THE CLAIM*ology*

CASE STUDY

THE DAVIS FIRE
Loss Dispute

On April 10, 2024, a fire caused by a failed surge protector originated in the primary bedroom of a 2020 residential home in Orlando, Florida. The cause of loss was confirmed by both the fire department and an electrician, making this a covered fire event in principle. What transformed the matter into a complex, high-exposure claim was not the existence of the fire, but the dispute over scope, valuation, documentation, and credibility. Early mitigation and demolition occurred before the independent consultant's inspection, multiple representatives produced conflicting estimates, high-value personal property was discarded before inspection, and critical records for pack-out and Additional Living Expense remained incomplete. The result was a claim file requiring neutral documentation, disciplined coverage analysis, and litigation-ready organization from the outset.

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Loss Dispute

Case Overview
The Davis Fire Loss Dispute arose from a residential fire at 1234 West Street, Orlando, Florida, involving a 2020 CMU block home insured under an HO3 policy. The fire began in the primary bedroom and was attributed to a failed surge protector. While the fire itself was not seriously disputed, the post-loss claim quickly escalated due to competing scopes of repair, incomplete documentation, and indicators that required careful claim-integrity review.

This case is best understood as a covered fire loss complicated by disputed damages, not a simple denial scenario. It illustrates how a legitimate loss can evolve into a contentious, high-value claim when evidence is altered early, repair assumptions exceed observable damage, and key support for contents and living expenses is missing.

Policy Profile
The property was insured under an HO3 policy with the following relevant limits:

- Coverage A (Dwelling): $550,000
- Coverage B (Other Structures): $8,000
- Coverage C (Personal Property): $390,000
- Deductible: $1,000
- Loss of Use / ALE: $60,000

These limits created substantial available coverage, but policy limits alone did not determine payment. The real issues were whether the claimed damage was covered, verified, repairable, replaceable, and properly documented.

Parties Involved
The claim involved an unusually large number of stakeholders, each influencing scope, valuation, or strategy:

- Insureds: Mr. and Mrs. Davis
- Carrier: ABC Insurance Company
- Desk Adjuster: Ms. Martinez
- Field Adjuster: Mr. Williams
- Independent Loss Consultant: Ms. Brown
- Public Adjuster: Mr. Rodriguez
- Coverage A estimate: $230,000
- Personal Property Estimator:
- Contents estimate: $370,000
- Mitigation Company: Mr. Sanchez
- Mitigation estimate: $110,000
- Insured Contractor: Mr. West

No estimate provided

- Insured Attorney: Mr. Johnson
- Combined estimate presentation: $710,000
- Pack-Out Company: Pack Out R Us

Final invoice not provided

The number of participants alone increased the risk of inconsistent narratives, overlapping opinions, and strategic pressure on the claim process.

Incident Narrative
According to the reported facts, the fire ignited in the primary bedroom after a surge protector failed. The direct fire damage was localized to the room of origin, but smoke and soot migrated through the home by way of the HVAC system, affecting multiple rooms and contaminating components beyond the immediate burn area.

Mitigation began before Ms. Brown, the independent loss consultant, inspected the property. By the time of her inspection on June 13, 2024, significant demolition had already taken place. That timing mattered. Once damaged materials are removed before a neutral expert can inspect them, the claim shifts from a purely physical evaluation to a documentation-driven dispute.

Initial Inspection and Findings
Ms. Brown conducted a full inspection with the insured, a representative for the public adjuster, and Mr. Sanchez from the mitigation company present.

Her inspection established a more limited and evidence-based scope than the broader claim being advanced.

Key Findings
- Roof: No fire or smoke damage observed; decking intact
- Exterior: Smoke/soot noted on right elevation; three damaged windows; stucco damage observed
- Primary bedroom: Fully demolished before inspection
- Smoke/soot migration: Present through the duct system
- Ceilings: Multiple areas required cut-outs
- Flooring: Not salvageable due to contamination
- HVAC: Contaminated and requiring attention
- Electrical: Repairs required
- Pack-out: Incomplete; no final invoice provided
- Personal property: Some items discarded before inspection

These findings supported a real fire loss, but not necessarily the full replacement narrative advanced by the insured's side.

Why This Case Matters

This is a strong training case because it captures a reality many claim professionals face: a legitimate loss can still become a highly adversarial file.

The Davis matter teaches several enduring lessons:

- Causation may establish coverage, but it does not settle scope
- Missing documentation is itself a meaningful claim finding
- Neutral experts are essential in fire losses
- Early demolition can permanently weaken later verification
- High-value contents claims require rigorous support
- ALE must be documented, not merely asserted
- Fraud indicators must be documented carefully and neutrally
- SIU involvement should follow evidence, not instinct
- Litigation readiness begins at file opening, not after suit is filed

Core Dispute

The central dispute in this case was not whether a fire occurred. It did. The dispute was whether the scope and value of the claimed damages were fully supported.

