

## Arson Investigations

Because there were two fires at separate locations when the firemen first arrived, arson was suspected. After a nine-year investigation, five individuals were convicted and sentenced to life in prison for the firemen's deaths, with subsequent appeals denied. Yet controversy surrounded the convictions, and Kansas City Star Reporter Mike McGraw kept digging. According to his reports, "a security guard who was on duty the night of the fire has told people that she and a fellow guard set the truck on fire as part of an insurance scam. The daughter of one of the persons convicted gave false testimony, which weighed heavily on the jury's decision to convict the five suspects." As a result of the Star's investigation, the U.S. attorney is reopening the investigation.

Arson does appear to be the source of the explosions. There were two separate areas of fire when Pumpers 30 and 41 arrived, often an indication of an incendiary source, and after extinguishing one, the two crews concentrated on the trailer containing the explosives. What was not evident in Burke's account in his Firehouse article is who owned these explosives, why such large quantities of explosive material was there, or for what it was supposed to be used.

Considering that the explosion created a crater 80 feet wide and eight feet deep, this information would have been helpful, but the focus of Burke's article was on handling hazardous material fires. As such, it was not written for those of us in the insurance business. However, in the January 1989 issue of Firehouse, Kansas City Police Officer John W. Hoffmann and former K.C.F.D. Assistant Superintendent William Keith provided more details on the situation in their article, "Explosion!"

The incident, they wrote, "began sometime after 3 a.m. when two security guards assigned to the construction storage area along Highway 71 reported seeing two prowlers. Guard Deborah Riggs radioed her brother, Robert Riggs, the owner of Ameriguard Guard Service, informing him of the prowlers. The guards met at the front entrance of the site [a highway construction

equipment storage location] where Deborah Riggs parked her small pickup truck and joined Robert in his car. They then searched the construction area for the proviers.

"The guards stopped at a nearby convenience store and asked the clerk and customers if they had seen two men come out of the construction area on foot. At this time, a woman who was driving on Highway 71 spotted Deborah Riggs' pickup truck on fire and stopped at the store to report it. The guards drove back to the site, and Robert used his mobile phone to call the fire department to report the truck on fire. When he was talking to the dispatcher, his sister was heard in the background saying, 'Oh, the explosives are on fire.' Riggs told the dispatcher he could see another fire where the trailers storing ammonium nitrate were located." But the type of explosives was not reported to the dispatcher.

Hoffmann and Keith confirmed that there were two trailers of explosives, containing tens of thousands of pounds of the ammonium nitrate. Both eventually exploded. Upon arrival, Pumper 41 had quickly extinguished the pickup truck fire, and then joined Pumper 30 at the trailer fire. At the time of their 1989 report, investigations by the Kansas City bomb and arson squad, federal ATF agents, and others were not complete. "[E]arly indications show that there may have been some violations of federal regulations concerning the storage of the ammonium nitrate mix," the writers report. Also, the project contractor and subcontractors "were brought in for interviews in an attempt to develop some motive for the fires." The authors added, "There was no known inspection of the storage area by city, state, or federal officials [prior to the explosion]. Explosives were stored at the site since early September [1988]." A later inventory of dynamite and blasting caps in an on-site bunker showed no shortages.

### **Hazardous Materials and Claims**

Burke pointed out that hazardous material and explosive placards were not posted on the trailer. Thus, as the firefighters approached, they had no way of knowing what was inside. He speculated that there were no indications of the trailer contents because, by not advertising the contents, the likelihood of theft was reduced. But that is trading a smaller possible hazard for a

much larger one. It also adds to the mystery of what the ultimate motive for arson might have been, unless (we are not told in the story) the trailer was parked next to a building where a business was located.

What is evident from the story, however, is that both the fire service and the insurance industry need to be aware of what their citizen insureds are doing. Some broker or agent placed this business site with an insurer somewhere, and some underwriter should have looked very carefully at the application. Arson for insurance profit schemes — known in some parts of the country as "selling it to the Yankees" — cannot succeed if proper underwriting occurs. It makes no sense that an underwriter would not look very closely at a risk that stored hazardous materials such as ammonium nitrate, unless that fact was not revealed in the application, which would, by itself, constitute a misrepresentation that could void coverage for a claim.

### Pre- and Post-Loss Inspections

One of the casualties of the insurance industry downsizing and outsourcing over the past two or three decades is that there have been fewer "feet on the street," either before or after a major loss has occurred. By centralizing or regionalizing, much of the industry has apparently abandoned such practices as well as underwriting inspections conducted by trained loss engineers. The fact that the Insurance Institute of America no longer seems to promote its Associate in Loss Control Management program seems indicative of insurance industry's surrender to a "write anything, collect the premium, and hope it doesn't blow up" kind of business mentality. So what happens when it does?

There are thousands of well-trained safety engineers, arson inspectors, heavy loss property adjusters, and other experts available nationwide. Undoubtedly, they do a great job for the insurance industry when a major loss occurs. They are probably retained on a case-by-case basis. In times past, however, much of that type of work was performed by claim adjusters assigned to local offices. There was an advantage to that. First, those adjusters knew the local scene. They knew the capabilities of the local fire services and what resources were available

for assistance in investigation and evidence handling. They could be on the scene within hours, before evidence might be lost. Today, the insurer is lucky to hear about a loss within 24 hours after it happens, and very fortunate if some qualified expert is available within days.

Finally, there is a lesson in the 1988 Kansas City explosion for property and casualty adjusters. It is caution. In 1988, Kansas City, Missouri, did not have a hazardous materials (hazmat) unit. Smaller Kansas City, Kansas, did. While Burke tells us that two of the first report captains had some hazmat training, the earlier writers said that the K.C.F.D. "had no one trained in hazmat incidents." Property and casualty adjusters operating in the field often come across hazmat situations in their claims. A truckload of God-knows-what chemicals may have overturned and started leaking in a major traffic incident. There may be a fire at a construction or manufacturing site where tanks of dangerous chemicals are stored.

Knowing what is involved, what can happen with such substances, and how to approach them can save an adjuster's life. They may not kill, but they can seriously disable, and few adjusters are supplied a self-contained breathing apparatus (SCBA) or a hard hat as part of their field equipment. Yet, detailed information may be at their fingertips, as those same field operatives often have computerized, telephonic communication devices that can be used to tap into national hazmat web sites to identify what a placard number and symbol mean as well as list its potential dangers. K

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