

## CO-FOUNDER'S REPORT:

### *Peace of Mind*

By Amy Bach

Many thanks to all who provided comments, suggestions and financial support in response to our Fall, 1996 newsletter. Keep those cards, letters, and checks coming! Our goal in publishing this newsletter is to address the real life insurance issues that are affecting policyholders, so please help us by staying in touch. You can reach United Policyholders by writing to 110 Pacific Ave., #262, S.F., CA 94111, or by calling and leaving a message at (510) 763-9740.

I'm pleased to report that we recently completed the first in a series of educational videos that will be available throughout California and the United States. The video is titled: "Ten Steps...Settling Your Insurance Claim," and is designed as a primer to get consumers on the right path toward a fair claim settlement. Please leave a message on our voice mail if you would like to purchase a copy for yourself, a friend, colleague or family member.

The video was made possible by a grant from the California

## Consumer Protection

**Foundation** based in Berkeley. **C.P.S. Associates**, the video production company owned by fire survivors **Betty Ann Bruno and Craig Sheiner** did a fantastic job, and we are thrilled with the result. The video features Betty Ann, (former consumer news reporter for Channel 2), **Ina De Long**, and myself. CPS Associates' other clients include the League of Women Voters and deer-fearing gardeners throughout California.

I am very pleased to introduce two new members of the UP Board of Directors: **William Hedden** and **Rebecca Ruggero**. Bill is a Bay Area native whose experience as owner of **Consolidated Adjusting** is a well-tailored fit to our mission. Rebecca lives in the Los Angeles area and is an insurance consumer attorney with **Shernoff, Bidart & Darras**, a preeminent policyholder firm.

On a surprising note, Ina De Long resigned in December, 1996 as Executive Director of United Policyholders, and from our Board of Directors. We are saddened by her departure, and wish her well. We will keep you posted on Ina's activities and hope to work with her again in the future.

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## Earthquake Insurance: CEA Update

If you are wondering whether earthquake insurance is worth buying, or how much and what kind you should buy, you're not alone. High cost, high deductibles and low coverage make earthquake insurance one of the worst yet most important insurance products being sold in California today. Homeowners should analyze their options carefully before making this decision.

The good news is that unlike previous years, consumers can now buy earthquake insurance by making only one, as

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## STATE FARM ALERT

Homeowners insured by State Farm are in for a big surprise when they learn about the recent changes State Farm has made to their standard homeowners policy. Among other changes, guaranteed replacement cost coverage has been eliminated, and new wording states that only "similar" (as opposed to "equivalent") construction repairs will be covered. These changes are likely to cause serious and expensive disputes. They also reduce coverage significantly. State Farm policyholders have not reported premium reductions in compensation for the reduced coverage.

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UP continues to work closely with **Senator Herschel Rosenthal**, Chair of the Senate Insurance Committee in Sacramento on several important issues, including proposals to restore funding to the Consumer Services Division of the California Department of Insurance. (Over a third of the positions have been cut). We were very pleased to learn that our old friend **Manny Hernandez** who worked hard with many fire survivors and UP to enact the Homeowners Bill of Rights, is now working for **Assemblymember Liz Figueroa**, chair of the Assembly Insurance Committee. This is very good news, and we are looking forward to working with Assem. Figueroa and her staff on policyholder issues.



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opposed to twenty phone calls. A newly created quasi-state agency, the California Earthquake Authority, (CEA), is now selling a standard policy that provides very little coverage and has a 15% deductible. Contents coverage is limited to \$5,000, and additional living expense, ("ALE") coverage; \$1,500. (This amount of ALE coverage won't even cover a month of rent, yet earthquake damage often takes many months to fix). The 15% deductible is calculated on the basis of your total policy limits, not the estimate your contractor provides for repairing the earthquake damage.

If you are currently insured against the peril of earthquake, your carrier is likely to "non-renew" you when your policy term expires, and send you to the CEA. You will basically have three options at that point: 1) **Buy the CEA policy;** 2) **Seek coverage outside the CEA;** 3) **Drop your earthquake coverage entirely and put the money you'd be paying toward premiums in a special savings account.** If you have very low equity in your home, you may want to consider this third option, but get professional advice before doing so. Being uninsured against the peril of earthquakes in California is very risky.

United Policyholders and fellow consumer groups pushed hard during the last legislative session for solutions to the earthquake insurance squeeze that would benefit consumers. We opposed the CEA but could not match the strength of Commissioner Quackenbush and his industry supporters who forced the legislation through. **Bottom Line: A CEA policy may be better than nothing for most consumers, but it is a bad deal for us and a good deal for the insurance industry.**

# Your Duties After A Loss

*By William Hedden*

All property insurance policies impose duties on insureds after a loss. The language describing these duties varies among insurers and depends on whether the policy is a homeowner, renter, landlord or commercial policy, so it is important to read your policy carefully when filing a claim. An insurance policy is a contract and it is critical that you fulfil your duties in accordance with its terms. Your duties are as follows:

1. Notify your insurer or agent of a loss promptly;
2. Protect property from further loss;
3. Separate out damaged property and submit a detailed inventory of all claimed items;

## ATTENTION PRUDENTIAL LIFE INSURANCE BUYERS

If you bought a life insurance policy from Prudential between January 1, 1982 and Dec. 31, 1995 and were misled by the sales agent or advertising materials, you could be eligible for compensation from a recent settlement. You should be receiving an information package regarding the settlement in the mail from Prudential. Please read it and weigh your options. For further information, contact the Department of Insurance Consumer Hotline at 1(800) 927-HELP.



