

LOST CREEK DAIRY

PROJECT DESCRIPTION

Located in Roggen, Colorado, Lost Creek Dairy consists of live-stock, feed inventory, freestall structures, shade structures, commodity structure, working pen, scale station, manure processing, silo, milking parlor, milk storage towers, and several auxiliary buildings.

Key Takeaways

- Thorough policy review against carrier determinations on loss
- Quantifying potential time-element/business interruption loss
- Developing a representation of loss specific to a commercial agriculture application.



Loss Details

August 10, 2017, a hail and wind storm caused severe damage to Lost Creek's buildings. Subsequently an insurance claim was filed with their Insurance Company. JS Held, a third party construction consulting firm, was hired by the Insurance Company to prepare an estimate of the damages at the Lost Creek Dairy property. Over the span of eight months and four revised estimates, Lost Creek received \$830,000 in funds from their Insurance Company based on the findings of JS Held, as a final settlement. Convinced the final settlement and scope of repairs were insufficient, Lost Creek Dairy retained C3 Group to review the claim.

Business Challenges

C3 Group furnished an estimate of over \$11.3M representative of repairs necessary to restore the property to pre-loss condition. During C3's investigation of claimed damage and the policy it was discovered that JS Held overlooked significant dents caused by hail to the metal structures, incorrectly applying a "functional damage" requisite to afford coverage which was inconsistent with the coverage detailed in Lost Creek's policy. Basically, despite there being massive dents in the metal structures, there was no allowance for replacement of these buildings in JS Held's estimation, because they stated the damage was "cosmetic."

Solutions

C3 also included a \$3.6M allowance in their estimate to build an entirely new freestall barn in addition to the restoration of the existing freestalls. C3 knew that Lost Creek could either sell enough cattle from the milking herd to empty the freestall barn during repairs or construct a freestall barn to relocate the animals during the restoration process. The policy was scrutinized by C3 Group in order to determine that this additional structure was justified and would qualify as an "Extra Expense" under the policy. Something the insurance company never did.

Results

An additional \$9M was recovered once C3 Group was involved in the claim adjustment process.