



Survivors Speak

Calculating and Negotiating Dwelling Losses

The following *Survivors Speak* testimonials come from people who lost their homes in California wildfires within the last ten years. Many of those quoted below are now volunteering in the United Policyholders' Disaster Survivor Support Network (DSSN). The DSSN is available to Santa Barbara homeowners in need of one-on-one support while recovering from a catastrophic property loss.

To access UP's extensive library of free tips and information on dwelling losses and insurance settlements please visit www.uphelp.org. Loss victims can get hard copies of the *Disaster Recovery Handbook and Household Inventory Guide* free of charge by emailing info@uphelp.org, or calling (415) 393-9990.

DJ, 2007 San Diego Firestorm, San Diego County:

“Here's how it worked for us...Our insurance company prepared a detailed scope of loss document for our destroyed home. We had hired a contractor within two weeks of the fire. He had come highly recommended and we were able to see a number of his completed homes.

We had saved our destroyed homes' building layout and pictures so that our contractor could see what our home had looked like, size, etc. He reviewed the insurance company's detailed report and thought it was fair overall (some items were higher than what he thought they should be, and some were lower.) Since our contractor felt that the insurance company's numbers were fair, we accepted the insurance company's scope of loss to establish the amount of money we would have to rebuild our home”.

JS, 2007 Guejito/Witch Creek Fire, San Diego County:

“To settle my dwelling claim I spent many hours describing the former property and going over photographs with the contractor we hired to rebuild our destroyed home. Our contractor prepared a detailed scope of loss for my destroyed home. I compared the insurance company's scope of loss to the contractor's, and found that the insurance company's estimator placed the overall cost to rebuild at 15-20% lower than the actual cost to rebuild. After negotiating with my insurance company, it eventually accepted my expert's scope of loss.”

TH, 2007 Witch Creek Fire, San Diego County:

“Within a month after we lost our home, our insurance adjuster prepared a scope of loss estimate. (He was not a local adjuster, but had been flown in from the other side of the country). He worked hard at it for two weeks and was diligent and thorough in his approach. However, this particular adjuster was not as well versed in California construction practices and pricing. His estimate was higher than the coverage A amount on our policy but less than our 50% extended policy limit.

We then hired a construction expert to prepare an independent scope of loss for us. He meticulously prepared a very thorough and fair estimate which we used to negotiate our settlement with our insurance company. We are glad we hired a construction expert to prepare an independent scope of loss because we were able to negotiate from a stronger position compared to our insurance company.

The end result was that we settled fourteen months after the fire at an amount very close to our expert’s scope of loss, which was significantly higher than our extended policy limit. We also filed a complaint with the California Department of Insurance that we believed helped us reach the settlement.”

JM, 2007 Witch Creek Fire, San Diego County:

“The process I used worked well, but may not apply for everyone. In our case, we had recently completed building a custom home (four years prior to the fire.) We really loved it, and so we contacted the same builder after we lost our home. He still had a set of plans of the original house. We wanted to make a few minor updates to the plans, and then we re-submitted those to the county and received a permit. We had the same builder re-do his quote to build the home with 2007 prices. This quote was above our policy limits, but within our extended coverage. We submitted that detailed quote to our insurance provider.

There was some clarification back and forth on a few items, but in the end, our insurance company felt it was acceptable to use my builder’s quote, since it was the same builder building the same home. They paid the full amount of the builder’s quote, but would not release the extended coverage amount until we had signed the contract with the builder. The structural coverage portion of our claim was settled and money was in our hands (or at least in our mortgage company’s hands) approximately six months after the fire.”

RM, 2007 Rice Fire, San Diego County:

“My insurance company had their adjusters prepare a scope of loss on my destroyed home. They then prepared a second scope of loss and it was even lower than the first. I did not have an independent scope of loss prepared. I went to mediation and after four and one half hours of negotiation, I did get monies beyond my policy limits. I was very well prepared and I am very comfortable with contract negotiations. I did not want to spend the money on my own scope of loss when I felt that I could use the company’s

scopes. During our mediation, I was able to use their numbers against them. They still did not give me the total money that their scopes called for, but, I did end up much better than many folks, and by using some of my personal property money I did get the house that I needed.”

NW, 2007 Witch Creek Fire, San Diego County:

“To determine our rebuild cost, we first made a detailed list of our home’s features and provided that info (along with some reasonable changes we decided to include in the rebuild) to five different contractors, and asked them to bid on the rebuild job.

Our insurance company's initial rebuild estimate was considerably under what we expected the rebuild cost to be. The insurance company's low estimate was based on a very low rebuild cost per-square-foot. Once we educated our adjuster about the rebuild cost per square in our specific area, the insurance company agreed to pay according to whichever contractor's bid we chose (up to policy limits plus the extended replacement value portion).

The insurance company did not challenge any of the additional items we included in the rebuild, because some modifications were going to be cheaper, so they considered our changes minimal and of no issue regarding payment of the claim. Four of the five contractor bids were under our policy maximum, and the one we chose gave us enough "wiggle room" in the event that additional, unanticipated construction costs occurred (and they did occur, particularly in the grading and clearing phase when they analyzed the soil and inspectors required additional work before they could start the foundation work, as well as some additional minor costs).

Our insurance company paid our coverage A face value quickly (three weeks after the fire), and we received the other portions of money from the Extended Replacement category of the policy soon after we sent them a copy of the contractor's bid indicating how much over the Coverage A number they owed us. Our insurance company sent us a supplemental check to cover those additional costs for grading, after receiving an invoice explaining those costs.”

KR, 2003 Cedar Fire, San Diego County:

“The process I used to settle my dwelling claim was to hire a local, very well-respected construction services company to prepare an independent detailed scope of loss for my destroyed home. I realized that I would need to retain my own expert when I received the insurance company's scope of loss approximately six weeks after my home was destroyed. It estimated the replacement cost of my home extremely low, and even to my untrained eye, it was missing many items.

The company I retained to prepare the independent scope of loss had very strong credentials and was absolutely willing to stand by its numbers and defend them should litigation be necessary. Most importantly, after the company prepared the independent

scope of loss on my destroyed home, I spent a significant amount of time having the construction expert educate me about the scope of loss. By doing this, I was able to communicate with my adjuster about the scope and most importantly, I was able to negotiate far more effectively. After extensive negotiations, my insurance company eventually accepted my expert's scope of loss. We settled our entire claim within a few months afterward.”

JB, 2003 Cedar Fire, San Diego County

“Keep in mind that your rebuild estimate will likely change from the time you get the original bid, to the time you actually get a permit, to the final inspection. There will likely be items that were omitted from the bid, or things that you will remember later, that you will suddenly have to pay out of pocket for at the end. You will likely need every penny and more. Do not underestimate your situation. What your insurer offers may seem like a lot of money at first, but it goes quickly once contractors want their payment.

My builder helped me when I needed similar information regarding price increases. They had (and probably still have) a fictional typical house. They made a spreadsheet which tracks the cost of building materials, primarily lumber, throughout the year. Since the price of lumber varies like the price of oil, you could see the price fluctuations throughout the year. Good luck!”

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