4. Cooperate with your insurer in making all **reasonably** requested documentation; bills, records, invoices, etc. available for inspection;
5. Provide receipts for increased costs to maintain your standard of living after a loss, and documentation to support all claimed lost rental or business income;
6. Make damaged property available for inspection as often as your insurer reasonably requires;
7. Submit to an Examination Under Oath under reasonable circumstances, and;
8. Provide a sworn statement in proof of loss within sixty (60) days after a loss.

In this newsletter, I will discuss the first two duties listed above: To comply with #1, call or write your insurer or agent as soon after a loss as is reasonably possible. Provide your insurer with your policy number, a general description of the type of loss, and a number where you can be easily reached. Enter this notification in your claim diary/log, identifying who you spoke to and when.

If your claim arises from a burglary or theft it is imperative you obtain a police report and make the report number available to your insurer promptly.

Within twenty-four hours after notification your insurer should contact you, provide you with a claim number and the name and phone number of an assigned claim adjuster. If you do not hear from your insurer within 24 hours, be persistent until your claim is assigned a number and an adjuster.

To comply with #2, you must secure your property against further loss. This generally consists of

preventing unwanted entry via broken doors, windows or fences, repairing leaks and holes, and/or arranging for emergency cleaning. This may require you to hire a locksmith, glass company and/or other professionals and it is important for two reasons: You have a legal duty to "mitigate" a loss that has already occurred and to prevent further or aggravated damage. Maintain records of work performed and expenses incurred so you can receive reimbursement from your insurer.

In future newsletters I will discuss the additional duties listed above. Please remember that every loss is unique and your obligations may vary slightly. I am not aiming to be comprehensive, but instead to stress the importance of these duties and provide a general idea of their scope.

*Bill Hedden is a Bay Area native and recent addition to UP's Board of Directors. He is a licensed public adjuster with a background in law, real estate, and construction.*

## INTERNET RESOURCES

There is a vast amount of insurance information on the internet that can help you comparison shop for coverage or find information about a specific insurance company. Here are a few websites you may want to check out:

### California Department of Insurance:

[www.insurance.ca.gov](http://www.insurance.ca.gov)

### Contractor's State Licensing Board

[www.ca.gov/cslb/index.html](http://www.ca.gov/cslb/index.html)

### IBA West (Agents & Brokers):

[www.insweb.com/carriers/ibawest](http://www.insweb.com/carriers/ibawest)

### Cigna:

[www.cigna.com/healthcare](http://www.cigna.com/healthcare)

### Blue Cross:

[www.bluecrossca.com](http://www.bluecrossca.com)

### State Farm:

[www.statefarm.com](http://www.statefarm.com)

**Allstate:** [www.allstate.com](http://www.allstate.com)

### Farmers:

[www.farmersinsurance.com](http://www.farmersinsurance.com)

### Firemans Fund:

[www.the-fund.com](http://www.the-fund.com)

### Prudential:

[www.prudential.com/insurance](http://www.prudential.com/insurance)

# Health Insurance

According to the California State Senate Committee on Insurance, chaired by Senator Herschel Rosenthal, California is the leader in the nation's transition to managed care. Over the past six years, HMO enrollment in California has grown by more than 50% from 9 million members in 1990 to 14 million in 1996. Consumers must stay on their toes, (without pulling a muscle, of course...): Merger-mania is rampant among HMOs and sounds like a Tom Lehrer song. In 1994, HealthNet merged with Qual-Med, in 1997, HealthNet merged with Foundation Health. In 1994, FHP merged with TakeCare, and in 1997, FHP merged with PacificCare. Experts predict this trend will continue and that California



consumers will only have three giant HMO's to choose from by the year 2000. This trend does not bode well for the public.

Senator Herschel Rosenthal continues to lead the charge on behalf of health insurance consumers in Sacramento. He recently held hearings on the subject of HMO mergers, and is sponsoring several pro-consumer bills this legislative session. The purpose of the recent hearing was to determine: Is existing California law capable of protecting the public interest with respect to HMO mergers? Stay tuned for the answer.

Meanwhile, please communicate your views on this important issue to Senator Rosenthal by writing in support of his legislation to ensure fairness to HMO consumers: Senator Herschel Rosenthal (D-Van Nuys), Senate Insurance Committee, State Capitol, Room 2035, Sacto., CA. 95814, Tel (916) 445-0825, Fax (916) 327-7093.

### What's UP

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### Membership Information

A basic annual membership in United Policyholders is \$35. Contributions of any amount are gratefully appreciated. Membership benefits include a quarterly newsletter, a 100% cotton United Policyholders T-Shirt with a contribution of \$50 or more, (upon request), and optional registration in our Match-UP program. Match-UP members receive a list of insurance agents who can help find homeowners and earthquake policies during periods of restricted availability. Membership dues, donations and other correspondence should be sent to:

**United Policyholders**  
**110 Pacific Ave. #262**  
**San Francisco, CA 94111**



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