

Massive Mission Street Fire Requires Novel Solution

Insurer's response jeopardizes a hardware store's recovery



What Happened?

One June afternoon on a Saturday, a five-alarm blaze broke out in a trash receptacle in a building along Mission Street, likely caused by an improperly discarded cigarette or barbecue charcoals, according to a fire department report. The conflagration spread quickly, engulfing six buildings that suffered extensive damage – including Cole Hardware – totaling \$14 million in damage.

The original Cole Hardware store opened in the 1920s to serve the Cole Valley neighborhood in San Francisco. Dave Karp purchased the store in 1959 and ran the entire operation as a one-man show out of the tiny space that is now the warehouse and storage area for the Cole Street store.

At the time of the fire, Cole, an Ace Hardware franchisee, had four locations, and the successful Mission Street store had been in business for 32 years. Unfortunately, the fire completely gutted the building and left it a complete loss, though luckily, there were no injuries.

The day after the fire, Cole's president, Rick Karp, made a call to a consultant he had hired to manage other claims in the past and due to the size of the claim, the gentleman suggested Cole hire Adjusters International to manage the claim and provide the company with counsel and navigate its insurance relationship.



The Issues

Cole Hardware needed to secure a new spot to reopen, but the real estate market in San Francisco was extremely tight, and the available square footage was insufficient to serve as a temporary store. The need to reopen for business forced Cole Hardware to split the store's operation between two temporary locations. The first served as the retail portion while the second served as a warehouse. The insurance company balked at this solution, failing to understand why Cole had to have two locations for one store.

Strategy For Resolution

Working closely with Cole Hardware, Adjusters International team was able to quickly and carefully put a claim together that justified to the insurance company why it should pay the full value on the business interruption claim and the extra expense claim for the two temporary locations.

Conclusion

The Adjusters International team faced a drawn-out and difficult negotiation with the insurance carrier but refused to waiver. Working long hours, they continued to pursue an equitable settlement that would provide Cole Hardware with the full value it was entitled to under its policy. In the end, they reached a settlement that was one-third more than what the insurance company had initially offered.

My adult children, David and Adrianna, work in our business, and they received an eye-opening and valuable education throughout the process. We were carefully and patiently tutored by the Adjusters International team. This is an education I hope they will never use again, but if they do, it will be invaluable. And I am thankful to have introduced them to a professional company like Adjusters International to assist them in the future should they need it.

— Rick Karp, President, Cole Hardware