



WATTS UP?!

Q & A - Your Wildfire Insurance Claim

Roadmap to Recovery Workshop

August 20, 2019

Sandra Watts- Project Coordinator

Roadmap to Recovery



Sandra Watts

United Policyholders

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

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

- ALE Time Limits
- Code Upgrade Coverages
- Contents Inventory
- Claim Document Requests
- Land Value Deduction
- Underinsurance

ALE Time Limits – 2017 Fires

2051.5

(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 24 months, but shall be subject to other policy provisions, provided that any extension of time required by this paragraph beyond the period provided in the policy shall not act to increase the additional living expense policy limit in force at the time of the loss. This paragraph shall become operative on January 1, 2007.

ALE TIME LIMITS – 2018 Fires

(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

Is it Automatic?

- No. The amount you are owed is generally the shortest time required to rebuild, replace or for your household to settle elsewhere.
- In most cases, you will need to show that you were acting with “reasonable diligence” in rebuilding or buying. Keep a diary of your obstacles to show carrier.

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.

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

Claim Document Requests

- You are entitled to copies of your claim documents, under CA law
- Insurers have 15 days to respond to your request
- Many carriers push back, either ignoring the request, or denying it, citing “work product” protection
- Sample letter online on our website at:
<https://www.uphelp.org/pubs/sample-letter-requesting-copies-claim-related-documents>

Insurance Code 2071

- The insurer shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, “claim-related documents” means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, the insurer shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.

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

What if I am underinsured?

- Underinsurance is difficult in most cases
- Current CA law holds the homeowner responsible for choosing proper coverages AND coverage limits
- We understand the reality – that homeowners usually are “presented” with a policy by the agent, who chooses everything
- Often the limit is the amount of mortgage

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

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

Important Last Reminder!

- 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
- If you were paid the full policy limits you will most likely not need an estimate

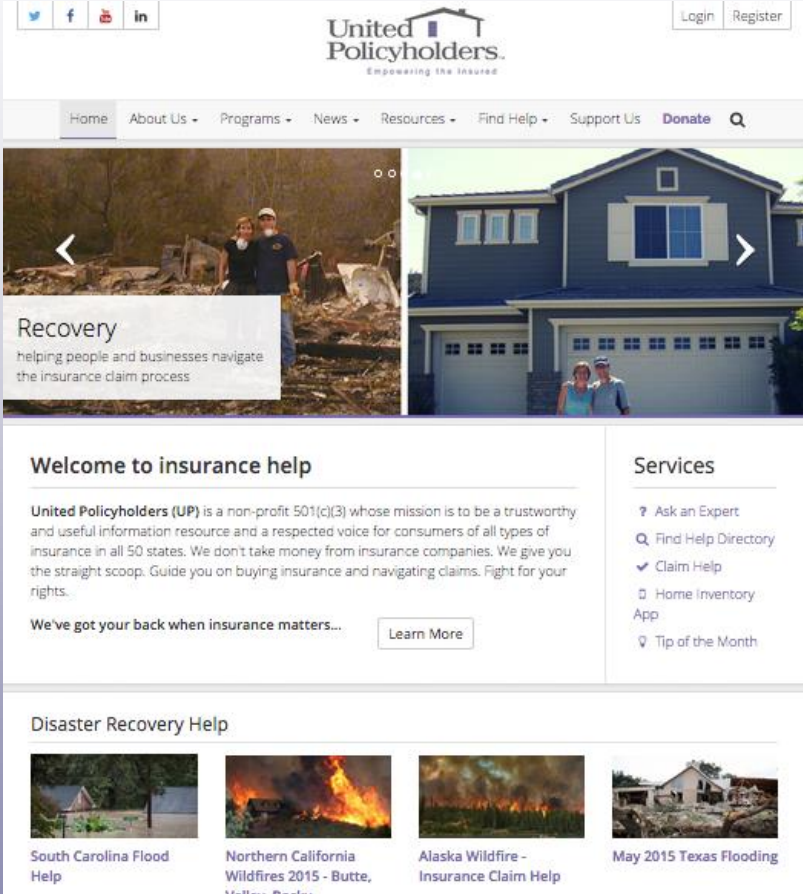
Best Practices

- 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, along with 'Login' and 'Register' buttons. The main navigation menu includes 'Home', 'About Us', 'Programs', 'News', 'Resources', 'Find Help', 'Support Us', and 'Donate'. A large banner image features a man and a woman standing in front of a blue house, with a text overlay that reads 'Recovery helping people and businesses navigate the insurance claim process'. Below the banner, there is a 'Welcome to insurance help' section with a 'Learn More' button. To the right, a 'Services' sidebar lists 'Ask an Expert', 'Find Help Directory', 'Claim Help', 'Home Inventory App', and 'Tip of the Month'. At the bottom, a 'Disaster Recovery Help' section displays four categories: 'South Carolina Flood Help', 'Northern California Wildfires 2015 - Butte, Valley, Rocky', 'Alaska Wildfire - Insurance Claim Help', and 'May 2015 Texas Flooding'.