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Lights, Camera, Damage
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One of the most difficult and challenging claims in dealing with the film and television business can be the third party property losses.

A film production is looking for that perfect location to match the story line. A Location Manager scours the city and finds what he believes to be the perfect location, and after approaching the homeowners and taking various photographs to show the Director a deal was reached to use the location which had never been filmed before in the movie. Production thought they had found the perfect location, while the homeowner was excited at the thought of their property being portrayed on the big screen as well as the compensation which they were receiving for the use of their home for a period of 10 days.

However, once the first day of filming commenced the homeowners were overwhelmed as forty crew members with lights, rigging and camera systems besieged their home an experience for which they had never imagined. At the conclusion of filming the homeowner completes a thorough inspection of their property with the Location Manager and point out more than fifteen areas of damage. Production acknowledges that they caused some of the damage, however, completely dispute others, and for some of the damages they have no idea if their attendance and actions caused them to occur. This is a very normal and regular case on a third party property damage loss in film production claims.

Productions rent locations for a variety of reasons the plot, it is more cost effective to rent a home to shoot at than construct an entire house on a stage set. The fact of the matter is most of the locations are constructed with the intent to be used for filming. While the production companies generally take extensive steps and precautions to prevent damages, the fact of the matter is the nature of their operation and the locations where they are shooting damages do occur. Most of the time they are minor in nature, such as scratches

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to the hardwood floors or marks and scuffs on the wall, but occasionally when things go bad as many twenty or thirty areas of damage can occur over a one week shoot,

There are also occasions that arise where production is adamant that the third party is taking advantage of them and dispute causing any or at least some of the damages being claimed. This is the general situation that an adjuster is faced with when dealing with a third party property damage claim.

Most Production Package Insurance Policies contain what is known as Third Party Property Damage Protection. It provides coverage for property of others, while in the care, custody and control of the production, for physical loss or damages for which the insured is legally liable. There are also various conditions and exclusions applicable such as reasonable care, intentional acts, etc. that need to be closely reviewed and assessed on any loss.

One aspect that can impact on a loss of this type is the relationship between the parties. On some occasions there is a close relationship between the employee of the production (Location Manager) and the property owner. If the location manager tends to use the property or deal with the owner regularly he may have a slight bias in wanted the property owner to be taken care of, legitimate or not.

It must also be kept in mind that while productions are not malicious or intentional when it comes to damages at a location, and generally do take some precautions, there focus and attention is almost always about what is recorded by the camera.

There are several key factors that need to be determined including, what was the agreement between the production company and the owner, how the damaged was caused, is production liable for the damage, and what damages is the third party legally entitled to.

The first key document that needs to be obtained is the Location Agreement. This is essentially a lease document that not only stipulates the dates and compensation that will be provided for the use of the premises, but usually outlines production's responsibility with regard to damages and other pertinent terms including agreed alterations and use of the premises. With in the contract will usually be a clause relating to the acceptance of responsibility for damages and the valuation clause. In most cases the terms simply require production to be responsible to repair or restore the property to its original condition, however on occasion they could stipulate replacement cost without deduction for depreciation.

On any given film shoot there can be thirty plus individuals working on different aspects of the production, and regularly no one will acknowledge or even notice the damage occurring. Additionally there are occasions when the damage pre-exists productions attendance but no one ever noticed or recorded the damage, and then once production left and the property was inspected closely the damage is discovered.

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It is essential for several reasons that the cause of loss for each area of damage be determined. Firstly, it needs to be verified that the production is responsible and more importantly liable for the damages. Secondly, the policy generally carries a per occurrence deductible, so if there are fifteen areas of damage, then there is a possibility there was any where from one to fifteen occurrences.

The first tool in evaluating the loss is something that is done before any of the damages occur. Prior to a shoot a Location Manager will attend the property and take what are known as scout location photographs. These are generally taken from different angles throughout the location and presented to the Director so he can get a feel for the location and see how it will look on camera and choose the location for filming. Although these photographs are not taken for the purpose of an insurance claim investigation, they can be a key tool as they can sometimes identify if a certain area of damages being claimed are pre-existing or not.

A prime example of this situation was a shoot conducted at an old abandoned mansion that contained hundreds of various antiques. At the conclusion of the shoot the homeowner contended that production had caused cigarette burns, cracks, scrapes and other damages to approximately forty antiques throughout the house. The production had no knowledge of causing any of the damages, and when the scout location photographs were reviewed they clearly showed that thirty eight of the items being claimed were damaged prior to productions attendance. The scout location photographs can also assist in the assessment of depreciation if applicable as they may show the condition of the property prior to any damage.

It should be noted however that scout location photographs are not taken for the purpose or intent of an insurance investigation and therefore do not always helpful.

The production insurance business has always tried to make a push for the Location Managers to also document any and all damages prior to a productions attendance. This would make verification of any and all damages once production left a much simpler process. Unfortunately this process is rarely completed.

On any given shoot there are up thirty people performing various jobs, and it is expected that someone would see and report any damage that occurred. This is rarely the case as sometimes no one even notices the damage occur, other times the person that causes the damage does not want to get in trouble, and sometimes the production has nothing to do with the damage.

Another tool for an experienced adjuster is that there is a prototypical nature to a lot of the damages that occur on a film shoot. For example most damages to floor caused by a production are generally from one of three causes. They were scratched when the crew was bringing in the gear, they were scratched by a camera dolly system or they placed tape on the floors that removed the surface. So while no one may tell you exactly what occurred, sometimes it can be determined from an examination of the damages itself.

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Outside of the perceived glamour of a movie production loss, there are some aspects of the claim that simplify the review and verification of the loss, while at the same time there are also aspects which make it more difficult. The key is understanding how a production works, the relationship and role each individual involved and how they can assist in the assessment of the loss, and what is needed to determine the coverage, liability, and quantum involved.