

INDUSTRIAL LOSS DOCUMENTATION LETTER

Document Category: Business/Commercial Claims

Document Number: 21 of 33

COMPANY AND CLAIM INFORMATION

Insured Entity Details

- **Company Legal Name:** Precision Manufacturing Solutions, LLC
- **DBA/Trade Names:** PMS Automotive Parts
- **Federal Tax ID:** 54-8976532
- **State Registration #:** FL-LLC-2015-000847
- **Business Type:** Limited Liability Company
- **Industry Classification:** NAICS 336390 - Automotive Parts Manufacturing
- **Years in Business:** 18
- **Headquarters Address:** 8500 Industrial Parkway, Jacksonville, FL 32256
- **Affected Facility Address:** 8500 Industrial Parkway, Jacksonville, FL 32256
- **Phone:** (904) 555-7800
- **24/7 Emergency Contact:** (904) 555-7899
- **Email:** claims@precisionmfgsolutions.com
- **Website:** www.precisionmfgsolutions.com

Insurance Information

- **Carrier Name:** Atlantic Commercial Insurance Group
- **Policy Number:** COM-8974563-2024
- **Policy Period:** 01/01/2024 - 01/01/2025
- **Broker/Agent:** Industrial Risk Associates / Mark Thompson
- **Claim Number:** 2024-IND-45782
- **Date of Loss:** October 28, 2024, 3:47 AM
- **Adjuster:** Rebecca Chen

Claim Team:

- **Property Adjuster:** Rebecca Chen

- **Business Interruption Specialist:** David Kumar
- **Equipment Breakdown Expert:** Jennifer Walsh
- **Environmental Specialist:** Dr. Robert Hayes

Correspondence Header

Date: November 18, 2024

To:

Atlantic Commercial Insurance Group
Commercial/Industrial Claims Department
1500 Corporate Center Drive
Atlanta, GA 30339

Via: Certified Mail, Email, and Overnight Delivery

Re: COMPREHENSIVE INDUSTRIAL PROPERTY & BUSINESS INTERRUPTION CLAIM

Policy #: COM-8974563-2024

Claim #: 2024-IND-45782

Loss Date: October 28, 2024

Location: Precision Manufacturing Solutions, Jacksonville, FL

Estimated Total Loss: \$14,875,000

EXECUTIVE SUMMARY

Dear Industrial Claims Team:

This letter provides comprehensive documentation of catastrophic losses at our industrial facility resulting from an electrical fire and subsequent explosions in our chemical storage area on October 28, 2024, at 3:47 AM. The incident has caused extensive property damage, complete production shutdown, supply chain disruption, and significant business interruption losses that continue to accumulate daily.

Loss Overview

- **Property Damage:** \$7,250,000
- **Business Interruption:** \$5,800,000
- **Contingent BI:** \$825,000
- **Extra Expense:** \$1,000,000
- **Total Preliminary Estimate:** \$14,875,000

Critical Points

1. Production completely halted since October 28, 2024
2. 285 employees affected/displaced
3. 47 customer contracts at risk
4. Environmental remediation required
5. Immediate funding essential for business survival

SECTION 1: FACILITY PROFILE AND OPERATIONS

Facility Specifications

Physical Plant:

- Total acreage: 42 acres
- Building footprint: 185,000 square feet
- Manufacturing space: 140,000 square feet
- Warehouse space: 35,000 square feet
- Office space: 10,000 square feet
- Specialized areas: 2 clean rooms (5,000 sq ft), QC lab (2,500 sq ft)
- Construction type: Steel frame with concrete block
- Year built: 1998
- Last major renovation: 2019

Operational Overview

Production Capabilities:

- Primary operations: Precision automotive component manufacturing
- Secondary operations: R&D, Assembly, Quality Testing
- Production capacity: 15,000 units per day
- Shift operations: 3 shifts, 24/7
- Operating days: 350 days per year
- Capacity utilization pre-loss: 87%

Workforce:

- Total employees: 285

- Production workers: 195
- Skilled technicians: 45
- Engineers/technical: 28
- Administrative: 17
- Union representation: No

Strategic Importance

Market Position:

- Industry ranking: #3 in Southeast region
- Market share: 18%
- Geographic markets served: US, Canada, Mexico
- Key competitive advantages: ISO 9001:2015, AS9100D certified
- Major customers: Ford, GM, Toyota tier-1 suppliers

