

Meyer Crest, Ltd.

A fire destroyed a wood framed three-story addition to an existing hotel in El Centro, California. The addition was framed, rough electrical and plumbing were in place at second floor levels and the roof was stacked. Two other hotel complexes also owned by the insured were damaged.



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"If whomever is reading this letter is ever in the unfortunate position of having a fire loss and have the opportunity for The Greenspan Co./Adjusters International to represent them, I would do it. It's no fun hassling directly with an insurance company, you've had enough troubles, you don't need more."

*Herbert F. R. Meyer, Jr., President
Meyer Crest, Ltd.*

Issues:

- The policy was not endorsed to provide coverage for the addition.
- The construction contract was based on a handshake. There was no budget, project schedule and/or means with which to determine the value of general conditions and/or the contractor's fee.
- By the time The Greenspan Co./Adjusters International was hired, the insured had made the decision to repair the slab by applying lightweight concrete to hide the severe spalling of the slab.
- Vinyl siding on an adjacent hotel, a Johnny J Best Western, was damaged and the insurer took the position that only a portion of the siding needed to be replaced. The Greenspan Co./Adjusters International, on behalf of the insured, claimed 100% replacement was necessary.



Strategies For Resolution:



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- The Greenspan Co./Adjusters International reviewed the policy and found an extension of coverage for “newly acquired properties” situated within 1,000 feet of an insured location. The distance between the completed hotel and the addition was found to be within the prerequisite distance.
- The Greenspan Co./Adjusters International reviewed all of the construction source documents, which included subcontractor agreements, and payments made to all vendors and sub-contractors. We prepared a budget broken down by trade and a project schedule, which enabled us to calculate the amount of supervision, general conditions as well as contractor fees. The Greenspan Co./Adjusters International obtained a statement from the local building department official as to the state of construction as of the date of the last inspection. The Greenspan Co./Adjusters International assisted the insured and the contractor in the preparation of a standard AIA Agreement, with a line-item breakdown, which was the basis of the settlement negotiations. Our efforts resulted in the insured collecting for all applicable costs associated with the project, which according to the contractor were included in the overall cost of the project. As a direct result of our involvement, the insured’s normal operating procedures have been modified to align with our format.
- In addition to the cost of the actual repairs to the foundation, The Greenspan Co./Adjusters International argued successfully for monetary consideration for the diminution of value of the fire-damaged foundation system. Someday this may come into play, should the insured decide to sell and be forced to disclose the fact that the foundation had been damaged by fire.
- The Greenspan Co./Adjusters International researched—and confirmed in writing—that the siding on the Johnny J Best Western Hotel is no longer being manufactured and the closest match in color is not compatible to the existing material. The end result was that 100% of the siding was considered in the final settlement.



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