

Santa Rosa Elementary School Destroyed by Wildfire



When fierce winds exceeding 100 mph drove the Tubbs Wildfire through Santa Rosa, California, in October of 2017, it destroyed everything in its path, including the Hidden Valley Satellite School. The small campus, owned by Santa Rosa City Schools (SRCS), the largest school district in Sonoma County, was one of several SRCS properties affected by the wildfire. As a result of the fire's widespread destruction, the Governor of California declared a state of emergency. This declaration effectively shut down the City of Santa Rosa, including the school district, for three weeks. SRCS's insurance company moved quickly to mitigate the damage by authorizing a national hazardous material abatement contractor to move forward with the cleanup of all the district's campuses. However, the district realized it needed to address issues beyond just cleaning, including resolving opposing opinions on insurance coverage. When the difficulty of navigating the complex process alone became apparent, SRCS recognized they needed professional assistance and reached out to our licensed public adjusters at The Greenspan Co./Adjusters International (TGC/AI) for representation.

Issues:

- TGC/AI agreed with SRCS that the insurance company had under evaluated the fire damages and that SRCS had more coverage available. TGC/AI's challenge was to persuade the insurer to agree to a revised scope.
- SRCS's business personal property claims only included items lost on campus and did not account for school property items that teachers and students had taken home with them. These items were destroyed along with their homes and were not included in the claim, based on the erroneous belief that no coverages were afforded for business personal properties away from the premises. TGC/AI's team of experts would have to negotiate the inclusion of the off-site property in the insurance claim.
- SRCS needed to obtain temporary classrooms to resume the school year immediately. However, when the district purchased three temporary buildings instead of renting them, the insurance company claimed they were permanent replacements for the destroyed building. TGC/AI would have to counter the insurance company's position, including the purchased portables in the claim.



Strategies for resolution:

- To reevaluate the entire claim, TGC/AI brought in its most senior lead public adjuster, construction consultant, and inventory specialist, as well as the head of its forensic accounting department. The review by TGC/AI's team of experts indicated that the insurance company's consultants vastly underestimated the extent of damages and omitted potential business income and extra expense losses that the school district incurred.
- In addition to physical damages, TGC/AI determined that SRCS had lost over \$400,000 in revenue due to a decline in attendance, which it contended SRCS's policy covered. The insurance company disagreed, believing the lost revenue was not a direct result of the wildfire. The insurance company attributed the decline in attendance to the widespread destruction in the community, including many student homes. Upon analyzing the policy, TGC/AI discovered coverage that extended to loss of business income experienced by the insured due to physical loss to property at the premises.
- In evaluating Santa Rosa City School's business personal property claim, the insurance company accounted for the loss of the furniture and fixtures at the Hidden Valley Satellite School. The insurance company did not account for school property taken offsite and destroyed by the wildfire, nor did it account for personal property destroyed in the classrooms. TGC/AI's inventory team conducted face-to-face meetings with the entire faculty to recreate the inventories in the classrooms and off-premises. The insurance company initially valued the business personal property portion of the claim at \$550,000, but ultimately settled for \$1,075,000. TGC/AI also negotiated for an additional \$163,000 compensation for textbooks and library books destroyed off-campus.
- The insurance company took a hard line on SRCS's purchase of temporary classroom units instead of renting them. Because the school was a total loss, the insurance company viewed the purchased units as permanent replacements. However, TGC/AI argued that they were not permanent replacements because SRCS reserved the option of rebuilding later — the purchased classrooms were temporary units that would qualify under the extra expense coverage. Had the district instead rented the buildings, the expense would have been an incurred loss that was recoverable. It suggested that the insurance company cover the loss based on the units' anticipated rental and installation costs. The insurance company ultimately agreed, and TGC/AI collected an additional \$442,000 towards the three temporary classrooms, which allowed Santa Rosa City Schools to retain ownership of the buildings.

Conclusion:

When Santa Rosa City Schools administrators realized they needed assistance handling their property damage insurance claim, they looked to The Greenspan Co./Adjusters International for professional representation. The insurance company initially offered SRCS a settlement of \$1.2 million. The Greenspan Co./Adjusters International's expertise in reviewing, auditing and re-negotiating every aspect of the claim resulted in SRCS receiving over \$4 million – considerably more than they would have recovered without the help of The Greenspan Co./Adjusters International.



*See #3 of Form KTJ-CMB-0D90536-6-16