Policyholder Position

The insured side advanced a broad damage presentation, including:

- Total claimed damages of $710,000
- Full replacement of multiple systems
- A $370,000 personal property claim
- Allegations of delay in ALE reimbursement
- Threats of civil remedy notices

Carrier Position

The carrier accepted the fire as a covered event but questioned whether the scope had been expanded beyond what the evidence supported. Its concerns included:

- Suspected scope inflation
- An apparently excessive mitigation estimate
- Insufficient support for the contents claim
- Withheld contractor information
- Incomplete pack-out records
- Incomplete ALE documentation

This placed the claim in a familiar but difficult category: covered loss, disputed amount, incomplete proof.

Documented Claim-Integrity Concerns

These issues should be documented as indicators, not treated as conclusions of fraud. Their significance lies in how they affect the carrier's ability to verify the loss.

Financial and Policy Indicators

- The home had reportedly been recently listed for sale
- Mortgage status was unknown
- Claimed values appeared high relative to market expectations

Fire Scene and Physical Evidence Concerns

- Mitigation removed materials before expert inspection
- A roofer estimate was reportedly based on assumptions rather than documented damage
- No attic access was provided during a public adjuster-requested inspection

Claimant Conduct Concerns

- Contractor information was withheld
- ALE support remained incomplete
- Personal property was discarded before inspection
- The insured's attorney threatened CRNs during an ongoing investigation

Documentation and Inventory Concerns

- $370,000 contents claim advanced without salvage inspection
- Pack-out, cleaning, storage, and pack-in billing lacked clarity
- No receipts or proof of ownership for high-value items
- Personal property was uniformly listed as only one or two years old
- No proof of original cost was provided for many claimed items

Taken together, these issues do not prove misconduct. They do, however, justify heightened scrutiny, tighter documentation standards, and a careful separation of verified damage from unsupported presentation.

Coverage and Claim Handling Issues

Several legal and regulatory issues framed the file:

Causation

Causation was relatively strong here. The origin was identified and confirmed. That clarity favored coverage for the fire loss itself.

Repair vs. Replacement

The larger issue was whether systems and finishes needed full replacement or could be repaired, cleaned, or partially replaced. This distinction materially affected the value of the claim.

Actual Cash Value vs. Replacement Cost

The measure of payment depended on policy terms, completed repairs, and adequate documentation. Unsupported replacement demands were not automatically owed simply because a covered fire occurred.

Duty to Cooperate

The withheld contractor information, discarded personal property, incomplete ALE support, and unclear pack-out billing all raised cooperation and proof-of-loss concerns.

Overlapping Causes of Loss

Where smoke, soot, contamination, demolition, and mitigation overlapped, the file required disciplined cause-and-effect analysis to avoid paying for assumptions rather than documented damage.

This is precisely the kind of claim where documentation becomes outcome-determinative.

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Litigation-Ready File Structure

A file like this should be built for scrutiny from the first day. The best version of the file is one that tells the story without adjectives and without speculation.

A litigation-ready structure would include:

- Executive Summary
- Claim Timeline
- Inspection Findings
- Causation Analysis
- Coverage Determination
- Fraud Indicators / Claim-Integrity Notes
- Photo Log
- Weather Data, if relevant
- Expert Communications
- Estimate Comparison Matrix
- ALE Documentation Log
- Personal Property Affidavit / Inventory Review
- Correspondence Log
- SIU Referral Notes, if warranted

In a case like this, every entry should answer three questions: What is known? How is it known? What remains unsupported?

Possible Outcomes

Outcome 1: Negotiated Settlement

The most common outcome in a matter like this is a negotiated resolution based on the carrier's defensible, documented scope.

A likely payment structure could be:

- Coverage A: $175,000
- Mitigation: $70,000
- Coverage C: $220,000
- ALE: Pending documentation

This outcome makes sense because the fire is covered, the carrier can demonstrate reasonable investigation, and the fraud indicators, while important, are not conclusive. In many files, the cost of prolonged litigation outweighs the value of continued dispute over unsupported portions.

Outcome 2: SIU Escalation and Partial Denial

If additional evidence surfaced showing staging, accelerants, material misrepresentation, financial distress tied to motive, or persistent non-cooperation, the file could move to SIU review.

That path could lead to:

- Partial denial for non-cooperation
- Denial of inflated or unsupported contents
- Denial of unsupported ALE
- Payment limited to verified structural damage

This result would depend on evidence, not suspicion. The threshold for escalation should remain objective and documented.

Outcome 3: Full Litigation

The insured could file suit alleging:

- Bad faith
- Delay
- Failure to pay policy limits
- Improper investigation

In response, the carrier's defense would likely rely on:

Ms. Brown's neutral expert findings
Documented attempts to obtain cooperation
Missing or withheld insured documentation
The gap between claimed value and verified support
The reasonable dispute doctrine

This outcome becomes more likely when attorney involvement occurs early, CRNs are threatened before the investigation matures, and the parties become entrenched around numbers rather than evidence.

Conclusion

The Davis Fire Loss Dispute is not simply a fire claim. It is a case study in how confirmed causation, altered scene conditions, incomplete records, and adversarial advocacy can collide inside a single file. The carrier's strongest position in a matter like this is neither aggression nor passivity, but disciplined neutrality: document what is verified, separate it from what is merely claimed, and build a file that can withstand scrutiny from counsel, regulators, or a jury.