



## High School Engages Public Adjusters, Again

A June fire broke out in the computer lab located in the B-Wing of Johansen High School in Modesto, California, a two-story brick structure constructed in the early 1960's. Having engaged the professional services of The Greenspan Co./Adjusters International (TGC/AI) ten years earlier, the school district's risk manager reached out to TGC/AI for assistance. After reviewing the damages and the insurance carrier's recommended reconstruction strategy, TGC/AI recognized that the insurance company had severely under-evaluated the claim.

### Issues:

- Johansen High's ventilation system used open ducts, which allowed the smoke to circulate throughout the entire building. What was the extent of the smoke damage?
- The structure lacked proper certification, a requirement before any reconstruction could begin. How could Johansen High navigate this new concern, and how would it affect the proposed schedule?
- With the computer lab destroyed and the construction schedule delayed, could Johansen High secure enough temporary classrooms and an interim laboratory before the new school year?
- The insurance company proposed to store, clean, and salvage any undamaged property. Did this solution have Johansen High's best interest in mind?





## Strategies for resolution:

- The air conditioning system was running when the fire occurred, circulating smoke that permeated the entire building. Testing the smoke residue revealed it contained contaminants. The whole air conditioning system was compromised and had to be replaced. However, to reach the duct systems, the entire electrical and plumbing systems had to be removed. TGC/AI consulted with abatement, remediation, and repair experts and determined that the building would have to be gutted and new HVAC, electrical, plumbing and IT lines would have to be installed.
- As the loss occurred at the end of the school year, summer vacation allowed a potential time frame to restore the building. An agreement between the carrier and a private contractor stipulated that reconstruction would be done on a time and material basis, utilizing three crews working around the clock to do the construction. However, they immediately ran into a problem getting approval from the Division of State Architect, the controlling authority in California for state-owned and state-leased facilities – the building had never been certified during its construction in the 1960's. As a prerequisite to reconstruction, the building would have to be certified. TGC/AI recognized the next best approach was to provide temporary classrooms for the upcoming school year. TGC/AI successfully convinced the insurance company that this delay in construction was solely caused by the fire. Therefore, any time element costs, such as the rental of the temporary facilities, should be borne by the insurance company until the building could be certified and rebuilt. Over the two-year reconstruction process, the insurance company covered all expenses.
- The number of catastrophes across California that year left few temporary classrooms available for Johansen High. Utilizing their contacts and resources, TGC/AI located and secured temporary facilities to house the displaced students. Since the destroyed wing consisted of several laboratories, it was necessary to supply a science lab; however, there were no appropriate temporary structures available to accommodate such a facility. TGC/AI proposed using a suitable section of the woodworking shop adjacent to the building and arranged to have the area partitioned and a temporary science room assembled.
- The insurance company took the position that the Johansen High's undamaged property could be stored offsite, cleaned, and salvaged. TGC/AI's inventory team countered the insurance company's position, proving that toxic smoke had contaminated soft goods and unfinished wood as well as electronic components, which all needed to be disposed of and replaced. Furthermore, TGC/AI's inventory team verified its proposition was cost-effective, unlike the insurance company's initial plan, and this allowed Johansen High to allocate the funds to purchase new replacement property.



## Conclusion:

After reconstruction was complete, TCG/AI arranged to have the insurance company pay to remove all the temporary facilities and restore the woodshop to its original state. This loss, originally reserved at less than \$500,000 by the insurance company, ultimately settled for an excess of \$17,000,000. As a result of The Greenspan Co./Adjusters International's efforts and resources, Johansen High School reopened with state-of-the-art facilities and classrooms better suited for its modern-day needs.

