



WATTS UP?!

Q & A - Your Wildfire Insurance Claim

Roadmap to Recovery Workshop

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Roadmap to Recovery



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UP is a non-profit that empowers and informs
policyholders and advocates for fair insurance practices
in all 50 states.

Active in long term disaster recovery through our
“Roadmap to Recovery” program

About United Policyholders

- 501(c)3 non profit organization.
- A voice and an information resource for consumers in all 50 states.
- A 26+ year track-record and subject matter expertise in insurance and disaster recovery
- Not for profit...not for sale.
- Funded by donations and grants.
- A volunteer corps with personal and/or professional expertise in disaster recovery and insurance.

The Fine Print

- This workshop is intended to be general guidance only, not legal advice.
- We don't endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops.

This Week's Questions

- Code Upgrade Coverages
- Insurance Code Section 2051.5
- Contents Inventory/ Depreciation
- Insurance Company Ratings

CA Insurance Code 2051.5 is KEY

- Almost every one of the questions I get involves some part of this newly-clarified legislation
 - Replacement Cost
 - Additional Living Expenses
 - Extended Replacement Coverage
 - Code Upgrade
 - Buy or rebuild?

Determining Coverage A - Dwelling

- **2051.5**
- (a) (1) Under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity is the amount that it would cost the insured to repair, rebuild, or **replace the thing lost or injured**, without a deduction for physical depreciation, or the policy limit, whichever is less.

What does this mean???

- The amount you are owed is based upon the cost to rebuild the home you LOST, plus code upgrades, up to the policy limit.
- In most cases, you will need an estimate to determine what it would have cost to rebuild your prior home, even if you do not intend to rebuild it.

Code Upgrades – 2017 Fires

- 2051.5

(c) In the event of a total loss of the insured structure, no policy issued or delivered in this state may contain a provision that limits or denies payment of the replacement cost in the event the insured decides to rebuild or replace the property at a location other than the insured premises. However, the measure of indemnity shall be based upon the replacement cost of the insured property and shall not be based upon the cost to repair, rebuild, or replace at a location other than the insured premises.

Code Upgrades – 2018 Fires

- 2051.5 (c) In the event of a total loss of the insured structure, a policy issued or delivered in this state shall not contain a provision that limits or denies, on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location, payment of the building code upgrade cost or the replacement cost, including any extended replacement cost coverage, to the extent those costs are otherwise covered by the terms of the policy or any policy endorsement. However, the measure of indemnity shall not exceed the replacement cost, including the **building code upgrade cost and any extended replacement cost coverage**, if applicable, to repair, rebuild, or replace the insured structure at its original location.

What's Included in Code Upgrades?

- As always, read your policy, as the language varies.
- In general, this coverage pays the amount to bring THE HOME YOU LOST up to current building codes, up to available limits.
- This means things that were not there, but will need to be added in order to gain occupancy after rebuilding. i.e. sprinklers, solar, energy efficiency upgrades, etc.
- The cost can be “rolled into” purchase and upgrading of a new house, but the amount is determined by the old house.
- This coverage is usually paid “as incurred” (meaning \$ is spent) but insurer has discretion.
- Often, you have to show that the city/county will enforce the codes in order to get payment.

Buying vs. Rebuilding

- The process is almost identical for all the different options (rebuild/buy/codes)
- The most important thing: **KNOW HOW MUCH IT WOULD COST TO REBUILD THE HOUSE YOU LOST** up to the policy limits.
- If buying you will also need a **CODE BID** for the house you lost, **NOT** the new one!
- If you were paid the full policy limits you will most likely not need an estimate

Contents Inventory Questions

- Some insurers are waiving inventory requirements. This is VOLUNTARY
- Most insurers are paying a % up front
- Requiring full inventory for balance of \$\$\$
- We recommend asking for help:
 - Some companies hire contents companies
 - Some companies will send an adjuster to you to review inventory
 - As last resort you can hire your own
 - Ask for an extension of time

DEPRECIATION

- Depreciation Basics publication:
<https://www.uphelp.org/pubs/depreciation-basics>
- Replacement cost v. Actual Cash Value
- Depreciation is highly negotiable
- Under California law it is based upon the age, life expectancy and condition of each individual item
- Couch example – grandma’s vs. fraternity house
- **Many items should not be subject to *any* depreciation.** Antiques, fine art and jewelry, computer media (CD’s, etc.), software, framing, masonry, concrete, insulation, light fixtures.

Insurers- Who to Choose?

