

Explosion in a Harbor Springs Home: Navigating Insurance Intricacies

In the serene town of Harbor Springs, Michigan, a devastating explosion destroyed a family's cherished vacation home, leaving behind not only rubble but also deep emotional scars. The insurance company initially offered a settlement significantly lower than the homeowner's estimate for rebuilding creating a substantial gap in perceived value and necessary funds.

The explosion resulted in the complete destruction of the property, necessitating an extensive and thorough rebuilding process. Every aspect of the original structure was destroyed, requiring an in depth investigation to determine the exact make up of the home prior to the loss. Once identified, taking into account the unique architectural features and quality of materials of the original home, revealed that the costs to reconstruct it to its original state were in excess of \$1.2 million, significantly surpassing the insurance company's preliminary estimate of around \$600,000.



ISSUES

1. Valuation Discrepancies:

The insurance company's initial offer was based on generic cost estimates, which failed to account for the specific architectural features and custom elements of the original home, leading to a significant undervaluation compared to the homeowner's needs for a full rebuild.

2. Comprehensive Damage Assessment:

The total destruction of the property required a detailed analysis, extending beyond the standard scope to include the home's unique characteristics, requiring expertise in construction and insurance to ensure an accurate appraisal.

3. Local Market Pricing Challenges:

The property was subject to higher-than-average construction costs due to limited availability of labor and materials in the area, a factor not typically covered in standard insurance estimates.

4. Policy Limitations and Interpretations:

The homeowner's insurance policy, despite offering a guaranteed replacement cost, had a cap that was significantly lower than the actual costs required for rebuilding the house to its original condition, presenting a challenge in interpreting and negotiating policy terms.

5. Negotiation Complexities with Insurance Company

The insurance company's reliance on their consultant for decision-making added another layer of complexity to the negotiations, as the field adjuster's ability to settle was restricted without the consultant's agreement, requiring strategic communication and negotiation skills.

SOLUTIONS

Customized Reconstruction Estimate Development:

Our team had to painstakingly research the original make up of the home in order to create an estimate to rebuild it exactly as it existed pre loss. This was done through review of family photographs, satellite photos, and numerous interviews with several people in the insured's family in order to identify finishes in each room, and other unique features.

Addressing Local Market Cost Variances:

We highlighted the discrepancy in construction costs between the loss location and other metropolitan areas. The lack of local labor and contractors in where the loss occurred meant that rebuilding costs were significantly higher, a factor not accounted for in the insurance company's initial estimates.

Clarifying Insurance Policy Coverage for Exact Rebuilds:

We intervened when the builder's initial estimate for a similar, but not exact, rebuild was not sufficient under the insurance policy. Our involvement ensured that the insurance company recognized their obligation to fund a rebuild exactly as the original —not just a similar replacement.

Navigating Insurance Company's Reliance on Consultants:

We faced the challenge of the insurance company heavily relying on their consultant for the claim's valuation. Our detailed estimate and negotiation skills were crucial in moving the claim forward, despite the consultant's initial resistance.

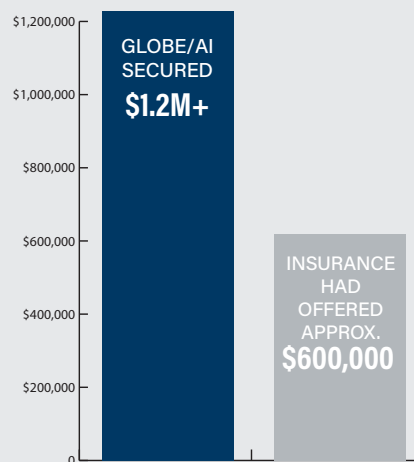
Collaborating with Builders for Accurate Estimates:

We collaborated with the builders to ensure that the estimate accurately reflected the cost of rebuilding the house to its original specifications. This collaboration was necessary because the builders initially couldn't provide the detailed breakdown needed to challenge the insurance company's estimate.



OUTCOME

After extensive negotiations and thorough assessments, the insurance company recognized the accuracy of our comprehensive claim, resulting in an increased settlement that more accurately reflected the true costs of rebuilding the home to its original condition. This resolution not only enabled the homeowner to fully fund the reconstruction but also marked a significant step toward recovery. The final settlement amount exceeded the initial offer by over 40%, demonstrating the tangible benefits of expert intervention in complex insurance claims.



Globe Midwest/Adjusters International negotiated an increase of over 40% in the settlement originally offered by the insurance company. The initial offer was approximately \$600,000 and Globe/AI secured a final settlement of over \$1.2 million.