

What California homeowners should know about filing an insurance claim for fire damage

CBS News

As deadly wildfires engulf swaths of Los Angeles County, forcing nearly 200,000 people from their houses, a still-to-be known number of residents will be contending with insurance claims to recoup losses and rebuild or repair their homes. For those looking to be treated fairly and paid for damage and destruction to their property, speaking up and doing advance research is crucial, experts and consumer advocates say.

The good news? Unlike with flooding, a standard homeowners' policy covers destruction and damage caused by fire, including wildfires, and a standard renters' insurance policy covers the renter's personal belongings, according to the Insurance Information Institute.

The optional comprehensive part of a standard auto insurance policy covers vehicles against damage caused by fire and falling objects. Approximately 75% of U.S. drivers opt to buy it.

"California property insurers are acting as financial first responders to help their impacted customers recover from the Los Angeles fires," the institute stated on Thursday. "This includes providing immediate relief through additional living expenses coverage (ALE) for displaced policyholders. Losses to property and vehicles will be covered up to the limits contained with an insurance policy."

Property insurers are required to immediately pay policyholders a minimum of one-third of the estimated value of their personal belongings and a minimum of four months' worth of rent for the local area in which they live, it stated, citing state regulations.

When and how to file a claim

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Source: <https://uphelp.org/what-california-homeowners-should-know-about-filing-an-insurance-claim-for-fire-damage/> Date:

January 22, 2025

Triple-I advises the following steps to begin filing a claim:

1. Contact your insurance carrier or agent as soon as possible to begin the claim-filing process, and make sure to ask about requirements and deadlines. Many insurers have a mobile app where you can file a claim.
2. Take photos of damaged items (if it is safe to do so) and don't discard damaged items until your assigned insurance adjuster has completed their assessment.
3. Keep all receipts for out-of-pocket expenses, such as temporary lodging.

Things to know and watch out for

Many property owners hit with large and total losses learn the hard way that they are not fully insured. The issue is so common that United Policyholders has an entire section on its website devoted to underinsurance help. "Many property owners have succeeded in getting the coverage they thought they had but didn't, but many have given up. Insurers count on you giving up," according to the nonprofit organization that advocates for policyholders of all types.

Fires that damage but don't completely destroy one's home create their own insurance claim issues, according to United Policyholders. Things to watch out for include hidden damage from water, smoke, ash and mold. Air quality and ducts should also be considered. "Repairs should return your property to a 'uniform and consistent appearance' even if that means replacing undamaged items such as roof tiles or carpeting," it stated.

People living in seemingly unscathed residences alongside homes that burned down should still have their place inspected for possible structural and other damage from extreme heat, smoke or fire retardant. "If your insurer refuses to conduct or pay for proper inspections, ask again in writing; politely remind them of their legal duty to thoroughly investigate all damage, including hidden damage. If a dispute arises, it's worth finding and paying for your own inspection by an independent reputable specialist," United Policyholders said.

Smoke damage is a covered peril in most policies, with disputes often arising over cleaning or replacing exposed items.

Extreme heat and smoke kills most plants and may contaminate soil. Keep your claim open for at least

six months and file supplemental claims if necessary, as damaged plants may not die right away. Coverage for landscaping replacement is typically a set amount or percentage of your dwelling coverage. The losses are frequently only partially covered. "Mature trees can be valued as high as \$5,000 yet many policies contact a \$500 per tree limit."

Another thing to keep in mind: Unreimbursed losses can offset your tax obligations when you claim as a casualty loss deduction.

If one believes they are being treated poorly by their insurance company, the California Department of Insurance has an online form that homeowners can use to file complaints.

Steps in preparing to evacuate

For those told to evacuate due to the wildfires, do so immediately. For those preparing to evacuate, here are some tips from United Policyholders:

1. Document your home and possessions. Take pictures or a video of each room and the outside of your house. Build as much of an inventory as time permits including furnishings, artwork, jewelry and appliances. "After a traumatic loss, it's impossible to remember everything you had, so most people never collect their full insurance benefits," United Policyholders noted.

2. Pack important documents:

- Insurance policies and related correspondence
- Passports and birth certificates
- Family photos
- Tax and loan documents
- Stocks and Bonds
- Wills and Trusts
- Plans/blueprints of your home

3. Start savings receipts. Wildfire evacuees can file for reimbursement for additional living expenses. Check the "loss of use" section of your policy. If your home is not damaged and your temporary living expenses are modest, keep in mind that filing a claim goes on your record and can hike your insurance

costs.