

Information is Power The C.L.U.E. Risk Only Report

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Escrow was scheduled to close on the Jones' home in three days. The Smiths had removed their contingencies, they had paid for and reviewed countless inspections and reports, and a condition on their loan was that the Smiths would have to secure and maintain homeowner's insurance. Just before the close of escrow, the Smiths received a call from their insurance agent informing them that their dream-home is not insurable. The Smiths' insurance agent likely determined the insurability of their new home based upon a review of the home's loss history information. As such, a lawsuit is filed, "*Smith v. Jones and all Realtors involved in the transaction*" based upon misrepresentation and failure to disclose a material fact.

C.L.U.E. (Comprehensive Loss Underwriting Exchange) is a loss history information exchange. C.L.U.E.'s function is to enable insurance companies to access prior loss information and use that information in the underwriting process. The standard C.L.U.E. Report includes personal and private information about the Seller, such as their credit history, social security number or other sensitive information. The C.L.U.E. Risk Only Report is tailored to satisfy the Seller's obligation to disclose the 5 year loss history for the home being sold.

Insurance companies have conducted actuarial studies that have shown a correlation between a property's prior loss history and future insurance loss potential. Losses older than five years are not typically used to make underwriting decisions since a five year history is standard practice in the insurance industry.

While insurance companies (insurance agents / underwriters) have access to C.L.U.E. for the limited permissible purpose of determining insurability, the Fair Credit Reporting Act ("FCRA") makes it illegal for anyone to pull a C.L.U.E. Report without the Seller's / Homeowner's written authorization.

In the example above, if the Jones had obtained a C.L.U.E. Risk Only Report, they could have had the opportunity to review the loss history before the Smiths even came along. A homeowner may challenge the accuracy of specific information that their insurance company reported or a homeowner may enter a statement explaining the loss in further detail. This first step in the process enables the Jones' to review the loss history, challenge the information, and / or enter a statement to present a clearer picture on a specific loss in the C.L.U.E. Risk Only Report before the Smiths' insurance agent rejects coverage. In addition, receiving this powerful information before removing contingencies and investing time and money on inspections, for a home that is uninsurable, could prevent the Smiths from filing a lawsuit.

Property I.D. is the only authorized provider of the C.L.U.E. Risk Only Report (only \$19.50.) When ordered with the Property I.D. disclosure report, the C.L.U.E. Risk Only Report can be paid out of escrow and is covered under Property I.D.'s \$20 Million insurance policy.

* All names in the scenario above are fictitious. Any similarity to real persons or real scenarios is purely coincidental.



"...the Smiths received a call from their insurance agent informing them that their dream-home is not insurable."

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