

What Southern California wildfire victims can expect from their insurance adjuster

ABC7 Eyewitness News

Even with flames still burning in parts of Los Angeles County, total insured losses from the wildfires this month are already estimated at more than \$30 billion, according to Goldman Sachs.

The massive amount of damage dwarfs the previous record of \$12 billion in insured losses caused by Northern California's Camp Fire in 2018.

With over 15,000 structures already destroyed in the Palisades, Eaton and spate of smaller fires, according to state officials, some public insurance claim adjusters are warning that it may take years for claims to be resolved, and in some instances, homeowners may not have the coverage they thought they had.

A recent study from the University of Colorado Boulder of a 2021 wildfire in the state found that three-quarters of those who lost their homes were not fully covered for total losses.

As thousands of homeowners in Southern California file insurance claims to start the recovery process, they are meeting the one person who will determine how much the insurance company should pay for their loss — the insurance adjuster.

Each claimant is assigned an adjuster by the insurance company. It is the adjuster's job to assess the damage, and in the case of the LA wildfires, prioritize the destroyed and severely damaged homes over those with minor damage.

California law requires that insurers immediately pay policyholders one-third of the estimated value of their belongings and a minimum of four months' rent in the event they are completely displaced.

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Gov. Gavin Newsom recently issued a one-year moratorium preventing insurance companies from canceling or issuing non-renewals for homeowners in the neighborhoods or adjoining ZIP codes affected by the Palisades and Eaton fires.

After the adjuster assesses the damage, they will determine how much the insurance company pays out for the claim.

Those who file may be given a settlement offer on the spot, but Amy Bach, executive director of the non-profit consumer advocacy group United Policyholders, tells ABC News that homeowners should resist the temptation to sign on the dotted line right away.

She recommends asking insurers for a copy of the policy and studying it for details about what level of coverage can apply.

“Give your insurance company a chance to do the right thing, but don’t be a pushover,” Bach said. “Understand reality — your insurer is a for-profit business, and you need to be pro-active to recover what you’re owed in full. Get informed on your rights and your insurer’s obligations and be politely assertive.”

Experts say if an insurer tells a homeowner that something is not covered, they should get a second opinion, including getting independent valuations of the replacement cost of the home and possessions.

“Chances are the insurer’s adjuster will use a software program to calculate what they owe you,” Bach said. “Computers don’t repair and rebuild homes — contractors and subcontractors do. So, it’s what they will charge that matters.”

If the homeowner disagrees with the insurance company’s assessment, they can appeal the decision and hire a public adjuster for a fee, according to Bach.

The public adjuster’s second opinion may help when negotiating with the insurance company, Bach added.

Public adjusters can be found through the California Department of Insurance website, and if homeowners are not being treated fairly — they can file a complaint for free with the same department.

Bach suggests keeping detailed notes of all conversations with the insurance company and adjuster including the dates and times of speaking, the names of those representatives, and a summary of what was said.

She also recommends sending a follow-up email after every conversation to document the progress.

Even if affected homeowners are insured, experts also recommend applying for disaster assistance from the Federal Emergency Management Agency.