

SCAA

May 2010

Vol. 37 No. 9

Seattle Claims Adjusters Association

Celebrating over 75 years of service to the claims community — Founded in 1930

“A professional organization dedicated to the ongoing education of the claims community.

Providing an arena for member interaction and the sharing of resources.”



Dean's Dish

— by Dean West, SCAA President

Welcome to the month of May. I am sure we are all looking forward to the summer months; hot days, water events, days off, BBQ's on the deck and less rain. As we plan for our own summer events, we should be thankful of where we live and proud of our great country with the freedom it provides.

At this month's meeting, we will honor our past presidents with a special luncheon. Invitations have been sent to these long-term members. For those who have been members for some time, you know this is the one time each year we honor those who have served as

SCAA's President. The journey begins as a member. The directorship starts as Treasurer and then promotes up from that position to Secretary, Vice President and eventually President. The four year commitment made by these individuals is commendable and SCAA is in a better place due to the people who have served. This service is voluntary and I want to thank all the Past Presidents for their contribution to our organization. We hope everyone will be able to attend the luncheon. A special menu has been prepared. The meeting will again be held at the Swedish Cultural Center in Seattle. We look forward to seeing you there.

(See Dean's Dish... continued on page 3)

Next Meeting of the SCAA

May 21, 2010

The Swedish Club, 1920 Dexter Ave North, Seattle, WA

Program

**Past Presidents Luncheon
Installation of Officers for 2010-11**

Cost

\$15 Members \$20 Non-Members

Time

11:30 a.m.

It is important for you to RSVP if you are going to attend our luncheon meetings. Please do so through our website or contact Deborah Jette at deborah.jette@grange.com. Thank you!

This year's President's Charity: **JDRF**
Juvenile Diabetes Research Foundation Int'l
Dedicated to finding a cure

[www. JDRF.org](http://www.JDRF.org)



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ON THE DOCKET FOR 2010

| Date | Speaker/Topic |
|---------|--|
| May 21 | SCAA Meeting ~ Past President's Luncheon Installation of Officers for 2010-11 |
| June 18 | SCAA Golf Tournament Golfer Registration form — See pg 15 |
| Sept 17 | SCAA Meeting / Membership Drive |



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Meeting Information

Please keep in mind that we'd like to start and end promptly during our monthly meetings. Here is the timeline for each meeting:

11:30 a.m. Registration
 11:45 a.m. Buffet
 12:00 p.m. Meeting Called to Order
 1:00 p.m. End of Meeting

Please arrive on time and have your cash or check (payable to SCAA) ready. We appreciate your cooperation and assistance.




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Dean's Dish... *(Continued from front page)*

Also, this year we will make a donation to the Juvenile Diabetes Research Foundation (JDRF). There is a local JDRF chapter in Tacoma and a representative will be present at our luncheon to accept the charity donation. For those who do not know, Juvenile Diabetes, also known as Type 1 Diabetes, affects mostly children. It occurs when the body's immune system attacks and destroys certain cells in the pancreas, an organ about the size of a hand that is located behind the lower part of the stomach. For this reason, people with type 1 Diabetes must take insulin in order to stay alive. This means undergoing multiple injections daily, or having insulin delivered through an insulin pump, and testing their blood sugar by pricking their fingers for blood six or more times a day. When dealing with children, especially pre-teenage children, this can be a traumatic time, just as much for the children as it is for the parents who administer the testing and the subsequent injections. JDRF is a non-profit organization working to find a cure for this condition. If you would like to donate to this cause, we can collect any donations you feel you can give. For more information about JDRF, please visit their website at www.jdrfnorthwest.org.

At our April meeting, the Blue Bucket went again without a winner. **Janelle Roberts'** name was drawn and unfortunately for her, she was not present. The next drawing at this month's meeting will be worth \$250, and we will keep drawing names until we have a winner. Remember — you must be present to win! Winner of the \$25 vendor drawing was **Lisa Ford** of DMA Insurance Housing Assistants; winner of the \$25 adjuster drawing was **Lynn Perry** of Grange Insurance; winner of an Alliance Restoration gift set was **Tanya Padur** of Safeco Insurance; winner of a \$15 Acme Bowling certificate was **Jackie Bristol** and **Jim Peterson** both of Grange Insurance. It pays to attend a meeting!



