were progressing and gaining control over the biggest wildfires. Even after the wildfires are extinguished, the people of Los

Angeles will continue to suffer from this catastrophe. Many areas will have no grass, bushes or trees, and when it rains, miles of canyons and hillsides will send debris rushing down ravines causing more damage and requiring working crews to remove the dirt and debris. Los Angeles will have to deal with an environmental catastrophe that experts say will linger for many years. It will include toxic ash settling in backyards and playgrounds. It will include a significant increase in asthma attacks, more instances of drinking water contamination, and an increase in dementia which studies have tied to wildfire particulate exposure.

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