Recovery and Insurance Basics for Wildfire-Impacted Households

www.uphelp.org/MarshallFire

About the Roadmap to Recovery® Program

The Roadmap to Recovery® Program improves disaster recovery through tips, tools and guidance from previous disaster survivors and from experts on insurance claims, repairs and rebuilding and legal matters. It operates through United Policyholders (UP; www.UPHELP.org), a non-profit organization that has been educating and advocating for disaster victims since 1991. Roadmap to Recovery® services include online and in-person information and assistance through workshops, publications, clinics and events in regions impacted by disasters (subject to funding and community support). UP is dedicated to helping insurance *consumers.* The Roadmap to Recovery® program is funded by grants, donations and book sales – not insurance companies.

Dear Friends,

How do you begin the recovery process when your home has been damaged or destroyed in a wildfire?

One step at a time, one day at a time, and with help from trustworthy sources.

United Policyholders has three decades of experience helping people navigate emotions, insurance challenges and financial decisions in the aftermath of disasters that severely damage or destroy home homes. Our staff, partners and Team UP volunteer corps who've "been there, done that" and have empathy and wisdom to share are rooting for your successful recovery.

Your insurance is a vehicle to put you back where you were before a loss, but it won't drive itself. The best way of getting a fair, full and prompt claim settlement is to be pro-active, understand your rights and options and stay organized. Insurance benefits are only one piece of the puzzle, but a very important one. UP's Roadmap to Recovery® (R2R) program and our "insider" tips will help you get full value from your insurance and navigate challenges along the way to restoring your quality of life.

Please visit the library we've created for your community at www.uphelp.org/MarshallFire and use the search box at www.uphelp.org to find what you need.

Regards, Amy Bach

At in-person events and online via our "Survivor to Survivor" forums, trained Team UP volunteers offer practical tips and support.

UP's Roadmap to Recovery® program provides step-by-step guidance on getting full value from insurance policies and making good decisions on repairing and replacing damaged and lost property.

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Roadmap to Recovery Program™

First Steps After a Wildfire

This checklist will help keep you on track during this stressful time. We're rooting for you…

- ✓ Take care of your or your family's immediate needs first.
- ✓ Finding temporary housing is a priority. Your insurance company should help you find a place of similar size.
- ✓ Keep a recovery journal. Any notebook will do. Take notes on: who you talked to, phone numbers, email addresses, and the details of important conversations. Keep your paperwork organized in a portable file box or whatever system works for you.
- ✓ Ask your insurance company for cash advances for:
  - Living expenses
  - Replacing personal property
- ✓ Keep all receipts while you are displaced. Hotel bills, clothes and pet boarding may be reimbursed but require receipts.
- ✓ Register with FEMA (if a federally declared disaster) and the SBA (if a state disaster declaration), even if you don't think you'll qualify for individual assistance.
- ✓ Take photos of your property before any cleanup or debris removal happens.
- ✓ Avoid paying off your mortgage without a plan to rebuild or replace your home. Visit www.knowyouroptions.com/relief to learn about your options.
- ✓ Do not rush into signing contracts. Get copies of ALL paperwork you do sign.
- ✓ An insurance adjuster will be assigned to your claim. They will estimate your losses, analyze your policy, and issue checks for policy benefits. Get second opinions on the value of your damaged or destroyed property *and* the full amount of benefits you're owed.
- ✓ Inventorying your damaged and destroyed property is time-consuming and unpleasant. UP offers tips and tools for getting this done. Visit www.uphelp.org/contents for help.
- ✓ Give your insurer a chance to do the right thing, but be prepared to stand up for your rights and get help if you are not being treated fairly.
- ✓ Recognize that recovering from a major or total loss takes time. Pace yourself.
- ✓ Visit www.uphelp.org/MarshallFire for more specifics and guidance on the insurance claim process.

Home Insurance FAQs for Wildfire Survivors

1. If a disaster destroys or damages my home, what do I need to know about insurance?

Get a current and complete copy of your insurance policy. Review the "Declarations" page that summarizes the policy and states the maximum benefit amounts available for repairing or replacing your DWELLING, CONTENTS, and for your ADDITIONAL/TEMPORARY LIVING EXPENSES (LOSS OF USE), OTHER STRUCTURES, BUILDING CODE COMPLIANCE, DEBRIS REMOVAL, and TREES, SHRUBS AND LANDSCAPING.