Treasurer's Report

Submitted by **Deborah Jette, Treasurer**

Beginning Balance: \$18,228.88

Income: \$11,099.48

Expenses: \$11,742.70

Ending Balance as of 4/22/10: \$17,585.66

We will have our annual Golf Tournament on June 18, 2010. We have chosen a new venue — Echo Falls is the place to be. Please see the website or page 15 in this newsletter for more information and registration.

And now....the real Dish: Here's the last recipe from Dean's Dish. We'll be serving up Pork Chops and Rice. It's another that I inherited from the family. Simple, semi-quick, but most important, delicious.



Pork Chops and Rice

Ingredients:

- 4-6 regular cut pork chops
- 1 small can of Cream of Mushroom Soup
- 1 package of Rice a Roni – Rice Pilaf
- 2 tablespoons of Olive Oil

Directions:

Preheat Oven to 400 Degrees

Sauté the rice pursuant to the instructions on the Rice a Roni package. Combine the Rice a Roni in-

(See Dean's Dish... continued on page 4)



In Memory Of...

Our friend and long time vendor, **Ken McBride**, passed away April 13, 2010, at the age of 59, following a well-fought battle with esophageal cancer. Ken opened the doors of McBride Construction Resources on April 15, 1984, serving the insurance industry for over 25 years. Only the leader at the helm has changed at MCR.

Ken leaves a wonderful legacy in our industry, in the community and with his family. He will be missed greatly. He is survived by his wife Patty, sons Connor and Kevin, daughters Kara, Colleen Horn and son-in-law Matt Horn.

The family has requested that any donations be made in Ken's honor to the Seattle Cancer Care Alliance. If you would like to participate in a tribute to Ken, there will be opportunities for you to do so at the SCAA Golf Tournament. SCAA will match your generosity.

Dean's Dish... *(Continued from page 3)*

Ingredients (rice, water and spice mix) in a sauce pan and heat until the spice mix blends with the water. When adding the water, use ¼ cup less (1 ¾ cups) than what is called for on the directions on the box. At the same time, heat the oil in a skillet then sear both sides of the pork chops in the skillet, about 1 minute on each side.

Place the browned pork chops in a 14 x 9 glass baking dish. Pour the rice mixture in with the pork chops and level the rice so it's evenly spread throughout the dish (the rice will fit between the pork chops with a little on top of each one). Lastly, add the can of Cream of Mushroom Soup to the baking dish. I try to cover as much of the pork chop and rice mixture as possible. Usually in dollops to enable the soup flavor to spread in with the rice.

Cover with foil and cook at 400 degrees for 45 minutes. Serve with Cranberry Sauce and your choice of Vegetable. ❖



Case Study
SMITH FREED & EBERHARD P.C.
Your Litigation Partner

Coverage for Diminished Value Claims

by Jeffrey D. Eberhard

Claims Pointer: If a policy states that it limits an insurer's liability to the "lesser of the vehicle's actual cash value or the cost of repair or replacement," then the policy likely excludes claims for diminished value. If it has broader language, it may cover claims for diminished value.

After a motor vehicle accident, an insured will often seek compensation for the diminished value of his or her vehicle. The term "diminished value" describes physical damage to a motor vehicle that, due to the nature of the damage, cannot be fully repaired to its pre-damaged condition. For example, if a motor vehicle is involved in an accident and the frame is bent, mechanics can bend and pound the



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Membership Application for 2009-2010



SCAA Annual Membership Application

Membership Dues for the year September 1, 2009 to August 31, 2010

DUES ARE NOT PRO-RATED

Please print neatly, one application per person

Industry Vendors
Please do not fill out this application. You do not qualify for this type of membership.

