

A black and white portrait of Rene Sigman, a woman with long, dark, wavy hair, smiling warmly at the camera. She is wearing a dark blazer. The background is a plain, light-colored wall.

RENE SIGMAN

FIGHTING FOR THE UNDERDOG

There is a common misconception with property insurance law firms that they will not work with the underdogs. People believe property insurance law groups only take on large commercial cases and neglect residential policyholders with smaller claims. At Merlin Law Group, we are committed to helping policyholders obtain justice for their claims, no matter the size or if it is residential or commercial.

Attorney Rene Sigman recently had a case involving a mobile home in Texas. While many attorneys would shy away from a mobile home case in attempt to focus on only commercial claims or high end home claims, Sigman did not shy away. She never does. In the end, Sigman was able to secure a six-figure settlement without having to do a single deposition. Sigman's work exemplifies how Merlin Law Group can help policyholders navigate their property insurance claims to receive a full and fair recovery.

LEAKY PIPES LEAD TO BIG PROBLEMS

In late 2016, our clients' mobile home suffered severe water damage due to a plumbing leak. This led to extensive damage to their walls, flooring, doors, and insulation. There was also damage sustained to personal property contents within the structure.

Our clients filed a claim with their insurer asking them to honor the policy they had agreed to. They were seeking compensation to help cover the cost of repairs. These repairs would be extensive and include repairing/replacing the walls, floors, insulation, underlayment, doors, and windows. As a result of the damage, our clients had to temporarily move out of their mobile home while the carrier continued to drag their feet. The carrier proceeded to deny full payment of their claim and left them with little to no money to repair their home and no money for contents or ALE. They were paying a mortgage on a home and rent in their temporary space. They were hung out to dry by their carrier. Additionally, the carrier decided to non-renew their policy during the same time frame for failing to make repairs. The carrier knew that the insureds would never be able to make all repairs, as the carrier refused to honor the policy. The carrier's actions left our clients no choice but to hire a lawyer and fight for every penny they were entitled to under the law.



WRONG FROM THE START

The plaintiffs in this case (our clients) were right to file a claim as quickly as possible with their insurer. Two days after the claim was submitted, the insurer assigned an independent adjuster to the case. This adjuster inspected the property and noted: Water damage is extensive throughout home. Carpet and walls throughout home have damage... Vinyl flooring in kitchen shows warping from subfloor underneath. Vinyl was peeling back at threshold to living room and saturated particle board visible.

The adjuster took photographs of our clients' property and evidenced the damage from the plumbing leak. Despite this, their estimate didn't include the full scope of damage and the items that were included were severely undervalued. In fact, their total on-site investigation failed to meet the minimum standards of performance pursuant to industry standards and violated multiple sections of the Texas Administrative Code.

After the inspection, the insurance adjuster contacted an approved vendor (approved by the insurer) to move and store our clients' damaged personal property to their own storage facility. This vendor used industrial blowers in their damage remediation process inside the property and only caused the water to be moved around, leading to further damage from mold. The clients' personal property that was moved out was also damaged from mold due to improper storage.

A key takeaway from this portion of the case is that our clients had, in writing, confirmation from both the insurance adjuster and approved remediation vendor that the costs for remediation and any ALE would be covered by the insurer. The insurer also instructed our clients to proceed with hiring a contractor to begin repairs on the home. This was in early 2017.

SLOWLY BUT NOT SO SURELY

With repairs in progress as of February 2017, our clients believed they were on their way toward recovery. However, things hit a snag when a structural engineering report called for more repairs than the insurance company was willing to cover. This report stated that the only way to remove all the water damaged debris would be to detach the walls, meaning temporary shoring would be required. It also stated that the piers supporting the house should be realigned. The insurance company were cautious of the feasibility and cost of the repairs in accordance to the engineer's report.

Despite this, our clients moved forward in early March 2017 with demo of the plumbing and duct work after receiving approval to do so from a claim supervisor with the insurance company. Later that month, the insurance company updated their estimate to repair the property and released 50% of funding as a work in progress, however the insurer's version of "50% of funding" differed greatly from the actual amount required to repair the home to its pre-loss condition.

