

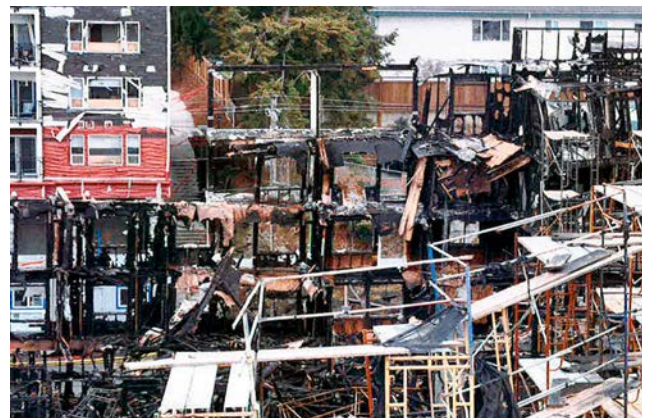
Reserve at Lynnwood

When a fire destroyed the 295-unit senior living complex during construction, the project managers of the Reserve at Lynnwood discovered that they not only had to start from scratch, but also that they had a new, more urgent timeline in order to continue to receive Federal funding for the project. To add to the struggle, AVS Communities, the developer based in Laguna Beach, California, and Exxel Pacific Construction, the contractor based in Bellingham, Washington, were not in alignment as to how to process their claims as the insurance policy insured both entities in spite of their distinct financial interests.

The developer's interests included loss of income and soft costs—such as architect fees, whereas the contractor's interests were aligned with increased costs of construction and the cancellation and subsequent renewal of the contract. Their strategies further diverged over the issue of whether to hire a public adjuster. AVS Communities felt strongly enough that professional advocacy was essential to their recovery, whereas Exxel was inclined to try to manage their own portion of the claim.

Issues:

- To determine what percentage of the project had been completed, compared to the percentage that had been funded and paid for.
- To establish a method to calculate the true costs of reconstruction: either by estimate or based on invoices and receipts for payments made.
- To determine whether the policy included reimbursement of soft costs and extended leasing costs.



Strategies for resolution:

- Adjusters International's forensic accounting department was able to precisely determine the completed progress of the construction project using a complex, proprietary system developed by Adjusters International. This unique forensic accounting system has been successfully utilized on multiple course of construction claims.
- Adjusters International's in-house construction cost estimators prepared their own estimates of what it would cost to replace what was burned at the time of the loss, demonstrating to the insurance company that actual costs would exceed previous expenditures. Adjusters International was successfully able to argue for an increased payment for repair costs and reconstruction of the apartment complex.
- After reanalyzing the policy of insurance, Adjusters International determined that the insured was entitled to full leasing reimbursement and that soft costs were insured. Adjusters International successfully argued against the insurance company's initial position and collected policy limits.

Conclusion:

The priority for the Reserve at Lynnwood's stakeholders was a quick claim resolution, in order to project the funding for the senior housing project. Adjusters International expedited the negotiations, enabling reconstruction to be completed to deadline. Although the contractor was initially reluctant to engage a public adjuster, Exxel Pacific Construction recognized Adjusters International's value, as a result of the overwhelming settlement, and has recommended Adjusters International to other companies with construction claims. The efforts of the team at Adjusters International settled the claim for \$27 million dollars, compared to the insurance company's original proposal of \$15 million.



"Thank you again for all your help with our insurance claim at our five-story, 295-unit seniors affordable housing project in Lynnwood, WA. As an affordable housing project, our financing sources are complicated and our claim for damage, lost rent, and soft costs was extreme and very complicated to determine. Your team assisted greatly with all components of our claim and we were able to settle quickly with insurance in a manner that satisfied my team, as well as all financing and construction parties. We could not be more pleased with the post-fire process and progress. Please feel free to use us as a resource anytime."

- Craig Thomas—AVS Communities