Applicant _____ Company _____

Mailing Address _____ City _____ State _____ Zip+4 (Required) _____

Phone _____ Email _____

Check the appropriate boxes: Renewal, year first joined _____ Change of Address New

Active Member — Adjusters & Claims Persons **\$25** Life Member — Past President or Retired **No Money Due**

Associate Member — Member of Defense Bar or Former Claims Person **\$25** Corporate Sponsor — Legal Firms ONLY **\$125**

Send payment and completed application to: **The Seattle Claims Adjusters Association**
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frame straight. However, according to some experts the impact, bending and manipulating of the metal may have caused the frame to lose some of its original strength. This weakened metal cannot be fully repaired, thus it is diminished value. A recent Washington Court of Appeals case, Moeller v. Farmers Insurance Company, discussed whether the insured's policy language provided coverage for diminished value. (Case No: 30880-1-II, March 16, 2010).

David Moeller had collision and comprehensive damage policy with Farmers Insurance Company ("Farmers") covering his passenger motor vehicle. After Moeller was involved in an accident, Farmers repaired the property damage but refused to compensate Moeller for the vehicle's diminished value—diminished value is physical damage that, due to its nature, cannot be fully repaired to its pre-accident condition (*e.g.* weakened metal or support structure). In a class action lawsuit, Moeller sued Farmers for, among other things, breach of contract. Farmers moved for summary judgment arguing the policy did not provide coverage for diminished value. The trial court agreed with Farmers and granted the motion. Moeller appealed to the court of appeals.

On appeal, Moeller argued the trial court erred because his policy provided coverage for diminished value and the "limits of liability" clause did not preclude recovery for diminished value. The court of appeals agreed. Farmers' policy coverage clause provided that it would pay for loss to Moeller's vehicle caused by a collision. The policy defined "loss" as any "direct and accidental loss of or damage to your insured car...caused by collision less any deductibles." However, the policy did not define "direct." The Washington Court of Appeals defined "direct" as "[a] causal relationship...to be interpreted as limited to the harm resulting from an immediate or proximate cause." The court concluded that since the policy provided coverage for damage causally related to the accident, the diminished value of Moeller's vehicle (*i.e.* the weakened metal) that occurred as a result of the collision was covered under Farmers' policy (unless recovery of diminished value was limited elsewhere in the policy).

The Washington Court of Appeals also agreed with Moeller that his policy's "limits of liability" clause

did not preclude recovery of diminished value. The limits of liability clause provided covered losses would not exceed "the amount which it would cost to repair or replace damaged property with other of the like and quality, or with new property less an adjustment for physical determination and/or depreciation." The court analyzed whether the policy language "repair or replace damaged...property with other like kind and quality" was ambiguous. Ultimately, the court determined that since the insurance premiums were based upon the pre-loss condition of the vehicle, it was reasonable for an average insured to expect the repaired vehicle would be similar in nature, value and capacity before the vehicle was damaged; including compensation for the vehicle's diminished value. Since exclusionary clauses in insurance policies are interpreted narrowly and against the drafter of the insurance policy (*i.e.*, the insurer), the court held that the limits of liability clause did not exclude recovery for diminished value and reversed the summary judgment motion.

The Washington Court of Appeals did offer some hope (albeit small) to insurers in two footnotes. Although not binding, the footnotes may provide persuasive guidelines as to how an insurer can draft its policy to preclude coverage for diminished value to property. First, the court distinguished that the question presented in this case was not whether any Washington insured can collect for diminished value; rather, the issue was whether Moeller's policy provided coverage for diminished value. Thus, the court indicated that its holding was not a new general rule governing all insurance policies in Washington; rather, diminished value is governed by contract between insurers and insureds.

(See **Case Study...** continued on page 6)



DON'T FORGET TO RSVP!

Please let us know you will be attending our next meeting by submitting an RSVP at our website: www.seattleadjuster.org

Case Study... *(Continued from page 5)*

Second, the court identified other jurisdictions that have declined recovery for diminished value, which often involve policies that limit an insurer's liability "to the 'lesser' of the vehicle's 'actual cash value' or the cost of repair or replacement." Thus, even though the court held Farmers' policy provided coverage for diminished value, insurers would likely be successful in limiting their liability to diminished value by including language limiting liability to the lesser of the vehicle's "actual cash value" or the cost to repair or replace the vehicle. ❖

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— *For additional information, please visit our website at www.smithfreed.com.*

This article is intended to inform our clients and others about legal matters of current interest. It is not intended as legal advice. Readers should not act upon the information contained in this article without seeking professional counsel.

