Building it Back:
Code Compliance, Permitting and Insurance considerations

Virtual Roadmap to Recovery Workshop
Thursday, June 18th, 2020
About United Policyholders

• 501(c)3 not-for-profit charitable organization –
  – Tax ID #94-3172024

• A voice and an information resource for disaster-impacted households across the United States

• A 29+ 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, insurance, legal, construction, and personal finance matters
24/7 help on the web: www.uphelp.org

- Disaster Help Libraries: www.uphelp.org/
- Links to pro-consumer Professional help www.uphelp.org/help-directory
- Sample Letters & Claim Forms www.uphelp.org/samples
- “Survivor’s Speak” Tips from past disasters www.uphelp.org/SurvivorsSpeak
- Upcoming workshops and resources
The Fine Print

• United Policyholders doesn’t sell insurance or accept money from insurance companies.

• We don't give legal advice – this presentation is intended to be general guidance only.

• United Policyholders does not endorse or warrant the quality or services of any volunteer speakers or any of the sponsors listed at www.uphelp.org.
Today’s Presenters

Amy Bach, Esq.
Director, United Policyholders

Mike Renner, 4 Leaf, Inc.
Rebuild and permitting expert

Jeff Pack, Stonefield Development, Inc.
Residential construction professional
Amy Bach, Esq.

- Dedicated to advancing the interests of insurance policyholders since 1984
- Founder, UP Roadmap to Recovery program
- Author of The Disaster Recovery Handbook and Household Inventory Guide
Mike Renner, 4 Leaf, Inc.

- Has helped thousands of wildfire-impacted households navigate the plan check, permit and inspection processes and comply w/insurance documentation requirements.

- Building Resiliency Center - 2018 Camp Wildfires
- Resiliency Permit Center - 2017 North Bay & 2019 Kincade Fires
Jeff Pack, Stonefield Development, Inc.

• Experienced home builder
• Group rebuilds help the underinsured and expedite recovery
• Has completed hundreds of group and condo projects
The panel will discuss:

• A review of basic best practices to calculate the cost of replacing as was
• Building permit basics
• Commonly required code upgrades
• Costing out code upgrades
• Progress payments
What are the max dwelling limits available?

Dec page:
1) Stated max for main Dwelling?
2) State max for “Other Structures/Dwelling Extension?”
3) Automatic inflation formula?
4) Endorsements?
   a) Extended replacement coverage (25, 50, 100%?)
   b) Building Code/Ordinance Upgrades?
# Declaration page example

**HOMEOWNERS POLICY**

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

**Location of Residence Premises**
Same as Insured's Address

**Requested By:** Policyholder

This policy does not provide coverage for loss by earthquake
This policy includes Building Code Upgrade Coverage of **$117,375**

**Coverages & Property**

<table>
<thead>
<tr>
<th>SECTION I</th>
<th>Limits of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Dwelling</td>
<td>469,500</td>
</tr>
<tr>
<td>B Personal Property</td>
<td>352,125</td>
</tr>
<tr>
<td>C Loss of Use</td>
<td><strong>Actual Loss Sustained</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION II</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>L Personal Liability (Each Occurrence)</td>
<td><strong>$ 100,000</strong></td>
</tr>
<tr>
<td>M Medical Payments to Others (Each Person)</td>
<td><strong>$ 1,000</strong></td>
</tr>
</tbody>
</table>

**Inflation Coverage Index: 268.3**

**Deductibles - Section I**

| All Losses | **$ 3,000** |

In case of loss under this policy, the deductibles will be applied per occurrence and will be deducted from the amount of the loss. Other deductibles may apply - refer to policy.

