



[Rick Tutwiler](#)

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## Disco Deluge

**I**n July of 2010, a prominent real estate group that owned a building in Tampa's Ybor City which housed a well known nightclub was informed by their tenant that two air conditioning units on the roof were not working. Upon inspection, the owners were shocked to see the A/C units had been severely vandalized and stripped of their copper parts. They could not fathom how someone could climb onto the roof, but quickly discovered a way to access the roof from the building next door. The owners filed an insurance claim for the vandalism and were given an offer from the insurer. However, no estimate or detail was provided on how they arrived at their figure. So the owners rejected it. Subsequently, their tenant closed their business and vacated the property.

A few months later, an owner was showing the property to a potential tenant. Suddenly the roof hatch opened and they watched an unknown person attempt to enter the building. They yelled at the intruder and quickly notified the police department who later identified the intruder as a person who did various side jobs for the competing bar next door, but was not employed by them. The owner then noticed additional property missing throughout the building such as TV's, decorative sconces, even a chandelier! Upon further inspection of the roof they found that additional air conditioning units had been gutted and stripped. They also discovered new water damage to the interior of the building, which caused a large wooden rotating dance floor to warp. The insurance company was subsequently notified of

the additional damages and a new claim was filed for theft and water damage.

The insurer made a minimal offer for the theft damages, which were below the deductible, but responded to the water damage claim by hiring an engineering firm to inspect and determine a point of origin. After assessing the damage, the engineer could not confirm or pinpoint exactly where the water was coming from. The General Observations Section of the engineers' report stated that "three rooftop air conditioner units were vandalized and severely gutted with access panels removed, which provided an inlet for rainwater to enter the building through the air supply ducts." The engineer then contradicted himself (reasons unknown) and stated in the Conclusions Section of the report that "based on our observations and statements from the insured we conclude that the water intrusion, did not result from any type of vandalism from the air conditioning units, nor did we observe any damage which may have resulted from a water intrusion event." The insurer sent a letter formally denying the claim, seemingly ignoring the observations portion of the report and sticking with their expert's conclusions statement. Attempts by the owners to point out the reports inconsistencies were ignored.

Shortly thereafter, the owners retained Rick Tutwiler to help them resolve their claims. The case was instantly intriguing as it involved a surplus lines carrier with multiple insurance claims. After familiarizing himself with the facts of the claim and reviewing the insurers expert report (noting the contradiction of statements), Rick conducted a thorough inspection of the property. Based on his hunch that the water leaks did in fact originate from the air conditioning units, Rick decided to bring in additional experts to determine exactly where the water was coming from. This involved coordinating the activities of an engineer, commercial HVAC expert, and water remediation specialist. While it was challenging to pinpoint the exact location of the leaks, it became apparent they were in the general vicinity of the vandalized AC units. As a result, Rick instructed the insured to replace the panels to

mitigate and prevent any further damage until an agreement could be reached with the insurer on the point of origin and method of repair.

In the weeks to come, the Tampa area sustained several severe thunderstorms and torrential downpours. With each passing storm, water continued to enter the building as strong winds blew off the temporary repairs on the panels. Upon discovering this, Rick decided to inspect the building after every storm and document the water entering the building. Photographs and video were taken to support and document the ensuing damage. Each storm's movement and rainfall amounts were also recorded using various online weather resources. After a few inspections, it became very clear that water was entering the building through the vandalized A/C units, getting into the ductwork and pouring out of the air conditioning vents into the building interior. It became clear why the insurance company's adjuster and engineer had such a hard time with the claim. They simply needed to spend more time on site to inspect and monitor the damage.

After fully documenting the origin of the damage and estimating the cost of repairs, details of the findings were presented to the insurance carrier and a new adjuster was assigned to the claim. Once presented with the facts, the adjuster's assessment of the loss was within a few thousand dollars of Rick's loss estimate. At some point during the policy period there was an amended endorsement added to the policy that changed the loss valuation from Replacement Cost Value (RCV) to Actual Cash Value (ACV). Since the water damages occurred after the amended endorsement, that portion of the claim was paid at ACV. The vandalism/theft damage was still paid under the original replacement cost provision. In this particular case, the depreciation did not negatively impact the insured's ability to immediately repair their property since they spent their own money to start the repairs and are now awaiting recovery of the depreciated amount.

This was truly a claim where attention to detail paid off and that proved patience is truly a virtue!

**Send comments to:**

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