

Get your papers in order

San Francisco Chronicle

Part of getting ready for a disaster means getting your financial house in order.

Thousands of people who lost homes in the 2017 California wildfires discovered too late that their insurance coverage had not kept up with the rising cost of lumber, labor and other rebuilding materials. Talk to your insurer to make sure you have enough coverage but, for a quick reality check, ask a local contractor how much it costs to build per square foot and multiply that by your home's size.

One of the most painful post-disaster tasks is compiling an inventory of possessions so you can seek reimbursement for the contents coverage. It's far easier to put the list together beforehand.

Here are other tips for shoring up your finances:

Safeguard your documents

Keep a copy of your will, trust, birth and marriage certificates, Social Security cards, insurance papers, medical information, most recent tax return, receipts for high-ticket items and other important documents in a safe deposit box. You can also scan and save them to a DVD or flash drive, which you can give to a trusted friend or family member outside the region. Another option is to save them in the cloud.

For a list of vital documents: <http://bit.ly/2zqvZDy>

Break out the camera

Your insurance will pay for everything you lost — up to your policy limits — as a result of a covered “peril,” such as fire or windstorm. To get reimbursed for your personal belongings, most companies require a detailed inventory of every item lost, although some will advance a portion of your contents coverage without this list. While your house is still standing, use an online inventory or app or print a blank one from the California Department of Insurance or consumer group United Policyholders. Store it away from your home or better yet, in the cloud. At the very least, take photos or videos of everything in your home and outbuildings, including the inside of drawers, cabinets and closets.

Know your coverage

Most policies will pay for losses from fire, smoke, wind, hail, water excluding floods), vandalism and theft. They do not cover losses caused by earthquakes and floods. Those require separate policies.

Make sure you have replacement cost coverage. This will pay to replace your building and contents — up

to your policy limits — with new ones of similar kind and quality. Avoid actual cash-value policies, which pay only the depreciated value of what you lost.

It's good to have extended replacement cost coverage, which will pay a certain amount — 20 percent or more depending on the insurer — above your policy limits. This can help pay for the surge in local building costs that often follow a widespread disaster. Also opt for building code upgrades, which will pay an amount over your policy limit to comply with new code requirements. A guaranteed replacement cost policy will pay to replace your house no matter the cost, but these are not common and very expensive. Since the recent wildfires, more mainstream or “admitted” insurers are not renewing policies in the urban-wildland interface. Homeowners in those areas may need to seek coverage from a “non-admitted” carrier, such as those affiliated with Lloyd’s of London. Also called surplus lines, these insurers are far less regulated than admitted carriers and do not participate in the California Insurance Guarantee Association, which pays claims if an admitted carrier fails.

If you can't get insurance elsewhere, contact the California Fair Plan, which provides insurance for the home or contents from fire or lightning, internal explosion and smoke. For an additional premium, you can add extended coverage for windstorm, hail, explosions, riots, aircraft, vehicles and volcanic eruptions as well as vandalism/mischief). You can purchase a Fair Plan policy from a licensed agent or broker or contact the plan directly at 800-339-4099.

Quake and flood coverage

Your homeowners or renters insurance company can provide a National Flood Insurance Policy and a quake policy from the California Earthquake Authority. A few companies sell stand-alone earthquake insurance, and two companies have started offering private flood insurance in California. See bit.ly/2PL2mB6.