**Loss Settlement Provision (See Policy)**

| A1 Replacement Cost - Similar Construction | B1 Limited Replacement Cost - Coverage B |

Forms, Options, & Endorsements

| Homeowners Policy | Homeowners Policy Endorsement | Amendatory Endorsement | Jewelry and Furs $1,500 Each Article/$2,500 Aggregate | Firearms $2,500 Each Article/$5,000 Aggregate | **Increase Dwg Up to $ 93,900** |
| Policy Premium Discounts Applied: | Home Alert | Home/Auto | Claim Record |

| Option JF | Option FA |
| Option ID | Option OL |

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### Declaration Pages Vary

**Covrages and Limits of Insurance:**
Insurance is provided for the following coverages only when a limit is shown. The limit of liability for this structure (Coverage A - Dwelling) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dwelling</strong></td>
<td>$300,200</td>
<td>$30,100</td>
<td>$225,200</td>
</tr>
</tbody>
</table>

**Section II:**
- **E:** Personal Liability (Personal Injury & Property Damage)
  - Each Occurrence: $1,000,000
  - Each Person: $1,000
  - Each Accident: $25,000

**Medical Payments to Others**
- Each Person: $1,000
- Each Accident: $25,000

Section II: Additional Residence Premises if any located (Number, Street, City, State)

This policy does not provide Earthquake Insurance.
This policy does not provide Flood Insurance.

**Basic Policy Premium**
- Forms and Endorsements made part of this policy at time of issue:
  - Homeowners Policy - Special form - $1000 Deductible (HO-3).
  - Name Change Endorsement (60 1000 12 13)
  - Lender's Loss Payable Endorsement (438 REINS).

**Limited Home Replacement Cost Endorsement** - 150% of Cov A (HO-28).
- Replacement Value Endorsement Personal Property (HO-29).
- $1000 Deductible (HO-60).
- Workers' Compensation & Employers' Liability - CA (HO-90).
- Private Residence Employees - Class 0910.

**Building Code Upgrade Limit:** $75,050.00

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What does your insurer owe for your rebuild?

• Like kind and quality, scope of loss
• Xactimate vs. Sub bids/trades/estimate
• No payment for required upgrades unless you have Code Upgrade coverage
• You don’t have the build the identical home but payout will be limited to as was
“Like Kind and Quality”

COVERAGE A - DWELLING

   
a. We will pay the cost to repair or replace with similar construction and for the same use on the premises shown in the Declarations, the damaged part of the property covered under SECTION I - COVERAGES, COVERAGE A - DWELLING, except for wood fences, subject to the following:
# Sample Xactimate estimate

![Pantry Diagram](Image)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>REMOVE</th>
<th>REPLACE</th>
<th>TAX</th>
<th>O&amp;P</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. R&amp;R Underlayment - 1/2&quot; particle board</td>
<td>53.84 SF</td>
<td>0.76</td>
<td>1.79</td>
<td>2.98</td>
<td>28.06</td>
<td>168.33</td>
</tr>
<tr>
<td>42. Floor preparation for resilient flooring</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>0.87</td>
<td>0.46</td>
<td>9.46</td>
<td>56.76</td>
</tr>
<tr>
<td>43. Vinyl plank flooring - Premium grade Kardeen vinyl flooring</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>12.50</td>
<td>22.38</td>
<td>139.08</td>
<td>834.46</td>
</tr>
<tr>
<td>44. Add for glued down application over wood substrate</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>0.39</td>
<td>0.73</td>
<td>4.34</td>
<td>26.07</td>
</tr>
<tr>
<td>45. R&amp;R Baseboard - 8&quot; hardwood - 2 piece</td>
<td>29.38 LF</td>
<td>0.68</td>
<td>12.50</td>
<td>17.11</td>
<td>80.88</td>
<td>485.22</td>
</tr>
</tbody>
</table>

