

RISK MANAGEMENT IN REPORT WRITING

by

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Let it be known, home inspectors work in a mine field of potential liability. We never know which step will get us into trouble; however, liability can be minimized through a conscientious risk management program.

From the opening bell, a professional home inspector should define his role as that of a general practitioner who is trained to observe problems in a home and record them in a written report. Analysis is offered where experience & training apply. Following each observation and analysis statement is a recommendation. The recommendation should "place the monkey of liability" on someone else's back by giving the client a directed course of action.

Consider the following brief report writing example:

Lets reflect on the above report writing sample. For purposes of brevity within this article, I elected to document concise observations and limited analysis. Certainly more detailed observations regarding the roof covering could have been written, and a more detailed explanation regarding the perforated slots & worn granules would clarify the big picture for the reader; but for the purpose of this article, **it is the RECOMMENDATION that provides risk management.**

In the above sample report, **observations** and disclosure data were clearly documented. **Analysis** was provided and the client was alerted that the roof may leak. Lastly, the home inspector and general practitioner gave his client a recommendation for a directed course of action. **The client was told to consult a roofer as a practiced form of risk management.** This form of report writing is a WIN / WIN situation for the inspector. The client is happy because the home inspector alerted him that the roof is worn out, that it may leak and that major expenses are anticipated. He has part of the information needed to make intelligent decisions and he has good feelings about the home inspector's expertise. The client now has the option of following through with the inspector's recommendation or not, but the liability has been shifted to someone else other than the inspector. Now, determining the extent of needed roof replacement, necessary specifications and budgeted expense are up to the client In other words, a recommendation should give a client direction an should serve as a form of risk management for the home inspector.

Lets consider the following two scenarios:

1. Lets say that the client reads your report but decides **NOT** to follow through with your recommendation to consult a roofer. He elects to squeeze a few more years out of the roof and

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directs limited funds elsewhere. Of course the roof leaks, there is water damage and you get a telephone call or summons. You review your report and ask the client if he read the report and if he followed your recommendation. The client may cry or offer disparaging remarks, but you did your job as contracted. Risk management was shifted and the client elected to assume all of the risk through his procrastination.

1. Lets say that the client reads your report and follows through with your recommendation. ACME Roofing Co. is hired to reappraise the roof prior to commitment and proposes total replacement at approximately \$4875. The client now has the necessary facts for intelligent decision making. He can retract his offer to purchase and walk away from the sale, retract his offer and make a new offer less the bid for roof replacement or simply try to negotiate the cost of a new roof. No matter what happens, the client has nothing but praise for the home inspector and risk management has shifted the liability to someone else once again.

In closing, never make an observation without a built in form of risk management. If you know the answer, good for you but still refer to the appropriate tradesman. If you don't know the answer, SAY SO without being ashamed for you're only a general practitioner making a visual inspection. Once again your report should give your client direction. Include language that shifts the burden of proof. Risk management example: **"Repair is necessary - you should consult a licensed expert relative to this area of concern, for reappraisal and cost estimates."**

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