Do your best to read and understand these maximum benefit categories – think of them as "buckets" of coverage. Apply all wording and formulas that may increase available benefits. These can include "endorsements" or "riders" you paid extra for, plus wording in the policy that adds benefits to account for inflation, extended replacement costs and local building code required upgrades. To collect the full amount of insurance benefits you're owed on a large dollar loss, you need to pro-actively read your policy, get 2nd opinions on repair and replacement costs and be a good communicator. Be prepared to politely but firmly assert your rights to a reasonably prompt, fair and full claim settlement.

A typical Declarations page looks like this:

Coverages and Limits of Insurance : Insurance is provided for the following coverages only when a limit is shown. The limit of liability for this structure (Coverage A - Dwelling) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific Information that you have provided about your home.

Section I				Section II		
A	B	C	D	E	F	
Dwelling	Other Structures	Personal Property	Loss of Use	Personal Liability (Personal Injury & Property Damage)	Medical Payments to Others	
				Each Occurrence	Each Person	Each Accident
$ 300,200	$ 30,100	$ 225,200	$ 120,100	$ 1,000,000	$ 1,000	$ 25,000

Section I Only:

Section II: Additional Residence Premises if any located :(Number, Street, City, State)

P00C00
1st Mortgage Loan No.
* 0057254674
2nd Mortgage Loan No.

This policy does not provide Earthquake Insurance.
This policy does not provide Flood Insurance.

Premiums

Basic Policy Premium
Forms and Endorsements made part of this policy at time of issue.
Homeowners Policy - Special form - $1000 Deductible (HO-3).
Name Change Endorsement (60 1000 12 13)
Lender's Loss Payable Endorsement (438 BFUNS).
Limited Home Replacement Cost Endorsement - 150% Of Cov A (HO-28).
Replacement Value Endorsement Personal Property (HO-29).
$1000 Deductible (HO-60).
Workers' Compensation & Employers' Liability - CA (HO-90).
Private Residence Employees - Class 0910.

Building Code Upgrade Limit - $75,050.00

Discounts/Benefits Applied: 10% Fire/Burglar Alarm; AAA
Membership; Multi-Policy

Total Policy Premium
$

2. Will my insurer cover loss of use/temporary/additional living expenses?

Most home insurance policies provide coverage for expenses due to losing the use of your home. Rent, meals, extra gas, etc. Some policies call this "Additional Living Expense" (ALE) coverage. Others call this "Loss of Use." Your insurer may require you to "incur" the expense and submit a receipt for reimbursement, or they may pay benefits as an advance.

Your benefits may be limited by a dollar or time maximum or both. Under Colorado law, ALE benefits must be available for a minimum of 12 months. When you bought the policy, the insurer should have offered you the option to buy 24 months. You may or may not have bought that option. Check your policy and all endorsements.

To figure out if an expense qualifies, ask yourself: ***Is this an expense I incurred because of the loss event?*** If the answer is yes, seek reimbursement under your ALE/Loss of Use coverage bucket. Checks for ALE will arrive as an advance and/or as you incur expenses and submit proof to your insurer. Best practice is to be organized, save receipts, and keep your insurer informed on your recovery progress. For more information, see Survivors Speak: Additional Living Expense (ALE)/Loss of Use.

Here is a partial list of typically reimbursable items. For a complete list, visit: www.uphelp.org/ALE

- Rent for temporary housing
- Credit check fee for temporary lodging
- Mileage for increased distance traveled from temporary rental home to:
    - Place of employment
    - Adult and children's activities (school/sports/clubs/lessons)
    - Your house of worship
- New account or "setup" fees for utilities at temporary rental home
- Photocopies and mailing expenses related to claim
- Reconnection fees for setting up services (cable/telephone/utility)

3. How can I get a fair settlement on a totally destroyed home?

Document everything that was destroyed, file a timely claim, learn your rights, and get help when you need it. Give your insurance company and their adjuster a chance to do the right thing, but don't be a pushover. Your settlement on a total loss claim should be at or close to your policy limits in every category. Many wildfire survivors find themselves underinsured.

The biggest challenge for most total loss fire survivors is documenting what it would cost to replace the destroyed home with one of like kind and quality, and reaching a fair and prompt claim settlement that's as close as possible to that amount.

Many people find it impossible to navigate a major or total loss insurance claim on their own. If you work full-time, have young children, health challenges, or just can't face putting in the time and energy to value your losses, get second opinions and/or fight for a fair payout, professional claim and legal help is available on a contingency/commission fee basis. Options for getting professional help include:

- The Colorado Division of Insurance, https://doi.colorado.gov/
- A licensed public adjuster with good references (www.uphelp.org/findhelp)
- A consumer attorney with insurance expertise/good references (www.uphelp.org/findhelp)
- Contact the Disaster Resource Network for help with mortgage issues: 1-877-833-1746.