Height: 10' 6"
Trade Summary

Useful tool to reconcile insurer’s estimate with a contractor’s estimate

<table>
<thead>
<tr>
<th>O&amp;P Items</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLIANCES</td>
<td>2,009.20</td>
<td>0.85%</td>
</tr>
<tr>
<td>CABINETRY</td>
<td>33,015.15</td>
<td>13.99%</td>
</tr>
<tr>
<td>CLEANING</td>
<td>3,179.86</td>
<td>1.35%</td>
</tr>
<tr>
<td>CONTENT MANIPULATION</td>
<td>573.28</td>
<td>0.24%</td>
</tr>
<tr>
<td>GENERAL DEMOLITION</td>
<td>8,682.15</td>
<td>3.68%</td>
</tr>
<tr>
<td>DOORS</td>
<td>773.27</td>
<td>0.33%</td>
</tr>
<tr>
<td>DRYWALL</td>
<td>17,528.92</td>
<td>7.43%</td>
</tr>
<tr>
<td>ELECTRICAL</td>
<td>14,725.85</td>
<td>6.24%</td>
</tr>
<tr>
<td>FLOOR COVERING - CARPET</td>
<td>368.20</td>
<td>0.16%</td>
</tr>
<tr>
<td>FLOOR COVERING - VINYL</td>
<td>4,003.91</td>
<td>1.70%</td>
</tr>
<tr>
<td>FLOOR COVERING - WOOD</td>
<td>31,463.74</td>
<td>13.34%</td>
</tr>
<tr>
<td>PERMITS AND FEES</td>
<td>9,500.00</td>
<td>4.03%</td>
</tr>
<tr>
<td>FINISH CARPENTRY / TRIMWORK</td>
<td>16,093.69</td>
<td>6.82%</td>
</tr>
<tr>
<td>FINISH HARDWARE</td>
<td>262.18</td>
<td>0.11%</td>
</tr>
<tr>
<td>FIRE PROTECTION SYSTEMS</td>
<td>4,000.00</td>
<td>1.70%</td>
</tr>
<tr>
<td>FRAMING &amp; ROUGH CARPENTRY</td>
<td>243.30</td>
<td>0.10%</td>
</tr>
<tr>
<td>HEAT, VENT &amp; AIR CONDITIONING</td>
<td>3,000.00</td>
<td>1.27%</td>
</tr>
<tr>
<td>INSULATION</td>
<td>7,249.44</td>
<td>3.07%</td>
</tr>
<tr>
<td>LABOR ONLY</td>
<td>6,000.00</td>
<td>2.54%</td>
</tr>
<tr>
<td>LIGHT FIXTURES</td>
<td>1,907.83</td>
<td>0.81%</td>
</tr>
<tr>
<td>PLUMBING</td>
<td>8,592.72</td>
<td>3.64%</td>
</tr>
<tr>
<td>PAINTING</td>
<td>18,456.48</td>
<td>7.82%</td>
</tr>
<tr>
<td>TEMPORARY REPAIRS</td>
<td>260.00</td>
<td>0.11%</td>
</tr>
<tr>
<td>WINDOW TREATMENT</td>
<td>165.85</td>
<td>0.07%</td>
</tr>
<tr>
<td><strong>O&amp;P Items Subtotal</strong></td>
<td>192,055.02</td>
<td>81.40%</td>
</tr>
<tr>
<td>Permits and Fees</td>
<td>35.54</td>
<td>0.02%</td>
</tr>
<tr>
<td>Material Sales Tax</td>
<td>4,516.93</td>
<td>1.91%</td>
</tr>
<tr>
<td>Overhead</td>
<td>19,661.34</td>
<td>8.33%</td>
</tr>
<tr>
<td>Profit</td>
<td>19,661.34</td>
<td>8.33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>235,933.17</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

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Code Upgrade Examples

• Insulation requirements – r value
• Electrical/arc fault outlets and breakers
• Distance between studs
• Fire blocking
• Sprinklers
• Solar
• Energy efficiency upgrades
## Code Estimate