- Availability is becoming an issue, especially in fire-prone area = less choice
- Need to compare both COST and coverages
- Research on CA Department of Insurance website Consumer Complaint Study:
<http://www.insurance.ca.gov/01-consumers/120-company/03-concmplt/index.cfm>

Claim Handling Standards

- California Fair Claims Settlement Practices Act
 - 15 days to respond to communications
 - Email, letter, phone call
 - 40 days to pay or deny claim
 - If unable to make decision must send letter
 - What they need to make a decision
 - How long they need to make the decision
 - Send letter every 30 days

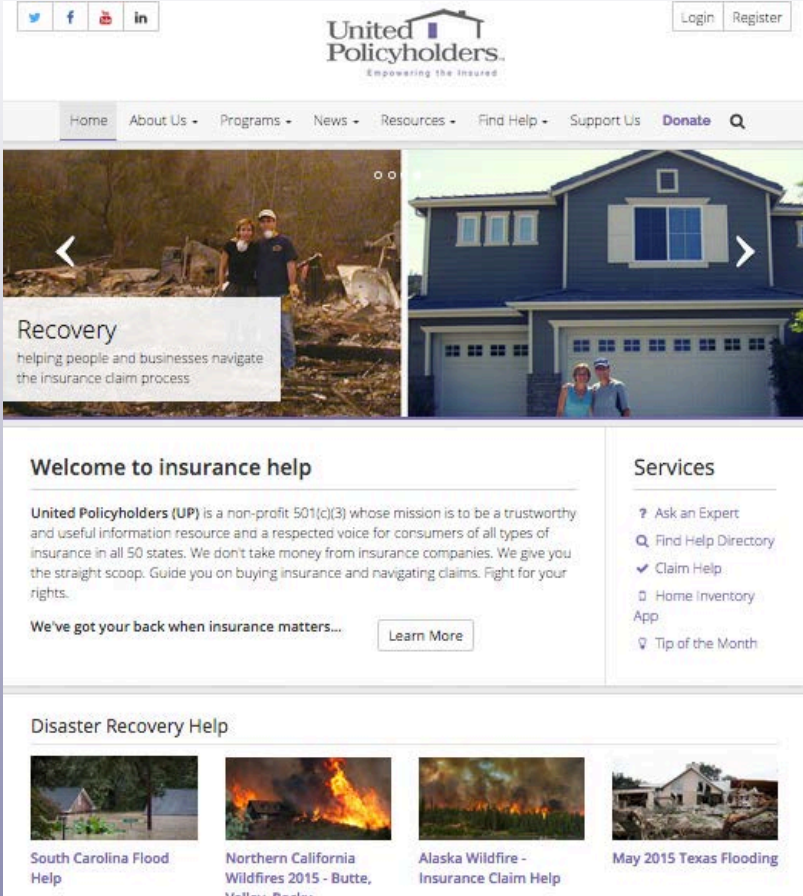
Best Practices

- Get it in **WRITING!**
- If not, put it in writing, back to them confirming
- Keep it professional
- Be concise and to the point
- Bold or bullet point your requests
- Use proper grammar and punctuation
- Promptly respond to letters and reasonable requests
- Avoid venting frustrations and emotions to your adjuster

24/7 help on the web: www.uphelp.org

■ Insurance Claim Help

- Recovery Blogs:
- Claim Help Library
- Guides for overcoming obstacles
- Links to Government and Professional help
- Tips from past disaster survivors
- Sample Letters and Claim Forms



The screenshot shows the homepage of United Policyholders. At the top, there are social media icons for Twitter, Facebook, YouTube, and LinkedIn, followed by the United Policyholders logo and the tagline "Empowering the Insured". To the right of the logo are "Login" and "Register" buttons. Below the logo is a navigation menu with links for Home, About Us, Programs, News, Resources, Find Help, Support Us, and Donate. The main content area features a large banner with two images: one showing a man and a woman standing in front of a destroyed house, and another showing a man and a woman standing in front of a new blue house. Below the banner is a "Recovery" section with the text "helping people and businesses navigate the insurance claim process". To the right of the banner is a "Services" section with a list of services: Ask an Expert, Find Help Directory, Claim Help, Home Inventory App, and Tip of the Month. Below the banner is a "Welcome to insurance help" section with a paragraph about United Policyholders (UP) and a "Learn More" button. At the bottom, there is a "Disaster Recovery Help" section with four featured articles: South Carolina Flood Help, Northern California Wildfires 2015 - Butte, Valley, Rocky, Alaska Wildfire - Insurance Claim Help, and May 2015 Texas Flooding.