4. Who is responsible for clearing the debris from my lot and is that covered under my policy?

Removing debris on your property is your responsibility, and the amount of benefits available for debris removal depends on your insurer and your policy. Your insurance benefits for debris removal will either be a set dollar amount or a percentage of your dwelling/structure coverage. Policies vary, so read your Declarations Page and policy.

Check with your City or County to see if they're offering a coordinated debris removal program. If they are and you want to use that option, you'll need to complete paperwork that assigns your insurance benefits for debris removal to the City or County and legally gives them the right to enter your property do the work. If you're taking this option and your insurer advances debris removal benefits, we strongly recommend keeping those benefit funds on deposit so you've can pay the debris removal bill when it comes (which can take up to 2 years). For more information, see Debris Removal After a Partial or Total Loss.

5. How do I collect benefits for my damaged or destroyed Personal Property/Contents?

As with dwelling benefits, contents benefits generally get paid out in installments. Insurers typically issue checks for the depreciated value of contents items until you give them proof that you replaced those items. Some policies only pay ACV on contents.

If you suffered a total loss, we suggest asking your insurer in writing to pay the maximum amount of contents benefits without requiring an itemized inventory. Although they're not legally obligated to do that, there's no harm in asking, and *some* insurers have done this after *some* wildfires. See: https://uphelp.org/media/surveys/

In Colorado and after a total loss, your insurer is required to offer you an advance of 30% of your contents benefits without requiring an inventory, but in most cases, you'll still need to create an inventory that lists and values all items to collect the full amount of available benefits above that 30%. Use our samples, tools and suggested strategies for minimizing the pain and time of creating your contents inventory. Visit: www.uphelp.org/contents.

Regardless of the type of policy you have, because insurers often dole out contents benefit checks in installments, it's very important to keep good records. As you replace clothing, household items, furniture, etc., keep track of the purchases and receipts in a notebook or spreadsheet or whatever method is easiest for you. If you have RCV coverage on contents, these records will help you avoid leaving money on the table.

In Colorado, in accordance with C.R.S. 10-4-110.8 (11)(a), in the event of a total loss of an owner-occupied primary residence that was furnished at the time of loss, the insurer shall offer the policyholder a minimum thirty (30) percent of contents coverage without completing an inventory. In order to receive up to the full value of contents, the policyholder must complete the inventory. You will have 365 days after a total loss to submit an inventory of lost or damaged property. You will also have 365 days after you have depleted Additional Living Expense coverage to replace your property and receive the money taken away for depreciation. C.R.S. 10-4-110.8 (11)(c)(i-ii).

6. Where can I find more details and help navigating a fair insurance settlement?

Visit the Roadmap to Recovery® Help Library at www.uphelp.org as often as you need to. We offer tips, short-cuts, strategies and much more:

- Dwelling claim tips: www.uphelp.org/dwelling
- Contents claim tips: www.uphelp.org/contents
- Sample letters and claim forms: www.uphelp.org/samples
- Links to government and professional help

How to "Speak UP"

Strong as possible
Paperwork organized
Empowered
Assertive but polite
Keeping a claim diary
Insurance educated
Networking with others
Getting professional help if needed

Unwilling to be short-changed
Pro-active

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Financial Considerations Post-Disaster

Regardless of your insurance situation, it is always important to document and calculate the replacement value of your damaged and destroyed property. Knowing the dollar amounts of your losses is important for financial and tax return planning and recovery in general.

In addition to insurance benefits, you may quality for FEMA individual assistance, low interest SBA loans, and/or financial help from charitable and other sources.

Take your time with the financial decisions you are facing now and consider how they will impact the rest of your financial future, retirement, college and kid expenses, medical and long-term care.

1. My mortgage company wants me to pay off my mortgage, what should I do?

Many disaster-impacted consumers report that a mortgage company representative pressured them to use their insurance funds to pay off their loan, or told them it was mandatory to do so. The law and the truth are, you're under no obligation to pre-pay the remaining balance of a mortgage, you only need to stay current. In fact, in a federally-declared disaster, many lenders are required to offer disaster forbearance for your mortgage payments, meaning you don't have to make your mortgage payments or be charged late fees for up to 12 months, but you must call your lender and request a forbearance. Your lender may offer you a shorter forbearance period, usually 3 months and offer extensions, because your lender wants to be informed on your progress and limit the number of your missed mortgage payments.

If you take a forbearance or are delinquent on your payments, as long as you are making progress towards rebuilding and keeping your lender informed, a lender will typically release funds in order to begin repairs on the home. If you're having trouble accessing your insurance funds, try contacting your mortgage company rather than your insurance company as this can often be a more direct route to getting payments released to you.