SECTION 2: COMPREHENSIVE PROPERTY DAMAGE ASSESSMENT

Production Equipment Losses

Primary Production Lines

Equipment ID	Description	Manufacturer	Model	Year	Original Cost	Replacement Cost	Repair Cost	Lead Time	Status
CNC-001	5-Axis CNC Mill	Haas	UMC750	2019	\$285,000	\$325,000	N/A	16 weeks	Destroyed
CNC-002	5-Axis CNC Mill	Haas	UMC750	2019	\$285,000	\$325,000	\$145,000	8 weeks	Repairs
INJ-001	Injection Molder	Engel	Victory 200	2020	\$425,000	\$475,000	N/A	20 weeks	Destroyed
LASER-001	Fiber Laser	Trumpf	TruLaser 3030	2018	\$650,000	\$725,000	\$285,000	12 weeks	Damaged
ROBOT-001	Assembly Robot	FANUC	M-20iD	2021	\$185,000	\$195,000	N/A	14 weeks	Destroyed

Total Production Equipment: \$3,270,000

Building and Infrastructure Damage

Structural Damage Assessment

Building/Area	Square Feet	Damage Description	Repair Cost	Replacement Cost	Code Upgrades
Building A - Manufacturing	45,000	Fire/explosion damage, roof collapse	\$1,850,000	\$2,700,000	\$385,000
Building B - Manufacturing	35,000	Smoke/heat damage	\$680,000	N/A	\$125,000
Warehouse	20,000	Partial collapse, water damage	\$425,000	\$800,000	\$95,000
Office Complex	10,000	Smoke damage	\$185,000	N/A	\$45,000

Inventory Losses

Raw Materials

Material Type	Quantity	Unit Cost	Total Value	Replacement Available
Aluminum stock	85 tons	\$2,400/ton	\$204,000	Yes - 4 week lead
Steel alloys	120 tons	\$1,850/ton	\$222,000	Yes - 6 week lead
Polymers	45,000 lbs	\$3.25/lb	\$146,250	Yes - 3 week lead
Specialty chemicals	Various	Various	\$287,500	Limited availability

Total Raw Materials: \$859,750

Work in Progress

Product Stage	Units	Completion %	Value	Customer Impact
Brake assemblies	8,500	75%	\$425,000	Ford - Critical
Suspension components	12,000	60%	\$384,000	Toyota - Rush order
Engine mounts	6,800	90%	\$238,000	GM - Contract penalty

Total WIP: \$1,047,000

SECTION 3: BUSINESS INTERRUPTION ANALYSIS

Production Impact Metrics

Pre-Loss vs. Current Production

Metric	Pre-Loss Daily	Current	Loss	Recovery Target
Units Produced	15,000	0	15,000	March 1, 2025
Revenue	\$485,000	\$0	\$485,000	March 1, 2025
Gross Margin	\$145,500	\$0	\$145,500	March 1, 2025

Financial Impact Analysis

Lost Revenue Projection

Month	Projected Sales	Actual/Expected	Lost Revenue	Cumulative Loss
Month 1 (Nov)	\$10,185,000	\$0	\$10,185,000	\$10,185,000
Month 2 (Dec)	\$9,700,000	\$1,200,000	\$8,500,000	\$18,685,000
Month 3 (Jan)	\$10,670,000	\$3,500,000	\$7,170,000	\$25,855,000
Q1 Total	\$30,555,000	\$4,700,000	\$25,855,000	\$25,855,000

Continuing Fixed Expenses

Expense Category	Monthly Amount	Cannot Reduce	Must Continue Through
Payroll - Key Personnel	\$485,000	Critical retention	June 2025
Facility Lease	\$125,000	Contractual	Lease term
Equipment Leases	\$87,500	Contractual	Various
Insurance	\$42,000	Required	Policy term
Utilities (minimum)	\$18,000	Maintain facility	Ongoing
Debt Service	\$185,000	Avoid default	Loan maturity
Total Monthly	\$942,500	-	-

Customer Impact Analysis

Major Customer Exposure

Customer	Annual Revenue	Contract Status	Penalty Clause	Risk Level
Ford Motor Co.	\$28,500,000	At risk	\$2,500/day	High
Toyota NA	\$18,750,000	Active	\$1,800/day	High
GM	\$14,200,000	Under review	\$2,000/day	Medium
Stellantis	\$8,900,000	Active	\$1,000/day	Medium

Contract Penalties and Losses:

- Late delivery penalties: \$485,000 (to date)
- Contract cancellations: None yet (2 pending)
- Lost preferred vendor status: Ford reviewing
- Future business impact: \$12,000,000 estimated

SECTION 4: EXTRA EXPENSE DOCUMENTATION

Emergency Response Expenses

Category	Vendor	Cost	Necessity
Environmental cleanup	HazClean Services	\$285,000	EPA required
Hazmat disposal	Safety-Kleen	\$125,000	Required by law
Emergency repairs	Rapid Industrial	\$195,000	Prevent further damage
Security services	Allied Universal	\$45,000	Asset protection
Total Emergency	-	\$650,000	-

Expediting Expenses

- Air freight vs. standard shipping: \$187,500
- Overtime labor premium: \$225,000
- Rush charges on equipment: \$142,000
- Temporary equipment rental: \$285,000
- Outside processing: \$195,000
- **Total:** \$1,034,500

SECTION 5: ENVIRONMENTAL CONSIDERATIONS

Environmental Impact Assessment

Contamination Issues:

- Affected area: 12,000 square feet
- Contaminants identified: Hydraulic fluids, coolants, solvents
- Soil remediation required: \$425,000
- Groundwater impact: Under assessment
- Air quality issues: Resolved

Regulatory Compliance:

- EPA requirements: RCRA cleanup standards
- State environmental agency: DEP permit required
- Permits needed: 4 environmental permits
- Timeline for approvals: 60-90 days
- Compliance costs: \$285,000

SECTION 6: RESTORATION PLAN AND TIMELINE

Phased Recovery Approach

Phase 1: Emergency Stabilization (Weeks 1-4)

- Objectives: Secure facility, Environmental containment, Salvage operations
- Budget: \$850,000
- Status: Complete

Phase 2: Partial Production Restart (Weeks 5-16)

- Objectives: Limited production capability, Critical customer orders, 25% capacity
- Budget: \$2,400,000
- Status: In progress

Phase 3: Substantial Restoration (Weeks 17-32)

- Objectives: 75% production capacity, Full workforce return, Quality certifications
- Budget: \$4,800,000
- Status: Planning

Phase 4: Full Recovery (Weeks 33-52)

- Objectives: 100% operational capacity, Market position recovery
- Budget: \$2,200,000
- Status: Projected

SECTION 7: IMMEDIATE FUNDING REQUIREMENTS

Critical Immediate Needs (30 Days)

Need	Amount	Purpose	Consequence if Delayed
Payroll funding	\$485,000	Retain key staff	Loss of expertise

Need	Amount	Purpose	Consequence if Delayed
Environmental cleanup	\$425,000	Regulatory compliance	Fines/shutdown
Equipment deposits	\$650,000	Secure delivery slots	6-month delays
Customer penalties	\$225,000	Preserve relationships	Contract loss
Total Immediate	\$1,785,000	-	-

Advance Payment Request

- Requesting immediate advance of: \$2,000,000
- Represents 13% of estimated claim
- Documented losses already exceed amount
- Critical for business survival

SECTION 8: DOCUMENTATION PROVIDED

Comprehensive Attachment List

Property Damage:

1. Equipment specifications and invoices (487 pages)
2. Building blueprints and specifications
3. Photographic documentation (1,247 photos)
4. Video documentation (8 hours)

Financial Records: 5. Financial statements (3 years) 6. Tax returns (3 years) 7. Production records (24 months) 8. Customer contracts (all active)

Expert Reports: 9. Fire origin and cause report 10. Environmental assessment 11. Equipment appraisals 12. Business interruption calculations

SECTION 9: CONCLUSION AND REQUEST

This industrial loss represents an existential threat to our operations, employees, and position in the automotive supply chain. The complexity and magnitude require coordinated adjustment across all coverage areas with immediate financial support to begin recovery.

We request:

1. Immediate advance payment of \$2,000,000
2. Expedited adjustment process

3. Weekly claim review meetings
4. Direct payment authorization to vendors
5. Business interruption period confirmation

Time is of the absolute essence. Each day of delay exponentially increases the ultimate loss and threatens business survival.

Respectfully submitted,

Michael Harrison
President & CEO
Precision Manufacturing Solutions, LLC
November 18, 2024

Direct Contact: (904) 555-7801 (available 24/7)
Email: mharrison@precisionmfgsolutions.com

Distribution:

- Atlantic Commercial Insurance Group (Original)
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- CFO - Jennifer Martinez
- Board of Directors
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