

Fire Insurance Claim Tips for California Residents

1. REPORT YOUR CLAIM PROMPTLY AND GET SMART

Get and read a complete and current copy of your policy as soon as possible. The page that states your name and address, policy number, dollar amounts of coverages and “endorsement” codes is called your **“declarations page”**, (often called a **“dec”** page).

Check the dollar amounts/limits for your main coverage categories: **“Dwelling Contents”** (personal property), **Other Structures** (Additional/Appurtenant) and **Additional Living Expense**, (Loss of Use). You’ll need to do some math and piecing together to figure out what your policy limits actually are. Don’t rely solely on your insurer’s calculations.

Check for building code/ordinance coverage, **“endorsements”**, (extra coverages), extended replacement coverage, and **“scheduled”** personal property items, (artwork, jewelry, valuables). Make sure the policy limits and coverages are what you thought you bought.

A note of caution: The majority of total loss disaster survivors we’ve worked with over the years have been underinsured, (meaning they have less insurance coverage than they need in at least one category). UP works with underinsured policyholders to find solutions. If you believe you are underinsured, get educated on your options.

2. GET A THREE RING BINDER AND GET ORGANIZED

Set up a section for your Dwelling loss, a section for the Contents loss/inventory, and a section for your Loss of Use/Additional Living Expenses. Take and keep detailed notes of all conversations with insurance company representatives—record their names, phone numbers, job titles and supervisor’s names. Confirm agreements, disputes and deadlines in writing via letter, fax or email. Print out and keep copies of emails. Keep all receipts for temporary housing and items you replace and

submit them to your insurer for reimbursement.

3. TAKE A DEEP BREATH AND DON'T BE RUSHED INTO A QUICK INSURANCE SETTLEMENT

Recognize that your claim may take longer to settle fairly than you'd anticipated. Lots of new terms and information will be thrown at you. It's important to pace yourself, keep learning and get help when you need it. You paid money for insurance protection, so give your insurance company the chance to perform well. Start with a positive attitude toward the adjuster assigned to your claim and keep an open mind.

Be wary if your insurance company adjuster tries to rush you into a quick settlement. The check they are offering may seem like a lot of money but could be far below what you are entitled to recover. It takes time to calculate a total loss. An adjuster who tries to rush you into a settlement may be trying to earn brownie points with the boss by under-paying and quickly closing your claim. He or she may also suspect you are very underinsured, (your policy limits are too low to fully cover your losses).

Read all checks and drafts on both sides before depositing or cashing them. Don't accept payments with words like "full" or "final" "settlement" printed on them unless you are absolutely sure the check or draft is for the full amount owed. You can simply ask the adjuster to issue a new payment without those words, and if they won't and you need the money, notify your adjuster and insurer in writing that you are accepting it under protest and don't agree that it's payment in full.

4. JOIN WITH OTHERS WHO'VE LOST HOMES TO SHARE INFORMATION-THERE'S STRENGTH IN NUMBERS

Work with others who've lost property to form "carrier-specific" groups and share information as the claim process progresses. United policyholders get faster, fairer settlements. See Organizing Carrier-Specific Groups tips.

5. COOPERATE WITH YOUR INSURER BUT DO NOT GIVE RECORDED OR SWORN STATEMENTS UNTIL YOU UNDERSTAND YOUR RIGHTS

You must cooperate with **reasonable** requests for information from your insurance company that relate to your claim. You may be asked to give a recorded statement or participate in an “Examination Under Oath” (often referred to as an “EUO”). Use your own tape recorder to record your statement and the insurer’s questions, and consult with an attorney before giving an EUO, particularly where the insurer has hired an attorney to conduct the EUO. Don’t be intimidated!

NOTE: You are not obligated to give your insurer copies of tax returns to prove you had the means to purchase destroyed items. If your insurer doubts you owned items you lost, provide as much proof as you can locate.

6. DOCUMENT YOUR LOSS AS THOROUGHLY AS YOU CAN

The better you are able to document destroyed and damaged property and the cost of replacement and repairs, the better your insurance settlement will be. In most cases, written or photographic proof of destroyed items will also have been destroyed in a fire. Your descriptions of lost items, along with descriptions given by witnesses, family members, neighbors and friends should suffice and your company must reimburse you according to your policy.

Credit card companies and retailers can help you reconstruct purchases and identify replacement costs. Public adjusters can help if you are overwhelmed with the prospect of preparing a complete personal property inventory. Get extensions of time from your insurer if you need them.

7. BE POLITE BUT ASSERTIVE TO ENSURE THAT YOU RECOVER A FAIR INSURANCE SETTLEMENT

Your insurance company accepted your premium payments in exchange for promising you three things: Peace of mind, Loss Reimbursement and Prompt Claim Service. Your contract with your insurer entitles

you to all three of these things. Your rights under the contract are protected by California law.