Don't pay off your mortgage right away. If you do, you may find that you don't have enough money to replace your dwelling by buying ***or*** rebuilding. It can be very hard to find or qualify for a residential construction loan and SBA loans take time to process. Using your dwelling insurance payout to pay down or off your existing mortgage can leave you in a vulnerable financial position. Also, if you have a really good interest rate and want to retain that, holding

on to your mortgage and continuing to make your regular payments may make more sense. This is an individual decision you should make after researching your options.

Talk to your lender to talk about a forbearance and your rebuilding plan. Fannie Mae's Disaster Response Network offers up to 18 months of free mortgage counseling if you need it: 1-877-833-1746. [For more information about insurance checks for your dwelling if you still owe money on your mortgage, see Getting Your Mortgage Company to Release Insurance Proceeds and Options and Decision Points for Replacing Your Dwelling.]

2. What should I do with checks from my insurance company?

If a disaster damages or destroys your home and possessions, you are likely to feel overwhelmed by the number of decisions that you and your family face during the recovery process. Rebuilding, buying a replacement home or negotiating a cash-out with your insurance company are some of the most challenging ones. Figuring out what to do with checks issued by your insurance company is a related part of those challenges.

Once your claim is filed and you begin to receive checks for different parts of your claim, find a way that works for you to keep track of what has been paid, what category of benefits the payment relates to and what benefits are still owed. One method that has worked well for previous survivors is establishing a separate bank account that is just for insurance transactions.

Keeping track of the checks you receive from your insurance company and what those checks are for will help you stay organized. Typically, insurers divide the policy into "buckets": Dwelling, Contents, Loss of Use (also known as Additional Living Expenses or Temporary Living Expenses), Other Structures, and Trees, Shrubs, and Landscaping. Sometimes your insurance will issue a check specifically out of one bucket, and sometimes they will make a combined payment. Tracking the payments and allocations will help you know what you've been paid and what is still available.

Ask your insurance company for advances, extensions, flexibility when you need it. No guarantees they'll say yes - but no harm in asking. See: https://uphelp.org/claim-guidance-publications/sample-letters-and-examples/

3. My mortgage company is listed as a co-payee on my insurance checks. How can I deposit these checks?

If you have a mortgage, the checks your insurance company sends for dwelling and "other structures" repairs or rebuilding will be payable jointly to you and the mortgage company. (Other Structures include garages and outbuildings). Sometimes insurance companies mistakenly put a mortgage company's name on checks for Contents and Additional Living

Expenses. If that happens, notify them and request they send a new check that's payable just to you.

To cash or deposit checks that are jointly payable to you and your mortgage company, you need to find a person at the mortgage company who is authorized to sign off so you can deposit those checks. Finding that person can be tricky. The CO Division of Insurance should be able to help you if you're stuck. https://doi.colorado.gov/

4. How will my insurance company pay me to repair/replace my home?

In most cases, the first check you'll get will be a check for the "Actual Cash Value" (ACV) of your home as it was immediately before the loss, also known as the "depreciated" value. If your policy provides "Replacement Cost Value" (RCV) coverage, you'll get additional checks upon proof that you have either spent more toward replacing your home than the ACV your insurer already paid, or proof that you have completed the replacement of your dwelling. NOTE: If your home was substantially underinsured, your insurer *may* issue you a check for the full amount of your dwelling benefits without applying depreciation.

For more details, see Insurance Recovery Tips for the Dwelling Part of Your Claim.

One practical and money-saving tip from a previous survivor: If you lost your home and you're living in a temporary unfurnished location, you may want to rent furniture until you move into your newly rebuilt or purchased home. Furniture you buy now may not fit into your new house! For more information, see Home Inventory and Claim Tips and Completing Your Home Inventory - Contents Intensive.

5. What should I be aware of in hiring and paying a contractor to rebuild my home?

Construction services and materials in wildfire-impacted areas tend to be in short supply and high demand. Tradespeople may come in from out of the area. Protect yourself from price gouging and promises that are too good to be true by doing your homework and checking references. Having an attorney review any construction contract before you sign it is a best practice. Each state has different laws that govern what a contractor can charge as a deposit. Know what that is before writing checks.

If you have a mortgage, the mortgage company will be involved in the repair/rebuild process. They may require or you should consider opening an escrow or construction account and arranging periodic inspections of completed work. This will help you ensure that your contractor has finished the necessary work before you pay them more money.