### Electrical

<table>
<thead>
<tr>
<th>Description</th>
<th>QTY</th>
<th>UNIT PRICE</th>
<th>TAX</th>
<th>O&amp;P</th>
<th>RCV</th>
<th>DEPRES.</th>
<th>ACV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Code Upgrades</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>126. Breaker panel - 200 amp w/arc fault breakers</td>
<td>1.00</td>
<td>EA</td>
<td>2,169.59</td>
<td>100.45</td>
<td>454.02</td>
<td>2,724.06</td>
<td></td>
</tr>
<tr>
<td>127. 220 volt exterior wiring/conduit, box, outlet, switch</td>
<td>1.00</td>
<td>EA</td>
<td>435.69</td>
<td>9.90</td>
<td>89.12</td>
<td>534.71</td>
<td></td>
</tr>
<tr>
<td>NOTE: This is a building code upgrade requirement to pre-wire for future electric vehicle charging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>128. PVC schedule 40 conduit, 1 1/4”</td>
<td>30.00</td>
<td>LF</td>
<td>5.25</td>
<td>1.49</td>
<td>31.80</td>
<td>190.79</td>
<td></td>
</tr>
<tr>
<td>NOTE: This is a building code upgrade to pre-wire for future roof mounted solar panels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>129. #8 gauge copper wire - stranded or solid</td>
<td>90.00</td>
<td>LF</td>
<td>1.07</td>
<td>2.56</td>
<td>19.78</td>
<td>118.64</td>
<td></td>
</tr>
<tr>
<td>NOTE: This is a building code upgrade to pre-wire for future roof mounted solar panels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Building Code Upgrades Totals:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals: Electrical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>QTY</th>
<th>UNIT PRICE</th>
<th>TAX</th>
<th>O&amp;P</th>
<th>RCV</th>
<th>DEPRES.</th>
<th>ACV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 3,568.20
## Code upgrades broken out:

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>UNIT PRICE</th>
<th>TAX</th>
<th>O&amp;P</th>
<th>RCV</th>
<th>DEPREC.</th>
<th>ACV</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUILDING CODE UPGRADES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>134. Intruder alarm panel</td>
<td>1.00 EA</td>
<td>513.37</td>
<td>21.86</td>
<td>107.06</td>
<td>642.29</td>
<td>(0.00)</td>
<td>642.29</td>
</tr>
<tr>
<td>135. Concealed fire sprinkler system (SF of bldg)</td>
<td>3353.00 SF</td>
<td>3.74</td>
<td>318.74</td>
<td>2,571.78</td>
<td>15,430.74</td>
<td>(0.00)</td>
<td>15,430.74</td>
</tr>
<tr>
<td>136. Ball valve - brass - 1&quot;</td>
<td>2.00 EA</td>
<td>50.82</td>
<td>2.84</td>
<td>20.88</td>
<td>125.36</td>
<td>(0.00)</td>
<td>125.36</td>
</tr>
<tr>
<td>Building Code Upgrades Totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals: Fire Sprinklers</td>
<td>343.44</td>
<td>2,699.72</td>
<td>16,198.39</td>
<td>0.00</td>
<td>16,198.39</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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How it’s supposed to be…

1. Come to an agreement on scope of loss and cost to rebuild with your insurer

2. Insurer sends out a **check** with your and your mortgage co. names – endorse the check and send to mortgage co.

3. Mortgage co. will send demands before they release money (**endorsed check**, insurer notes, signed contract for work, lien waiver, etc.)

4. Mortgage co. will usually disperse proceeds in portions (i.e. 1/3 up front, 1/3 upon inspection that 50% of work is completed, 1/3 at completion)

5. Recovery of RC benefits after proof of completion/code upgrade benefits recovered (usually after incurred, if rebuilding)
Best practices for securing a permit

- Documentation you need
- Sources for getting documentation
- Timing of application/waiting period
- Inspections
- Addressing and resolving problems
What role should your builder have?

- In knowing what code upgrades will be required?
- In providing documentation of same?
- In securing permits?
- In resolving permit problems?
- In providing documentation for lender to release progress payments?
- In helping you w/insurance claim/change orders etc.
THANK YOU
FUNDERS AND PARTNERS
Please take our Wildfire Recovery Survey

The purpose is to gather info about your insurance coverage and learn about progress and challenges with your recovery, including challenges you may be experiencing as a result of shelter-in-place orders.

The results help us better serve your community AND helps us change laws that will help future survivors. **All email addresses will be entered into a drawing to win a $50 Amazon giftcard.** The winner will be notified by email. You can view the survey results when it is completed at [www.uphelp.org/surveyresults](http://www.uphelp.org/surveyresults)
WATTS UP?
Your Wildfire Claim Questions Answered!

Thursday, June 25th – 6:00 p.m. to 7:00 p.m.
Register @ uphlp.org/campfire
Send questions to info@uphlp.org
For More Information

If you still have questions, visit UP’s website and search for more claim tips, articles and helpful info at:

www.uphelp.org