Steps and Strategies for Full Insurance Recovery

Roadmap to Recovery Workshop
Paradise Alliance Church
May 23, 2019
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Roadmap to Recovery

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25+ years experience in claims and claims management, serves as claim consultant and expert witness

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
Welcome and Thank Yous

- Maitreya Badami, Esq. CSU Chico
  - Camp Fire R2R Local Coordinator, United Policyholders
- Community Legal Information Center
- Rural County Representatives of California
- Paradise Alliance Church
- Local Non-Profits and Representatives
- Doug Teeter, Supervisor

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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.

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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.
If your property has been damaged or destroyed, we are here to help.

www.uphelp.org/camp-fire

- Schedule of upcoming recovery help events
- Links to professional/legal/government help
24/7 help on the web: www.uphelp.org

- Insurance Claim Help
  - Recovery Blogs:
    - www.uphelp.org/Camp-Fire
  - Claim Help Library
  - Guides for overcoming obstacles
  - Links to Government and Professional help
  - Tips from past disaster survivors
  - Sample Letters and Claim Forms

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Useful Tools

The Disaster Recovery Handbook & Household Inventory Guide

How to Recount and Recover from Your Losses after a Fire, Flood, Earthquake, Hurricane, or Tornado

Amy Bach & Carol Ingalls Custodio

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Guiding principles:

- Focus on documenting the full extent and value of your losses

- Give your adjuster/insurer a chance to do the right thing, but don’t be a pushover

- Leverage and negotiation

- Get help when you need it
The more you understand about your insurance benefits, your rights and the value of your losses, the more benefits you will recover to rebuild your home and life and the smoother your claim will go...
Time is on your side: Statistics show...

• The longer a claim stays open the more money the policyholder receives

• Fully and accurately documenting and valuing major losses takes much longer than you would think

• Remember – an insurance claim is a BUSINESS transaction
Recovering from a disaster is a marathon not a sprint
Most Common Questions

• Dwelling Claim Settlement Issues
• Extended Replacement Coverage/Code Upgrade Coverages
• Buy or Rebuild?
• Land Value Deduction
• Additional Living Expense Coverage
• Insurance Claim Rules
• Underinsurance
Dwelling Claim Process

• Often, the dwelling claim settlement process will begin with the insurer preparing a scope of loss on your destroyed property – most likely in Xactimate.

• A scope of loss details the materials, quantities, and range of work needed to repair/rebuild what you had prior to the fire.

• A scope of loss is different from an estimate, or bid, which adds in prices for each line item.
First Check = Starting Point

- You may already have gotten a check for your dwelling claim

- Think of this check as your starting point

- You are entitled to the cost to repair/rebuild your home as it was before the fire - up to your policy limits - plus any additional coverages
Start with the Scope

• Your goal is to “fix” the adjuster’s estimate to accurately reflect what you lost

• DON’T worry about the numbers, at the beginning

• First focus on the details
Aim for an agreed upon scope of loss

• In-person meeting with adjuster can be productive

• Your contractor/subs should be able to stand behind his/her numbers

• Know the areas where you differ, and why
Overview of Buying (Instead of Rebuilding)

- You need to reach an agreement with your insurance company on the dollar amount it would theoretically cost if you did rebuild the exact same home that was destroyed.
  - This includes code upgrade coverage and extended replacement cost coverage.
  - This is the amount the insurance company owes you, (up to policy limits).
You can elect to replace (versus rebuild)

If you have Replacement value coverage on your dwelling, you can buy a replacement home instead of rebuilding.

California law gives you that right. Ins. Code 2051.5

Adjusters who come in from other states don’t always know CA law, (although they are supposed to)...you may have to educate them.
Replacement cost to rebuild vs. Price of replacement home you want to buy

- Present your insurer with one or more estimates for what it would cost to rebuild

- Reach an agreement with your insurer on that cost

- After you have reached an agreement with the insurer as to the amount it would have cost to build the home that was destroyed, find a home that costs at least as much as it would have cost to rebuild as was.

- Present the real estate documentation to your insurer.
Can I buy a house for less money than my full extended replacement cost value and pocket the difference?

• NO

Can I buy a bigger/better house adding in my own money or a loan?

• YES
The Land Value Issue

• Some insurers want to deduct an amount for the land under the home you want to buy

• This is an unsettled area of the law

• We recommend pushing back:
  – If policy doesn’t say they will deduct, they can’t
  – New home including land is same price as old home excluding land so it’s not a windfall
Ex. of timeframe: Reasonable and necessary up to 36 mo.

COVERAGE C - LOSS OF USE

1. Additional Living Expense. When a Loss Insured causes the residence premises to become uninhabitable, we will cover the necessary increase in cost you incur to maintain your standard of living for up to 24 months. Our payment is limited to incurred costs for the shortest of: (a) the time required to repair or replace the premises; (b) the time required for your household to settle elsewhere; or (c) 24 months. This coverage is not reduced by the expiration of this policy.
(2) In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, coverage for additional living expenses shall be for a period of no less than 24 months from the inception of the loss, but shall be subject to other policy provisions. An insurer shall grant an extension of up to 12 additional months, for a total of 36 months, if an insured acting in good faith and with reasonable diligence encounters a delay or delays in the reconstruction process that are the result of circumstances beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work. Additional extensions of six months shall be provided to policyholders for good cause.

Effective September 21, 2018
Remedies for the Underinsured:

• Find/use leverage and convince insurer to pay above limits
  – Their fault, they gave you reason to believe your limits were adequate
  – Their mistake, their faulty underwriting
  – They *undertook duty to set limits adequately*
  – Seek a “retroactive reformation” of policy limits and offer to pay the difference in premiums
• Sue your agent/broker/insurer individually or in a group
• Sue another at-fault party
Sample letter requesting claim related documents

• Ask how they calculated the first payment

• Request your claim related documents

• Uphelp.org/samples
Negotiation - Best Practices

• Keep it professional
• Be concise and to the point
• Bold or bullet point your requests
• Avoid long paragraphs
• Use good grammar and punctuation
• Promptly respond to letters and reasonable requests
• Point out unreasonable requests – common sense is on your side
• Avoid venting frustrations and emotions to your adjuster

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CALL US AT: 1 800 927 4357

OR GO ONLINE: insurance.ca.gov
6 Month Survey

www.uphelp.org/survey

This survey is an important tool to help disaster survivors as they move forward. The purpose is to track progress and problems and gather information about insurance and recovery.