Social Networking Websites as a Claims Research Tool

— by **Michael W. Kay, CPCU, AIC**

Reprinted from Claims Intelligence Report. May 2010

I recently spoke at an insurance claims conference about the use of social networking websites as a claims research tool. Many individuals have a false sense of identity invisibility because they sign up with only an email address or user name. However, more often than not, these same individuals reveal enough information in their profile, blog, photo captions and friend comments that it becomes rather easy to find them online.

There's also a personality type that likes to blog about everything, including their insurance claim. They include accident descriptions, names of the involved individuals, detailed descriptions of medical treatment and even discussions they had with their attorney. They truly feel invisible.

If you are looking for an individual on a social networking website, I'd recommend using Wink, Whoozy or YoName. They offer the most flexible search options and focus on just social networking websites. ❖

Tool Dictionary

Submitted by Roger Howson, CDR

DRILL PRESS: A tall upright machine useful for suddenly snatching flat metal bar stock out of your hands so that it smacks you in the chest and flings your beer across the room, denting the freshly-painted project which you had carefully set in the corner where nothing could get to it.

WIRE WHEEL: Cleans paint off bolts and then throws them somewhere under the workbench with the speed of light. Also removes fingerprints and hard-earned calluses from fingers in about the time it takes you to say, "Oh, ****!"

SKILL SAW: A portable cutting tool used to make studs too short.

PLIERS: Used to round off bolt heads. Sometimes used in the creation of blood-blisters.

BELT SANDER: An electric sanding tool commonly used to convert minor touch-up jobs into major refinishing jobs.

HACKSAW: One of a family of cutting tools built on the Ouija board principle. It transforms human energy into a crooked, unpredictable motion, and the more you attempt to influence its course, the more dismal your future becomes.

WISE-GRIPS: Generally used after pliers to completely round off bolt heads. If nothing else is available, they can also be used to transfer intense welding heat to the palm of your hand.

OXYACETYLENE TORCH: Used almost entirely for lighting various flammable objects in your shop on fire. Also handy for igniting the grease inside the wheel hub out of which you want to remove a bearing race.

TABLE SAW: A large stationary power tool commonly used to launch wood projectiles for testing wall integrity.

HYDRAULIC FLOOR JACK: Used for lowering an automobile to the ground after you have installed your new brake shoes, trapping the jack handle firmly under the bumper.

BAND SAW: A large stationary power saw primarily used by most shops to cut good aluminum sheet into smaller pieces that more easily fit into the trash can after you cut on the inside of the line instead of the outside edge.

TWO-TON ENGINE HOIST: A tool for testing the maximum tensile strength of everything you forgot to disconnect.

PHILLIPS SCREWDRIVER: Normally used to stab the vacuum seals under lids or for opening old-style paper-and-tin oil cans and splashing oil on your shirt; but can also be used, as the name implies, to strip out Phillips screw heads.

STRAIGHT SCREWDRIVER: A tool for opening paint cans. Sometimes used to convert common slotted screws into non-removable screws and butchering your palms.

PRY BAR: A tool used to crumple the metal surrounding that clip or bracket you needed to remove in order to replace a 50 cent part.

HOSE CUTTER: A tool used to make hoses too short.

HAMMER: Originally employed as a weapon of war, the hammer nowadays is used as a kind of divining rod to locate the most expensive parts adjacent to the object we are trying to hit. Similarly used to locate fingers or thumbs on the opposite hand.

UTILITY KNIFE: Used to open and slice through the contents of cardboard cartons delivered to your front door; works particularly well on contents such as seats, vinyl records, liquids in plastic bottles, collector magazines, refund checks, and rubber or plastic parts. It is especially useful for slicing work clothes, but only while in use. ☺