8. GIVE YOUR INSURANCE COMPANY THE CHANCE TO FULFILL IT'S PROMISES AND DO RIGHT BY YOU, BUT DON'T BE A PUSHOVER. APPROACH INSURANCE COMPANY PERSONNEL WITH A POSITIVE ATTITUDE, BUT BE POLITELY ASSERTIVE.

9. ALWAYS GET INDEPENDENT REBUILDING AND REPAIR ESTIMATES FROM REPUTABLE PROFESSIONALS. YOU DO NOT HAVE TO ACCEPT THE INSURANCE COMPANY'S CONTRACTOR OR ESTIMATE.

Beware of "lowball" estimates from insurance friendly contractors. Get written estimates of the true cost of replacing or repairing your home from reputable, independent professionals you would hire to do the actual work. If you do not intend to rebuild the exact same house, you are still entitled to settle your claim on the basis of estimates to replace what you had. To ensure a fair settlement, get contractor estimates on the original plans for your home. If none exist, it's worthwhile to pay to get "as-built" drawings of your former home.

10. WORK TOWARD AN AGREED "SCOPE OF LOSS" WITH YOUR INSURER

The best tool for getting a fair settlement to repair or replace your home is a good "SCOPE OF LOSS". A Scope of Loss is a document that describes in detail the home you will be replacing/repairing. An accurate scope of loss goes room by room, listing the quantities and qualities of each feature and component. A scope of loss should be prepared without prices so competing contractors can put their own prices in and their estimates can be compared, APPLES TO APPLES.

The insurance company adjuster or your own contractor or public adjuster can prepare a draft scope of

loss. A good scope needs thorough review to make sure it's complete and accurate. For an example of a detailed scope of loss, see UP's [Sample Scope of Loss](#).

A good scope of loss should contain most or all of the items listed in UP's [Trade Summary Breakdown](#).

11. GET YOUR CONTRACTORS AND THE INSURER'S CONTRACTORS TO BID ON THE SAME "SCOPE OF LOSS"

Most claim disputes arise because the insurer's and the insured's repair estimates are thousands of dollars apart but cannot be reconciled because they're not based on the same scope of loss.

If you and your insurance company can reach agreement on a detailed SCOPE OF LOSS, you can proceed to have your contractor(s) and theirs bid on the scope and you will be on the right path to a fair claim settlement.

12. FILE A COMPLAINT WITH THE CALIFORNIA DEPARTMENT OF INSURANCE AND GET HELP IF YOU'RE NOT GETTING FAIR TREATMENT

California has detailed regulations and laws that govern how insurance companies are supposed to handle claims.

Your insurer is legally obligated to give you a copy of these regulations and laws within a few weeks after you file your claim. **READ THEM** to get a general understanding of how the process should work.

Insurers must fully and fairly investigate your claim, give you and explain all necessary forms and reporting requirements, keep you posted on their progress, then pay or deny your claim within a reasonable period of time and explain any denials or reduced payments. Copies of the California Fair Claim Settlement regulations can also be found at <http://www.insurance.ca.gov/docs/FS-Legal.htm>, or in Chapter 5 of Title 10 of the California Code of Regulations, Subchapter 7.5, Section 2695.

Copies of the laws governing the fair settlement of insurance claims can be found

at: http://www.leginfo.ca.gov/.html/ins_table_of_contents.html Insurance Code section
790: <http://www.insurance.ca.gov/docs/FS-Legal.htm>

The California Department of Insurance enforces those regulations and laws and employs trained complaint handlers to help solve claim disputes. File a complaint by calling 1-800-927-HELP (4357) or online at <http://www.insurance.ca.gov/>. If they don't help, contact us, or an experienced policyholder attorney in your area. Search our website to find names of experienced policyholder attorneys who support United Policyholders' work.

13. THERE IS A DIFFERENCE BETWEEN “REPLACEMENT COVERAGE”, “GUARANTEED REPLACEMENT COVERAGE”, AND “ACTUAL CASH VALUE COVERAGE”

These terms can be confusing, but break down as follows:

A) Replacement Coverage is what most people today have for their dwellings and their possessions. It allows you to replace what you lost at today's prices, regardless of how you got the items, what condition they were in or what you paid for them. However, Depreciation will be applied to many items even under a replacement policy (See below re: “Actual Cash Value” and “Depreciation”), up to the limits stated on your Dec page.

B) Extend Replacement Coverage allows you to replace what you lost at today's prices, even if the cost exceeds the limits stated on your Dec Page, up to a set extended percentage limit.

EXAMPLE: You have \$200,000 limits on your dwelling, and a 25% extended replacement cost endorsement. That means you have up to \$250,000 to rebuild, provided a reliable contractor estimates it will cost at least \$250,000 and you are successful in negotiating your structural settlement with your insurance company for at least \$250,000.

C) Guaranteed Replacement Coverage requires your insurer to cover the full cost to replace your home, regardless of the limits stated in your policy. This type of policy used to be widely available but was

discontinued to virtually all insurers after 1992.

