

## [Commissioner Lara orders insurance companies to provide advance payments on claims to speed recovery for wildfire survivors](#)

California Department of Insurance

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Commissioner Lara orders insurance companies to provide advance payments on claims to speed recovery for wildfire survivors

Bulletin includes additional actions insurers must take to aid policyholders'

**LOS ANGELES** — Insurance Commissioner Ricardo Lara today issued a [Bulletin](#) to all California insurance companies to help speed the recovery process for wildfire survivors affected by several fires in Southern California, including the Palisades and Eaton fires. Under laws that Commissioner Lara strongly supported, if not sponsored, following the 2018 wildfires, policyholders who suffered a total loss in the Southern California wildfire emergency are entitled to advance payments on their claims. Many people have already received these upfront payments for personal contents and additional living expenses, with some companies paying more than the law requires. However, based on feedback that the California Department of Insurance has been receiving these past several days, there are some insurance companies and their adjusters that are not adhering to all of these important consumer protection laws.

“My top priority in this moment is getting claims paid as quickly as possible so survivors can begin the process of rebuilding their lives. Policyholders need these advance funds to help cover the significant expenses related to relocating, childcare, transportation, and other basic needs,” said Commissioner

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<https://uphelp.org/commissioner-lara-orders-insurance-companies-to-provide-advance-payments-on-claims-to-speed-recovery-for-wildfire-survivors/> Date: January 30, 2025

Lara. “Some insurance companies are going even further than the law demands, with some automatically paying full policy limits when a total loss has been determined. I commend them for stepping up for their policyholders, and urge others to follow suit so that all policyholders and these devastated communities can recover as quickly as possible.”

Once a state of emergency has been declared and a property is determined to be a total loss, existing California insurance law requires certain advance payments to claimants which include:

- **Payment of Contents Without Inventory:** Existing law requires insurance companies to advance funds for replacing personal property or contents in an amount that is 30 percent of the policy’s dwelling limit, up to \$250,000, without requiring the policyholder to file an itemized claim. Insurers are required to automatically notify policyholders of this option upfront. After receiving the advance payment for contents, the policyholder can recover the full value of their destroyed personal property, up to their policy limits, by complying with documentation requirements.
- **Additional Living Expense (ALE) Advance Payment:** Existing law requires insurers to provide their policyholders with an advance payment of no less than four months of living expenses. This also applies to California FAIR Plan policies, which use the term “FAIR Rental Value” instead of ALE.

“We advise wildfire-impacted households to request these advances, continue tallying up the full extent of their losses and how much it will cost to replace their homes and possessions, and stay focused on collecting all available policy benefits,” said consumer advocate Amy Bach, Executive Director of United Policyholders.

Commissioner Lara’s Bulletin also clarifies consumer rights to rebuild or purchase a property at another location. Commissioner Lara pushed for this change in 2020 after learning some insurance companies deducted benefits for people who purchased a home in a new location. Under the law that he sponsored, policyholders are due the full benefits whether they rebuild or move to a new location, including payment of replacement cost and building code upgrade benefits. And current law prohibits deductions for the value of land at the new location from the measure of damages.

His Bulletin further details existing consumer protections under California law following a declared state of emergency for those experiencing a total loss, including:

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- **Minimum 36 Months to Collect Full Replacement Cost:** The law gives people a minimum of 36 months from the date that the first payment is made to collect the full replacement cost of the loss, subject to the policy limits. Additional extensions of six months must be provided to policyholders for good cause.
- **Ability to Combine Structure Coverages to Rebuild:** A residential property insured is allowed to combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient.
- **Minimum 36 Months to Collect Additional Living Expenses (ALE):** The law gives people 36 months plus six-month extensions for good cause. This time period includes delays in the reconstruction process that are beyond people’s control. Additional extensions of six months must be provided to policyholders for good cause. Some policies may have a dollar limit that could be exhausted prior to these time limits, so policies should especially be looked at for details.
- **Two Automatic Renewals for No Less than 24 Months:** After a total loss, the insurer must offer to renew the policy for at least the next two renewal periods (for no less than 24 months). Those with a partial loss or no loss who are within the areas protected by the Insurance Commissioner’s moratorium are protected for one year from January 7th, the date of the Governor’s emergency declaration.

Commissioner Lara and his Department experts will be onsite at a free two-day insurance support workshop [January 25 and 26 in Pasadena](#) to help survivors understand their insurance policies and the claims process, while also providing information about available resources for rebuilding and recovery. This workshop is open to all those impacted by the recent wildfires. Call 800-927-4357 to schedule a one-on-one appointment with a Department expert. Department experts are also located at the [Disaster Recovery Centers](#) to answer questions and assist survivors.

The Department has resources for disaster survivors and strongly encourages consumers to check out these resources, including how to [avoid scams after a disaster](#) as there are often unscrupulous individuals who try and take advantage of disaster survivors who can be vulnerable during these challenging times. Consumers who have questions on their insurance or wish to [file a complaint](#) against a public adjuster, insurance company, or contractor can do so on the Department’s website or by calling 800-927-4357.

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**Media Notes:**

- Link to [Bulletin](#)
- Link to [Declaration of Emergency Situation, 2025 Los Angeles Area Fires](#)
- [Don't Get Scammed After a Disaster Information Guide](#) - English
- [Evite Las Estafas Después de un Desastre Information Guide](#) - Spanish
- [Two-day insurance support workshop in Pasadena](#) (January 25-26)

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Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and safeguards all of the state's consumers by fairly regulating the insurance industry. Under the Commissioner's direction, the Department uses its authority to protect Californians from insurance rates that are excessive, inadequate, or unfairly discriminatory, oversee insurer solvency to pay claims, set standards for agents and broker licensing, perform market conduct reviews of insurance companies, resolve consumer complaints, and investigate and prosecute insurance fraud. Consumers are urged to call 1-800-927-4357 with any questions or contact us at [www.insurance.ca.gov](http://www.insurance.ca.gov) via webform or online chat. Non-media inquiries should be directed to the Consumer Hotline at 800-927-4357. Teletypewriter (TTY), please dial 800-482-4833.

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