

Triumph in Tragedy: Food Processing Plant Fire Results in Substantial Insurance Settlement

A catastrophic fire extensively damaged Bay View Foods' processing facility in Michigan, destroying most of the building and equipment. The insurance company's initial assessment only recognized some salvageable items, underestimating the true scope of the devastation.

The fire swept through the 70,000 square foot manufacturing plant, leaving it in ruins and forcing limited production in a temporary facility. The intense blaze severely damaged the building, reducing a significant portion of it to ashes. Along with the destruction of the building, state-of-the-art equipment and machinery were left completely destroyed, leaving the company facing substantial property losses.

ISSUES

1. Initially, the client approached our firm with skepticism, believing that engaging our services would be a futile expense. Following the loss, they relied solely on their insurance company's assistance for the claim. A year later, after being offered an inadequate settlement, they finally decided to bring our team on board. Unfortunately, by this point, they had already exceeded their business interruption policy limits, leaving them in a challenging position.
2. Following the devastating fire, the insurance company enlisted several experts to evaluate the building and equipment claims. However, the documentation they provided was found to be deficient in all aspects, necessitating a fresh start to accurately assess the damages incurred and their impact on the facility's operations.
3. The insurance company's initial assessment fell short in comprehending the full scope of the property damage caused by the catastrophic fire. Neglecting the adverse impact of smoke, they erroneously labeled certain items as salvageable, unaware that lingering smoke-related issues had rendered them irreparable. Their oversight led to underestimating the true extent of the losses suffered by the food processing company, complicating the path to a fair settlement.
4. The specialized and custom-designed equipment was undervalued. The insurance company misinterpreted the losses as they considered the equipment as individual parts rather than recognizing it as an integrated system. This approach resulted in an inadequate assessment, failing to account for the true value and complexity of the equipment's contribution to the food processing company's operations.





SOLUTIONS

Our team collaborated closely with structural engineers to conduct a thorough assessment of the building's damage, identifying areas that the insurance company had mistakenly deemed salvageable. Their expertise helped us present a robust case, challenging the initial assessment and achieving a successful outcome for the insured, playing a crucial role in ensuring a fair resolution and supporting our efforts throughout the claim process.

The insurance company overlooked a specific machine in the building, assuming it only required minor cleaning due to smoke exposure. However, our thorough investigation, with the help of experts, revealed significant damage, leading to agreement the machine was a total loss, resulting in a \$7 million replacement cost.

For the business personal property claim, we engaged a consulting firm specialized in factory operations to prepare a comprehensive package for the insurance company. Together, we identified additional damages to equipment that were initially deemed restorable, amounting to a substantial increase.

We challenged the insurance company's perception of the equipment, advocating that it should be recognized as an integrated system, custom-designed for the insured's specific needs. This approach led to a more accurate assessment of the equipment's value and contributed to the successful resolution of the claim.

The client initially received a multi-million dollar offer from their insurance company. Globe Midwest/Adjusters International was able to secure double the amount offered for this very satisfied client.

OUTCOME

With the dedicated efforts of our adjusters, the food processing company achieved a successful claim settlement for their extensive property damage and equipment losses resulting from a catastrophic fire. After identifying the insurance company's deficient assessment, we meticulously prepared an accurate presentation, collaborated closely with their consultants, and eventually reached an amicable settlement. This enabled the company to rebuild their operations and move forward confidently in their recovery process.