

BIOPRO, LLC

A catastrophe struck BioPro, LLC, a CBD startup, when an explosion paused operations by severely damaging its facility, equipment, and product stock on September 29. The Temecula, California-based company had spent the prior two and a half years ramping up production efforts, only to be set back from commencing business operations due to both substantial damage and tricky insurance policy issues. After weighing its options, BioPro turned to The Greenspan Co./Adjusters International to help navigate the process.



KEY ISSUES

- **Stakeholder Challenges:** The involvement of multiple stakeholders, including the insured, the property's landlord, and the C&O investigators made the beginning stages of the process particularly challenging. On-site inspections and assessments to determine the extent of the damage were initiated promptly, but despite urgent requests for advance payments to help with immediate needs, the insured was left waiting for a response. Subsequent financial support requests required persistent rounds of negotiations and follow-ups to obtain.
- **Structural and Equipment Damages:** Damage done to the BioPro facility was extensive. In addition to the loss of production equipment, several structural components needed repair to be brought up to code, including around \$500,000 in HVAC work, fire sprinkler system modifications, ADA-compliant bathroom upgrades, and more. Furthermore, disputes with the insured's landlord arose regarding the responsibility for certain repairs and associated costs, which complicated the resolution process.
- **Renter's Insurance and Financial Issues:** A lack of renter's insurance in BioPro's policy made financial recovery efforts even more complicated. Furthermore, issues arose about the recovery of the company's main product source, hemp, which is used to produce its CBD offerings. Due to a preexisting agreement with a farmer who sourced the hemp and allowed BioPro to store and process it, the insurer put the compromised product under heavy scrutiny to determine whether it was salvageable. This loss of product stock in addition to monthly lease dues accruing from the landlord put the company in a very vulnerable financial position.

RESOLUTIONS

- **Comprehensive Damage Documentation:** The Greenspan Co./Adjusters International supported the insured's claim by thoroughly documenting all damages, repairs, and expenses. To validate BioPro's assertion that its hemp stock was unsalvageable, external experts were brought in to run full mold, metal, and water testing, helping push back on the insurer's initial opinion that the stock remained viable. Detailed policy reviews and coordination with in-house attorneys helped the company navigate complex agreements and disputes over coverage.
- **Communication and Stakeholder Coordination:** Frequent communication with both the insurer and adjusters was utilized to help expedite the claim process. The Greenspan Co./Adjusters International also maintained regular updates and meetings with BioPro's stakeholders to answer questions, address concerns, and explain the process of negotiating coverage disputes. Talks with the insured's landlord and business partners were also held regularly, assuring all voices were heard and considered in helping solve a complex situation via collaborative problem-solving.
- **Securing Cash Advances for Immediate Needs:** Due to loss of income, the need for cash advances was crucial for BioPro in the months following the explosion. The Greenspan Co./Adjusters International leveraged these advance payments to help the company address immediate needs, including product testing, sprinkler repairs, and equipment inspection. This approach allowed BioPro to cover important needs during a vulnerable period in which they were unable to sell product to help recoup expenses.

OUTCOME

The cannabis industry's highly regulated infrastructure and several complex agreements made for a particularly unique and challenging policy claim. The Greenspan Co./Adjusters International rose to the challenge, helping BioPro secure early financial support while continuing to navigate its claim. Utilizing thorough documentation, reliable communication, and policy dispute management, The Greenspan Co./Adjusters International was able help BioPro strategically recoup both immediate and longer-term settlement resolutions that allowed for a more secure path toward recovery. In total, after an initial \$100,000 advance, BioPro received an additional \$1,252,103.

"I am writing to express my utmost gratitude and commendation for the exceptional service you have provided. Your dedication, meticulous attention to detail, and unwavering commitment to excellence have not only met but have exceeded our expectations in every conceivable way. Your professionalism and thoroughness have been nothing short of exemplary. Your ability to navigate complex situations with ease and your proactive approach in addressing every aspect of our claim have been invaluable. You have demonstrated an exceptional ability to anticipate and resolve issues before they even arise, ensuring a smooth and efficient process from start to finish."

- Timothy Stevens, Managing Partner, CFO

BioPro LLC