

California Insurance Commissioner Urges Insurance Companies to Cover Reimbursement Costs for Those Displaced During Wildfires

Sierra Sun Times

September 7, 2020 – LOS ANGELES, Calif. – To assist Californians displaced by the current and recent wildfires throughout the state, Insurance Commissioner Ricardo Lara issued a Notice to all California property and casualty insurance companies urging them to cover Additional Living Expenses (ALE) for those policyholders who remain under mandatory evacuation or whose homes are otherwise inaccessible or uninhabitable due to the wildfires.

“When people are told to get out of harm’s way by first responders, they should be able to access insurance benefits, not be forced to pay out of pocket for necessary emergency costs when they are still under evacuation orders or without water or power,” said Commissioner Lara. “While I have sponsored legislation to address this issue, people need help now to recover from these devastating fires.”

All homeowners’ insurance policies provide benefits for loss of use or ALE to cover the extra costs associated with temporary lodging, transportation, clothing, and other necessities caused by a covered peril, such as a wildfire, that renders the home uninhabitable or inaccessible. Homeowners’ insurance policies also cover ALE if access to the home is restricted in cases where a civil authority has issued mandatory evacuation orders from the recent and ongoing wildfires impacting most of the state.

“When you’ve lost the use of your home due to a disaster, you have a reasonable expectation that the insurance you’ve been paying for will cover your temporary living expenses,” said Amy Bach, Executive Director of United Policyholders. “That’s one of the primary benefits of home insurance. We commend Commissioner Lara for reminding insurers of this very basic, important obligation.”

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<https://uphelp.org/california-insurance-commissioner-urges-insurance-companies-to-cover-reimbursement-costs-for-those-displaced-during-wildfires/> Date: November 23, 2024

The Department of Insurance has received numerous complaints from policyholders who are hearing from insurance companies that their ALE benefits are being terminated after the initial two weeks unless the insurance company can verify, or the policyholder can prove, that the policyholder's property suffered damage due to the fires and is still currently uninhabitable, even though mandatory evacuation orders are still in effect in some areas. The Department has also received several related consumer complaints of ALE benefits being discontinued when their homes are uninhabitable due to lost power or water service as a result of the wildfires.

Commissioner Lara sponsored Senate Bill 872, authored by Senator Bill Dodd, this legislative year to address these and other insurance claims issues following a wildfire emergency. The bill has passed the State Legislature with strong bipartisan support and is now heading to the Governor for his consideration. SB 872 would allow for an extension of the two-week limit that is currently in place, and allow for coverage when a home is not damaged but is otherwise uninhabitable for another reason, such as having no electricity or water service caused by a covered peril. The bill would also require an advance payment of no less than four months for costs for living expenses and mandate an advance payment of no less than 25 percent of a policy limit for lost contents without submission of an inventory form, among other consumer protections.

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