

*Monday, May 7, 2012*

## **Gloria Estefan's Hotel Co. Wins \$6.7M In Insurance Feud**

By **Amanda Bransford**

A Florida state jury on Friday awarded Gloria Estefan's Pin-Pon Corp. \$6.7 million from Lexington Insurance Co. and Landmark American Insurance Co., finding that the insurers had failed to provide coverage they owed for hurricane damage to the company's hotel.

The Indian River County jury said that, while the insurers had each made some payments, they were nowhere near the full cost of damages the former Palm Coast Resort Hotel in Vero Beach, Fla., suffered as a result of Hurricane Frances in August 2004 and Hurricane Jeanne, which followed closely in September.

The insurers had breached their contracts with Pin-Pon and still owed about \$903,000 to cover the cost of building damages, \$1.5 million for code upgrade damages and about \$242,000 per month for 18 months that the hotel was unable to operate while it made repairs, the jury found.

Pin-Pon, owned by singer Gloria Estefan and her husband Emilio, had a policy with Lexington from March 2004 to March 2005 and an excess policy with Landmark during the same period, when the hurricanes tore apart the hotel the couple had bought early in 2004. Both policies provides coverage for windstorm damage, including property damage and business interruption coverage, but the insurers would not pay the full amount demanded by the company, according to the complaint.

"Despite repeated demands by Pin-Pon, including Pin-Pon providing extensive documentation of its losses, Landmark has refused and continues to refuse to pay the amounts owed under the policy's terms," the complaint said.

The insurers had argued that Pin-Pon always intended to dramatically overhaul the beachfront Palm Coast and turn it into a boutique hotel, and that much of the business interruption and cost of repairs were due to renovation, not storm damage, according to Pin-Pon's attorney Stephen Marino Jr. of [Ver Ploeg & Lumpkin PA](#).

But the jury found that the insurers had underestimated the extra time and resources the renovation took because of the storm damage, since the hotel had to be rebuilt before it could be remodeled.

Pin-Pon also had to perform extra renovation because the storm damage triggered building code requirements that affect undamaged property. Under a 2004 code, if 50 percent of the property was damaged, the entire property had to be brought up to code, according to Marino.

The hotel reopened with a new white, modernist structure as Costa d'Este Beach Resort in September 2008, nearly four years after the hurricanes hit.

The policies will now be reviewed to allocate how much liability goes to each carrier.

Pin-Pon is also asking for prejudgment interest since it has been waiting to be repaid since 2008, so the final verdict amount may end up higher than \$6.7 million.

"Our argument is that we're entitled to prejudgment interest because we liquidated the damages and paid them no later than June 2008," Marino said.

Attorneys for the insurers could not immediately be reached for comment.

Lexington is represented by Melissa Sims and William Berk of [Berk Merchant & Sims PLC](#).

Landmark is represented by Lauren Levy and Scott Frank of [Butler Pappas Weihmuller Katz Craig LLP](#).

Pin-Pon is represented by Stephen Marino Jr. of Ver Ploeg & Lumpkin PA.

--Editing by Katherine Rautenberg.