

HIDDEN VALLEY SATELLITE SCHOOL



Santa Rosa Elementary School Destroyed by Wildfire

When fierce winds exceeding 100 mph drove the Tubbs Wildfire through Santa Rosa, California, the wildfire 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 its damages 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 The Greenspan Co./Adjusters International (Greenspan) for representation.

KEY ISSUES

- Greenspan agreed with SRCS that the insurance company had under evaluated the fire damages and that SRCS had more coverage available. Greenspan's challenge: 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 that teachers and students had taken home with them. These items of school property 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. Greenspan's challenge: to negotiate the inclusion of off-site property in the 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. Greenspan's challenge: to counter the insurance company's position, including the purchased portables in the claim.



RESOLUTIONS

In addition to physical damages, Greenspan 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 fire. The insurance company attributed the decline in attendance to the widespread destruction in the community, including many student homes. Upon analyzing the policy, Greenspan discovered dependent property coverage that extended to loss of business income experienced by the insured due to "direct physical loss or damage by a Covered Cause of Loss to property at the premises of a 'dependent property'."*

To reevaluate the entire claim, Greenspan brought in its most senior lead adjuster, construction consultant, and inventory specialist, as well as the head of its forensic accounting department. The review by Greenspan'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. Initially, the insurance company evaluated the claim at around \$1.2 million. Greenspan submitted a claim in excess of \$3.5 million, which the insurance company ultimately accepted.

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. Greenspan'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. Greenspan 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, Greenspan 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. The insurance company continued to resist, contending it was not obligated to reimburse SRCS. Greenspan countered that, 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 Greenspan collected an additional \$442,000 towards the three temporary classrooms, which allowed Santa Rosa City Schools to retain ownership of the buildings.

OUTCOME

When Santa Rosa City Schools administrators realized they needed assistance handling the 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 a claim resulted in SRCS receiving over \$4 million – considerably more than they would have recovered without the help of The Greenspan Co./Adjusters International.

"Ken, when we first met with you and Kyle Hensiek, you shared with us your personal experience in adjusting several previous school losses that you and your team had completed. The letters of recommendation that you and your firm secured were admirable. But like all new relationships, we weren't 100% certain we were doing the right thing. Your firm far exceeded our expectations and secured more dollars than what we initially estimated or would have recovered on our own. Your fee is paid for itself through the completeness and accuracy of claim submissions."

- Rick Edson, Deputy Superintendent, Santa Rosa City Schools

