

# Hotel Addition Under Construction Burns

A fire destroyed a three-story addition to a hotel in El Centro, California. The construction project was framed, with electrical and plumbing fixtures in place, and the roof stacked. The fire also damaged the client's two adjacent hotel properties.



## DESCRIPTION

A fire often destroys all of a client's valuable paperwork, but in this case the challenge for Adjusters International was to document the value of the hotel addition for the first time. Insuring a construction project is a multi-stage process, but the owner had not updated the insurance coverage to incorporate the building under construction.

## ISSUES

The policy was not endorsed to provide coverage for the addition.

The construction contract was based on a handshake. There was no budget, project schedule, value for general conditions, or contractor's fee.

The owners had made a repair to the damaged foundation, prior to Adjusters International's engagement, to hide the severe spalling of the slab.

Vinyl siding on the neighboring hotel, also owned by the client, was damaged, and the insurance carrier took the position that only a portion of the siding needed to be repaired.

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### SOLUTIONS APPLIED

Adjusters International reviewed the insurance policy and found an extension of coverage for “Newly Acquired Properties” within 1,000 feet of the insured location. The addition fell into these parameters.

Adjusters International reviewed all construction-related documents, including the subcontractor agreements and payments to all vendors, and was able to prepare a budget and project schedule, and to assign a value to the loss. Local building inspectors provided a statement for the last date of inspection, with which the Adjusters International team was able to show a project timeline.

In addition to the cost of actual repairs to the foundation, Adjusters International argued successfully for a long-term loss of property value, since the foundation had been permanently damaged by the fire.

Adjusters International researched and confirmed in writing that the vinyl siding on the adjacent hotel had to be completely replaced because a compatible existing material was no longer in production.

### OUTCOME

Adjusters International was able to document the fire damage and create an accurate assessment of the building project’s cost and timeline. Adjusters International’s work resulted in the owners collecting for all applicable costs associated with the construction and for the nearby properties damaged.

*“ ... If whomever is reading this letter is ever in the unfortunate position of having a fire loss and has the opportunity for Adjusters International to represent them, I would do it. It’s no fun hassling directly with an insurance company – you’ve had enough troubles, you don’t need more. ”*

Herbert F.R. Meyer, Jr.  
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