



Tales from the CLAIMS Crypt

Documentation Can Make ALL the Difference

Loss: \$0

What happened?

Our contractor was asked to perform the first inspection on a newly installed sprinkler system. The contractor was not the installing contractor, but he did perform the inspections for all the other sprinkler systems on this private school campus. The inspector walked the system and performed a visual inspection, but was concerned with the initial installation and potential for trapping water in lines of the dry system. The inspector documented on his inspection report that a **visual inspection only** was performed and that no water was flowed or valves touched. He gained a signature from the facilities manager.

The contractor also followed up with a letter to the facilities department, stating his concerns for trapped water and the potential for water damage from freezing water trapped in the dry system. He noted that the installation needed to be reviewed in detail.

The school never addressed the installation concerns and several years later a loss resulted from frozen trapped water. The property insurance carrier for the school subrogated against our contractor for several hundred thousand dollars worth of property damage, but upon seeing the excellent documentation, withdrew the claim from our contractor.

What was done right!

The contractor inspected the system before introducing water, made a decision that the potential for loss was too great, and did not perform any

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further testing. He documented the extent of work completed and not completed at the time of the inspection and gained signatures. Our contractor then sent a follow-up letter to further document concerns.

Loss: \$650,000

What happened?

Our contractor was performing periodic inspection and maintenance services of several sprinkler systems at a college. Facilities personnel, who had keys to the various facilities, accompanied our contractor during an inspection. At one location, the low point drain for a dry system protecting an attic area was located in a locked closet. The facilities person did not have the correct key to open the closet but agreed he would come back later and drain the low point. The contractor did **not** make a separate note on his inspection report regarding this low point. The contractor completed the inspection of the system and the inspection report was marked as all OK and later mailed to the college.

Not long after the inspection, the low point drain froze causing extensive damage. The college's property insurance carrier subrogated against the contractor for the loss. They evidenced the contractor as responsible by presenting copies of the inspection report and invoice with everything marked OK. The facilities person who made promises to go back and drain the inaccessible low point was no longer working at the college and his address is unknown.

How to Avoid

The contractor had a legal obligation to fulfill his contract. Keys should have been obtained and the low point drained by the contractor. If that was not possible, then the inspection report should have contained a comment regarding the specific low point drain(s) that could not be accessed and would be serviced by the college per agreement with (name of person). This same individual should have signed the inspection report. A clarifying follow-up letter to the college noting the work not completed, reason and verbal commitment by facilities personnel, would have also helped the case.

Document what is done AND NOT DONE during an inspection

Follow up with a letter
If its worth telling – its worth documenting

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