

CASE STUDY

PENTICTON TOYOTA



A devastating three-alarm fire tore through Penticton Toyota's main facility in British Columbia. The blaze gutted the service department and showroom, leaving the business facing millions in losses and significant operational disruption. Penticton Toyota, a second-generation, family-owned dealership, turned to Greenspan Adjusters International, Inc. to help navigate the complex claim process. This case study outlines four of the most significant challenges and the strategies used to resolve them.

The Greenspan Difference (At-A-Glance)

- Total Settlement: \$5.75 million
- Significantly higher recovery than the insurance company's initial offer, resulting in a 50% settlement increase.
- \$2.4 million in original tenant improvements & betterments recognized as part of the insurable interest.
- Accurate repair scope aligned with updated rebuilding costs.
- 50% increased settlement for business interruption based on carrier's recognition of projected lost revenue.
- Fair valuation of temporary workspace damages and salvage deductions.

ISSUES

Coverage Ambiguity: The insurance company initially failed to clearly separate responsibilities under the lease provisions between the building owner and the tenant, despite more than \$2.4 million in tenant improvements invested by Penticton Toyota.

Incomplete Contractor Scope: The insurers (building owner's carrier & Penticton Toyota's carrier) advanced a contractor bid without a complete scope of repair, which ultimately resulted in a \$2.5 million supplemental once construction was underway.

Undervalued Business Interruption: The carrier's business interruption assessment did not account for the tenant's expansion from six to ten service bays immediately prior to the loss producing event, which increased operational capacity by 40%.

Salvage & Temporary Workspace Disputes:

The insurance company disputed damages to the temporary equipment, furnishings & facilities and applied a 75% salvage deduction to the temporary furnishings and equipment, far above their actual condition and usability.



STRATEGIES FOR RESOLUTION

Coverage Confirmation: Our team conducted a detailed review of the lease agreement and proved that the tenant's insurance policy extended coverage to the original \$2.4 million of improvements and betterments they had made to the building. This allowed the full value of upgrades to be recognized in the claim.

Scope Validation: Our team identified gaps in the contractor's bid, documenting missing items and costs. When the general contractor issued a \$2.5 million supplement, we used this to demonstrate that the insurer's initial scope was incomplete, allowing for a more complete or comprehensive rebuilding strategy.

Business Interruption Analysis: Our forensic accountants projected a 15–25% revenue increase based on the expanded service capacity from the increase in work bays and service square footage. Penticton's insurance carrier initially did not recognize the newly built 5,500 sq. ft. building providing additional sales space and service bays that became operational three weeks prior to the loss. These benchmarks successfully countered the carrier's undervaluation, resulting in the carrier's initial business income loss calculation increasing more than 50%.

Fair Salvage & Temporary Costs: By documenting wear-and-tear and heavy use of temporary equipment, furnishings & facilities, we negotiated the salvage deduction down from 75% to 25%, while also securing reimbursement for repair and replacement of this heavily used equipment, furnishings & facilities.

OUTCOME

Through strategic advocacy, forensic accounting, and persistent negotiation, Greenspan Adjusters International, Inc. secured a substantial recovery of more than \$5.75 million for Penticton Toyota. This outcome enabled the dealership to rebuild and continue serving its community, underscoring the importance of expert public adjusting in complex commercial claims.

