

Insurance claims are a negotiation. Here are 7 tips for Californians who lost homes in fires

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Insurance is designed to help victims of natural disasters like wildfires get back on their feet. But it's also a complicated process that can leave you feeling overwhelmed after dealing with the experience of losing your home to a wildfire.

Both consumer advocates and industry experts advise that policyholders should approach the claims process as a negotiation: ask questions, keep receipts and try to get as much money as you can.

"People are used to negotiating with contractors or plumbers or electricians, but they aren't used to negotiating with the insurance company. If you have that frame of mind, it will often go smoother, because you'll think to ask questions," said Janet Ruiz, spokesperson for the Insurance Information Institute, an industry group.

Here are key steps experts recommend:

Figure out what you're covered for

An important first step to getting as much money as possible out of your insurance policy is figuring out the terms of your policy, Ruiz said.

If you don't have your policy documents accessible, contact your insurance broker to email you a copy, Ruiz advised. Your broker should also be able to walk you through your coverage limits for different categories of expenses. The California Department of Insurance's website provides a breakdown of different types of coverage your policy may include.

Insurance can cover evacuation costs

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As you rent a hotel room, pay for meals or even put down a security deposit on a temporary rental property, save your receipts. Your insurance policy may include reimbursement for these costs.

If your insurance policy provides coverage for additional living expenses (ALE) or loss of use, also known as Coverage D, you may be able to use this coverage to pay for a variety of expenses associated with being a wildfire survivor. The consumer advocacy group United Policyholders provides a list of different expenses that could be paid for using ALE or a coverage category called loss of use.

This coverage will not reimburse you for losses that would have occurred if a wildfire hadn't happened, according to United Policyholder. For example, you cannot use ALE or loss of use coverage for your mortgage payments, the group advises.

ALE policies may vary per company and policy, according to Ruiz. Some insurers may be willing to provide upfront payments, while others may require documentation of the money you spend. Ruiz suggested survivors should contact their insurance company as soon as possible to get a living expense claim. Doing so will make it easier to get reimbursements as soon as possible so you don't have to cut more into your own savings.

Document as much as possible

When it's safe to return to your property, document as much as possible. Having photographs and videos of what's left can help as you make a list of what you lost, which will help down the road with getting reimbursements from your insurance company, Ruiz said.

In order to get payments for the personal contents you lose, your insurance company may ask you to make a detailed list of what you lost, how old it was and how much you paid for it, according to United Policyholders. The organization offers a sample inventory sheet online.

When you're ready, going through past photos of your home can help you remember and document what was inside.

Ruiz warned that survivors returning to their property for the first time should wear masks before sifting through wildfire debris to prevent inhaling harmful particles. (Los Angeles fire officials have gone further, with Mark Pestrella, director of Los Angeles County Public Works, warning residents that "it is not safe to

touch the debris.”)

Consider getting multiple loss estimates, but be aware of the expenses

After a disaster, your insurance company will provide you with an estimate of what they believe they owe you. This may either be the depreciated value of your property or the estimated cost of replacing it, based on your policy terms.

But remember: The claims process is a negotiation. United Policyholders advises getting at least two estimates of your own from licensed contractors to make sure your insurance company’s estimate isn’t too low, while the Department of Insurance recommends getting at least one.

You might also consider working with a public adjuster who can help you come up with an estimate of what you’re owed under your insurance policy and negotiate with your insurance company on your behalf.

But be aware that these public adjusters will take a portion of your claims payment as payment for their services, according to Ruiz. If you do get a public adjuster involved, all communication with your insurance company will have to take place through the adjuster, she said. If you do work with an adjuster, make sure that they’re properly licensed. You can do so by calling the Department of Insurance’s hotline at 800-927-4357 or checking online.

If you lost multiple properties in the fire, or have a complex situation, that may make it more worthwhile to pay to work with a public adjuster, Ruiz said.

Be wary of potential fraud

On Wednesday, Insurance Commissioner Ricardo Lara said he had sent a Department of Insurance enforcement team out to monitor for potential fraud. Avoid giving out unnecessary personal information or accepting help from contractors or public adjusters until you can verify they’re licensed and reputable.

You should not work with anyone who approaches you as the fires are still burning, or right after they’re put out, according to Ruiz. Department of Insurance policy requires licensed public adjusters to wait a few weeks before soliciting business from wildfire survivors, she said.

“My department and I are committed to ensuring your claims are honored and that you receive the services you contracted for with your insurance company,” Lara said in a statement. “Please do not sign any documents under duress, and be wary of out-of-state adjusters making false promises.”

Don't rush into any decision making

The process of filing a claim after a major wildfire is long and can be arduous, and the expenses associated with being a wildfire survivor can quickly rack up. But United Policyholders advises that the people should avoid accepting the first settlement an insurance company offers and try to get as much money as possible.

You also shouldn't rush into major financial decisions right after the fire, such as paying off your mortgage immediately or buying a new home elsewhere, which can impact how much money you might get from an insurance company.

Survivors of past fires have advised it's not a good idea to begin rebuilding until you have all the money in hand to get it done. If your insurance doesn't end up paying out what you expected it to, or government financial assistance doesn't come through, you may end up finding yourself without enough money to finish construction.

Seek outside help if you feel you've been treated unfairly

If you don't feel like you've been treated fairly by your insurance company or a public adjuster, you can file a complaint online with the Department of Insurance or call their consumer at hotline 800-927-4357. You can also seek help through organizations like United Policyholders, who can offer advice on next steps to take.

The Department of Insurance offers a top 10 list of tips for wildfire claimants, available in four languages. United Policyholders also has a list of tips and advice series from survivors of past wildfires.