

SILVER OAK WINERY

Napa, California-based Silver Oak Winery was in the midst of one wildfire claim when it was hit by another destructive fire. Still struggling with resolving the first claim, the owners of the famed winery sought assistance when the second wildfire destroyed multiple buildings on their historic, rural property. They engaged the services of The Greenspan Co./Adjusters International to review their first claim and to prepare and negotiate the second.

KEY ISSUES

- Several years in, the initial claim had still not been resolved. The carrier had made an offer, but the winery managers knew that it did not represent fair compensation for their losses.
- The winery's remote location added to rebuild costs: the rural, unpaved road made access more difficult—and therefore costly. Builders typically add a surcharge for difficult-to-reach properties. The carrier's calculations were based on a more accessible location.
- Demand surge* added to rebuild costs: a large number of both commercial and residential buildings were destroyed in the wildfire. Labor and material prices rose significantly, due to the high demand; costs not represented in the carrier's initial offer.
- Destroyed buildings on the Silver Oak property were of unique, historic construction: all of the structures that were destroyed on the Silver Oak property were constructed with materials and methods that are no longer commonly used or widely available. The insurance adjuster used functional replacement cost for their offer, which resulted in a significant difference from true replacement cost. The barn, in particular, became a sticking point. The carrier's functional replacement offer included costs for a modern, prefabricated barn; while the original had been a structure common to California rural architecture and building of the era—hand-framed in native, true-dimensional, old growth redwood lumber.



*Demand surge is “the increase in the cost of repair or replacement of damaged property that may occur following a large-scale disaster when many individuals and organizations vie for a limited supply of labor and materials needed for repairs.” (International Risk Management Institute, Inc (IRMI))

SOLUTIONS

- The first thing that The Greenspan Co./Adjusters International team discovered was that the carrier's adjuster had never actually seen the damage in person. The Greenspan team provided photographs with supporting documentation to the adjuster. This collaborative, data-driven approach allowed the Greenspan team to negotiate settlement figures that were dramatically higher than the carrier's initial offer on the first loss.
- By vociferously arguing that rebuilding costs should reflect the site's limited access on a rural unpaved road, the Greenspan team convinced a reluctant insurer to significantly increase the settlement figures.
- By providing construction industry documentation that included both demand surge and Covid-related costs, the Greenspan team secured additional funds for the insured to use toward rebuilding.
- Although the insurer had applied heavy depreciation, the Greenspan team argued that, per the insurance code, only minimal depreciation should be applied. In addition, the team argued for the value of the historical significance of the buildings and the barn.
- Each of the above strategies served to compound the settlement figures and brought both claims to conclusion, generating an accurate rebuild settlement amount-- a success story for Silver Oak.

“As you know, our Company, like many others in this area, were significantly impacted by the Kincade Fire in 2019. It was our expectation that our insurance would work out a claim that was timely and reasonable for our incurred losses. Unfortunately, after a year of work, we reached an impasse with our carrier. We knew their offer settlement was well below an acceptable outcome, but we were at a loss on how we could get the insurance carrier to budge. At that time our insurance broker recommended that we speak to The Greenspan Co./Adjusters International. Your team was timely, professional, and very knowable about the process and tactics of claims settlement. The Greenspan Co./Adjusters International's work and persuasive arguments ultimately led to a settlement that was over twice the original offer from our carrier.”

-Michael Yosowitz, Chief Financial Officer
Silver Oak Wine Cellars, LLC

CONCLUSION

The Greenspan Co./Adjusters International team collected, analyzed, and presented such a comprehensive volume of information to the carrier that the carrier agreed to a global settlement of both claims, enabling Silver Oak to financially recover from both events and build a cutting-edge wine facility – continuing a legacy of creating world-class wines.