Our clients continued to repair their property based on the representations from the insurance company, their assigned claim adjuster, and the claim supervisor that the property could, in fact, be repaired. They would use the funds issued by the insurer as agreed upon. These payments continued to come on a routine basis as the repairs were carried out.

In early April 2017, the insurer received an estimate for the full amount for repairs from a contractor hired by our clients. This estimate far exceeded that of the insurance company. This triggered the insurance company to note in the claim file that the home's appraisal value was less than the contractor's estimate. At this point, the insurance company moved to determine the replacement cost value of the home with like kind and quality materials. Their goal was to see whether it would be cheaper for them to repair or replace the home.



A MATTER OF POLICY

According to the policy agreed upon by the insurance company and our clients, the solution to this claim should have been straightforward. Our clients had been with their insurer since 2002. With high premiums, our clients were assured they were getting the best coverage possible and that they would be covered in the event of damage or loss.

Our clients continued to renew this policy each year. The policy utilized an estimating program to calculate reconstruction costs on a property. As the policy clearly stated, that estimate could increase due to the characteristics of the home (including increases in labor and material costs). This estimation model would ultimately lead to the revelation of multiple policy misrepresentations from the insurer.

POLICY MISREPRESENTATIONS

Despite the insurer approving multiple payments to our clients for repairs, the insurance company changed course in May 2017 and determined it would be cheaper to replace the property. However, instead of releasing the \$182,000 policy limit payment to our clients for reconstruction, which should have been the case given the terms of the policy, they informed our clients they would total out the property. This meant that our clients would no longer receive payments for the property as the insurer was not obligated to give any under the guise of having already dispersed the allocated funds for this claim.

How did they reach this conclusion? The insurer claimed that our clients' bids for repairs were greater than the home's value based on the National Automobile Dealers Association's guidelines, which valued the mobile home at \$35,685.35. The insurer went on to claim that the total cost for replacement on the home (with incurred expenses) was \$99,795.50, making the Actual Cash Value \$44,680.84. This was far from the policy language that clearly stated \$182,000 would be the policy coverage limit. Now, the insurer was trying to claim the mobile home was less than \$100,000.

LOYALTY UNREWARDED

Our clients were loyal policyholders for 17 years. They paid expensive premiums each month and expected coverage in return. Their policy clearly laid out the terms of coverage and the amount they would receive in the event of a loss. The fact that the policy over insured the property is an oversight on the insurance company's part, not the policyholders.

When our clients tried to hold their insurer accountable, the insurance company attempted to misrepresent the policy to avoid their responsibility of paying. Insult followed injury when the insurer totaled the property out and cancelled the policy, leaving our clients stranded with a damaged home and no more funding for repairs coming from their policy.

MERLIN STEPS IN

It didn't take long for Rene Sigman to see how this claim had played out thus far. After reviewing the case and the policy, it was a clear-cut instance of an insurance company acting in bad faith. Our clients had a legitimate, justified claim and a policy with clearly expressed terms. Despite this, the insurer refused to honor the terms of the policy and instead attempted to leave our clients high and dry.

Sigman was able to build a powerful case based on the evidence. Her case and the evidence behind it were so compelling that it ended up not even making its way to litigation. Instead, the insurer, now pressured by a competent legal counsel, moved to settle via mediation.

While this claim could have simply been settled with the insurer paying the terms of the coverage limits in the policy, the insurance company ended up paying significantly more to our clients. The six-figure settlement was finally enough for our clients to begin adequately replacing their home and moving toward a full and fair recovery.

This case demonstrates what Merlin Law Group can do for policyholders up against their insurance companies. No matter the size of the case, Merlin Law Group will be there to aid policyholders. Sigman's experience helped build a strong case that gave the insurer little choice in terms of determining the outcome. She represents the tenacity and dedication Merlin Law Group has with each new case, whether it is a condominium association, apartment, or mobile home.