D) Actual Cash Value – in California is defined as “Fair Market Value”, which is the amount a willing buyer would have paid a willing seller for destroyed property just prior to the destruction. Many items in your claim will be settled on the basis of their Actual Cash Value. Insurers often exploit consumer confusion on this issue and are inconsistent in the way they calculate and deduct depreciation.

E) Depreciation* – is the loss in value from all causes, including age, wear and tear. Insurers may use an IRS depreciation schedule or their own schedule. Your adjuster will depreciate items, i.e. pay you less than their replacement cost, until you actually replace them and provide receipts.

F) A1 or A2 Dwelling Coverage** – is a relatively new product sold by State Farm that provides two levels of replacement insurance on your home. One type is more traditional coverage that pays for “like kind and quality” construction and materials to what you had in your destroyed home. The other, newer type only pays for a lesser standard of “equivalent construction”, which means it may cover only cheaper or less labor-intensive construction and materials. If you have the lesser one, you should make sure that fact was fully disclosed when you bought it and make sure your premium reflected the lesser coverage.

*Depreciation amounts are subjective and very negotiable.

**To our knowledge, only State Farm sells this product.

14. TIPS FOR GETTING A FAIR CONTENTS SETTLEMENT

Be prepared to fight to get the full amounts you’re entitled to, particularly on major items, and don’t forget to submit receipts and collect your full replacement cost value after you replace items. Ask your insurer to provide you with a copy of the depreciation schedule they use.

Negotiate ACV deductions on case-by-case basis to reflect how worn the items really were. The furniture in your guest room should be depreciated less than the furniture in your master bedroom because it was used less and was in better shape. – The Replacement Cost and the Actual Cash Value of some items are the same.

Many items should not be subject to depreciation. Examples are: Antiques, Fine Art and Jewelry, computer media, (CD’s etc.), software, Framing, Masonry, Concrete, Insulation, Light Fixtures. – Some

items depreciate faster than others. Examples: Electronics, soft furniture and clothes and shoes depreciate faster than hard furniture, washer dryers, etc.

You're unlikely to replace everything you lost and it's a hassle to have to keep providing receipts over time so try to maximize your ACV payments by arguing for lower depreciation on big ticket items and identifying the true replacement cost of items at standard, not discount retailers.

15. "ADDITIONAL LIVING EXPENSE" (Loss of Use) COVERAGE ENTITLES YOU TO MAINTAIN YOUR STANDARD OF LIVING

Submit for reimbursement all receipts of meals, lodging, and purchases from the time of the fire until your home is rebuilt. Maintain copies for your records. If insurance company delays or circumstances beyond your control made the rebuilding or repairs take longer, argue for longer ALE benefits. If the destroyed home was your vacation or weekend home, you are entitled to compensation for temporary replacement quarters until rebuilding is complete. Establish the fair rental value of your home by working with a qualified realtor.

16. DO NOT SIGN RELEASES OR WAIVERS OF ANY KIND UNTIL YOU KNOW YOUR RIGHTS

You should not have to sign a release to settle an undisputed claim. If your insurer wants you to sign a release, find out why and be cautious about signing away your rights. Read all checks/drafts on both sides before cashing them to make sure they don't say they constitute "full" or "final settlement".

17. GET PROFESSIONAL HELP IF YOU NEED IT

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the "Find Help" section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

Source: <https://uphelp.org/claim-guidance-publications/fire-insurance-claim-tips-for-california-residents/> Date: April 12, 2025

Particularly on large claims, you may need the help of a professional to recover your full insurance benefits. Both public adjusters and policyholder attorneys will work under contingent and percentage fee agreements. These agreements allow consumers economical access to professional help but affect the amount of your settlement. Percentage fees are always negotiable.

If you are unable for any reason to find the considerable time or energy it takes to settle a total loss claim, hire professional help, but make sure to hire a reputable professional who comes with strong recommendations. Public adjusters are available and may solicit your business. They can be extremely knowledgeable, take the burden off your shoulders and get you a better settlement than you'd get on your own. Use caution, however, and make sure to carefully check references. Public adjusters who take on too many clients after a disaster can delay their clients' claim settlements because they are overloaded.

Policyholder attorneys will help you if you're underinsured or are being mistreated by your insurer. Check references before hiring a public adjuster or attorney. Check references and professional standing.

Search UP's website for the names of policyholder attorneys and public adjusters who support our work.

For further help, read United Policyholders' tips on [Effective Complaints](#), [Hiring a Public Adjuster](#), and [Hiring an Attorney](#).

18. IF YOUR BUSINESS WAS DESTROYED-ALL THE ABOVE APPLY-PLUS, YOU ARE ENTITLED TO COVERAGE FOR BUSINESS INTERRUPTION

But...Beware—business interruption coverage only lasts a specified period of time. Check your policy. Make sure the contractor completes repairs before your business interruption coverage is exhausted.