It is up to the insured, in conjunction with the contractor and/or the mortgage company, to determine when a project is ready for the next payment. Never let your contractor get money for work that has not been completed. Not only is this illegal, it also puts you in a vulnerable

position if your contractor doesn't finish for whatever reason. Also, don't allow any changes to your project without a written "change order". You do not want any financial surprises at the end. The insurance carrier might only inspect the property with their own inspector at the conclusion of the project, to make sure that the work is completed, in order to release the final payment. For more information, see Survivors Speak: Working With Your Contractor.

6. What about State and Federal income taxes?

UP offers free tips and recorded webinars on federal and state income tax considerations for wildfire-impacted households at www.uphelp.org/taxes. The rules around disaster and tax regulations are complex, and it's wise to seek advice from a CPA who has worked with disaster-impacted clients in the past. Special IRS rules apply depending on whether there is a Federal Disaster Declaration for your fire. In some circumstances, insurance proceeds in certain "buckets" MAY be taxable. Second homes have different rules for both insurance regulations and taxes.

Consider requesting a filing extension before the deadline to file your income tax return, typically April 15th of the year following your loss. It can take several years to know the full extent of the possible income tax implications. See www.uphelp.org/claim-guidance-publications/tax-information-for-disaster-survivors/ for more information. File your return or extension timely and report what you know. Don't rush to claim a "Casualty Loss" as it may turn out to be a "Casualty – Involuntary Gain".

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Insurance lingo

Actual Cash Value ("ACV") – The amount a willing buyer would have paid a willing seller for an item immediately before it was damaged or destroyed. Also sometimes called "Fair Market" or "Depreciated" value.

Additional Living Expense ("ALE") – One of the main "buckets" of coverage in a homeowner or renters policy. Sometimes labeled as "Temporary Living Expenses" or "Loss of Use." Covers additional rent, furniture rental, laundry, extra gas, and other expenses you incur because you're out of your home. NFIP policies do not contain coverage for Additional Living Expenses.

Adjuster – A person tasked with investigating and settling an insurance claim. There are three types: Staff, Independent, and Public. Staff and Independent adjusters work only for insurance companies. Public Adjusters work only for policyholders/consumers.

Declarations ("Dec") Page – Usually the cover or first page of a policy. States the names of the people, location, vehicle or items insured, the basic and extra coverages, limits and deductibles, and whether a lender or other entity is named on the policy.

Deductible – An amount the insurer will deduct from its payment on a loss. A deductible can be a flat dollar (e.g., $500) or a percentage (e.g., 2% of the insured value of the dwelling). You will not collect insurance benefits on a loss that falls below your deductible.

Let's say you chose a $1,000 deductible for your home insurance. A pipe bursts and causes $3,000 in damage. If your policy covers the loss, the insurance company ***deducts*** the $1,000 and owes you $2,000 toward the repairs. If the damage is only $800, you recover no benefits. A policy with a $1,000 deductible will be cheaper – usually a lot cheaper – than one with a $250 deductible.

Depreciation – A process through which the value of an item gets reduced to account for its age and condition. Depreciation is negotiable and subjective in most cases.

Dwelling – A residence or home. Also referred to in insurance lingo as a "Structure".

Endorsement – An add-on or change attached to your basic policy contract that either takes away or adds coverage or otherwise changes the contract. Also referred to as a "rider" or a "floater".

Exclusions and Limitations – The fine print legalese in insurance policies that limits the circumstances where the insurer will pay a claim and the timing and amounts of their payments.

Insured – The person or persons covered by an insurance policy.

Insurer – A company that has agreed to take on risk in exchange for payment of a premium.

Limits – The most you can collect under each coverage category in a policy. Inflation formulas and endorsements that change the basic policy can change the limits. Most policies have several different categories of coverage, each with its own limit.

Loss of Use – See "Additional Living Expense".

Policy – A contract specifying the amounts, limits and conditions of insurance coverage.

Policyholder – A person named in an insurance policy as the insured.

Premiums – Payments made to an insurance company to keep a policy in force. Premiums can be paid up front, monthly, annually or over the life of the policy.

Proof of Loss – An official document you sign that confirms/certifies your loss/claim.

Replacement Value ("RV") – The cost to repair or replace your home or stuff without a deduction for depreciation.

Rider – Added or subtracted coverage or conditions. See "Endorsement".

Risk Exposure – The range of loss/damage possibilities associated with a person, event or property based on the characteristics of that person, event or property. Insurance pricing is generally based on risk exposure (such as loss history, location, age, and for auto insurance, type of vehicle and your driving record).

Surcharge – A price increase added to a basic rate because of a specific condition or change in condition associated with an insured risk. Example: A brush surcharge is often applied to homes in wildfire-prone areas.

Roadmap to Recovery® Journal

**This is just to get you started, we suggest you get a notebook and do this daily.*