

Some L.A. fire victims are not getting claims advances as required by law, state says

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Some policyholders who lost their homes in the Los Angeles fires are not getting claims advances that are due to them, Insurance Commissioner Ricardo Lara alleged Thursday.

In response, Lara issued a bulletin reminding all California insurers that the law requires victims who have suffered total losses to get advance payments for their living expenses and loss of contents.

“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, child care, transportation, and other basic needs,” Lara said.

Although some insurers are exceeding the requirements of the legislation passed following fires in 2018, others are not issuing funds, he said. The department, however, did not identify which insurers are not doing so.

Once a state of emergency has been issued, policyholders who experienced total losses are due four months living expenses. Such coverage is not mandated by law but is standard in homeowners policies.

They also are due advance payments for their loss of contents equivalent to 30% of their dwelling insurance without an itemized claim. That payment is capped at \$250,000, the department said.

Insurers are required to automatically notify policyholders that they can get contents payments upfront, the department said.

Lara called on insurers to quickly determine if a home is a total loss through adjusters, satellite imagery and other means so the advance payments can be processed.

The Palisades and Eaton fires have burned more than 37,000 acres, damaging or destroying over 18,000 structures and killing at least 28 people. Gov. Gavin Newsom declared a state of emergency in Los Angeles and Ventura counties on Jan. 7.

Amy Bach, executive director of United Policyholders, said the consumer group has been hearing stories about policyholders having trouble securing advance payments.

"We'd like to see the commissioner use the 'bully pulpit' to name names of insurers that are reducing obstacles and delays by relaxing paperwork requirements — as well as those that are not," she said.

Mark Sektnan, a vice president of the American Property Casualty Insurance Assn., an industry trade group, said that insurers are working to get payments out as fast as possible.

"Insurers are on the ground, out in the community, proactively reaching out to impacted homeowners, providing assistance getting housing, clothing, food and other essentials, delivering hundreds of millions of dollars in payments to affected," he said in a statement.

The bulletin also detailed other provisions of law regarding policyholders who suffer total losses, including that they are due living expenses for a minimum of two years, plus an additional year if they encounter a delay in the reconstruction process beyond their control. Additional extensions of six months must be provided to policyholders for good cause.

The policyholders also must be automatically offered two one-year renewals of their homeowners insurance.

Consumers who have questions or wish to file a complaint can do so on the department's website or by calling 800-927-4357.