California Insurance Commissioner Urges Insurance Companies to Cover Wildfire Property Losses Without Requiring a Home Inventory

Sierra Sun Times

October 3, 2020 – SACRAMENTO, Calif. — In response to California's latest destructive fires, Insurance Commissioner Ricardo Lara is requesting that insurance companies help wildfire survivors who are overwhelmed with the task of navigating the claims process by providing up to 100 percent of personal property coverage limits without a detailed inventory to those who suffered a total loss of their home, similar to previous identical requests in past years.

"Wildfire survivors who are still sifting through the ruins of their home should not have to face an exhaustive inventory in order to start the recovery process," said Insurance Commissioner Ricardo Lara. "That is why I am asking insurance companies to do their part for their policyholders by providing coverage without the burdensome requirement of a detailed home inventory in order to have their claims paid."

The recent California wildfires have destroyed entire neighborhoods and devastated several communities. The California Department of Insurance has received numerous complaints from policyholders about the monumental task of identifying every item of personal property they may have lost in the recent wildfires to collect the replacement cost of such items.

"When the entire contents of an insured home are destroyed in a wildfire, it's logical that the owner is entitled to the full amount of their contents insurance," said Amy Bach, executive director of United

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Policyholders, which advocates for the rights of wildfire survivors. “We sincerely hope insurers comply with the Commissioner’s request.”

This week, Governor Gavin Newsom signed Senate Bill 872 (Dodd) and Assembly Bill 3012 (Wood) that provide, among other things, protections for policyholders who suffered a covered total loss resulting from a wildfire during a state of emergency. Even though those new laws are not yet in effect, Commissioner Lara requests that residential property insurance companies offer a payment under the contents (personal property) coverage of no less than 30% of the policy limit applicable to the covered dwelling structure, up to a maximum of $250,000, consistent with requirements in chaptered AB 3012.

Many insurance companies have already agreed to the Voluntary Expedited Claims Handling Procedures requested in Commissioner Lara’s August 26, 2020 Notice, which included an initial advance payment for personal property of at least 25 percent of contents coverage without an inventory.

For major wildfires in the past handful of years, a large number of insurance companies made significant efforts to accommodate their policyholders by offering up to 100 percent of contents limits without an inventory, while giving policyholders the ability to recover additional benefits if they subsequently complete a full inventory.

Commissioner Lara is asking all homeowners’ insurance companies to notify the Department by October 23, 2020, whether they will comply with this Notice and what percentage of total contents coverage they will provide without requiring a detailed personal property inventory.

The Department advises policyholders already working with a claims adjuster to develop a settlement plan that best serves their needs, which may include taking the time to complete a home inventory. Source: CA. Dept. of Insurance

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