



California Fair Plan

Policies, Claims and Coverage Basics

January 5th, 2022

Virtual Workshop/Webinar

Esta reunión cuenta con interpretación al español

Para activar la interpretación, vaya a la parte baja a la derecha de su pantalla y haga clic en el icono o símbolo global titulado Interpretación/Interpreting.

Haga clic y seleccione “español.” Automáticamente escuchará en español

Gracias



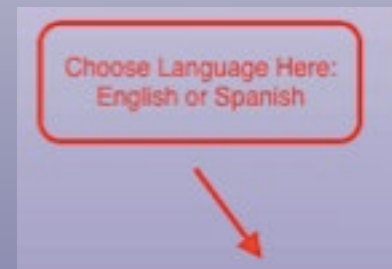


Insurance Claim Rules and Your Legal Rights

DATE: November 5th, 2020

Virtual Workshop/Webinar

www.uphelp.org/2020wildfires



 3
Participants

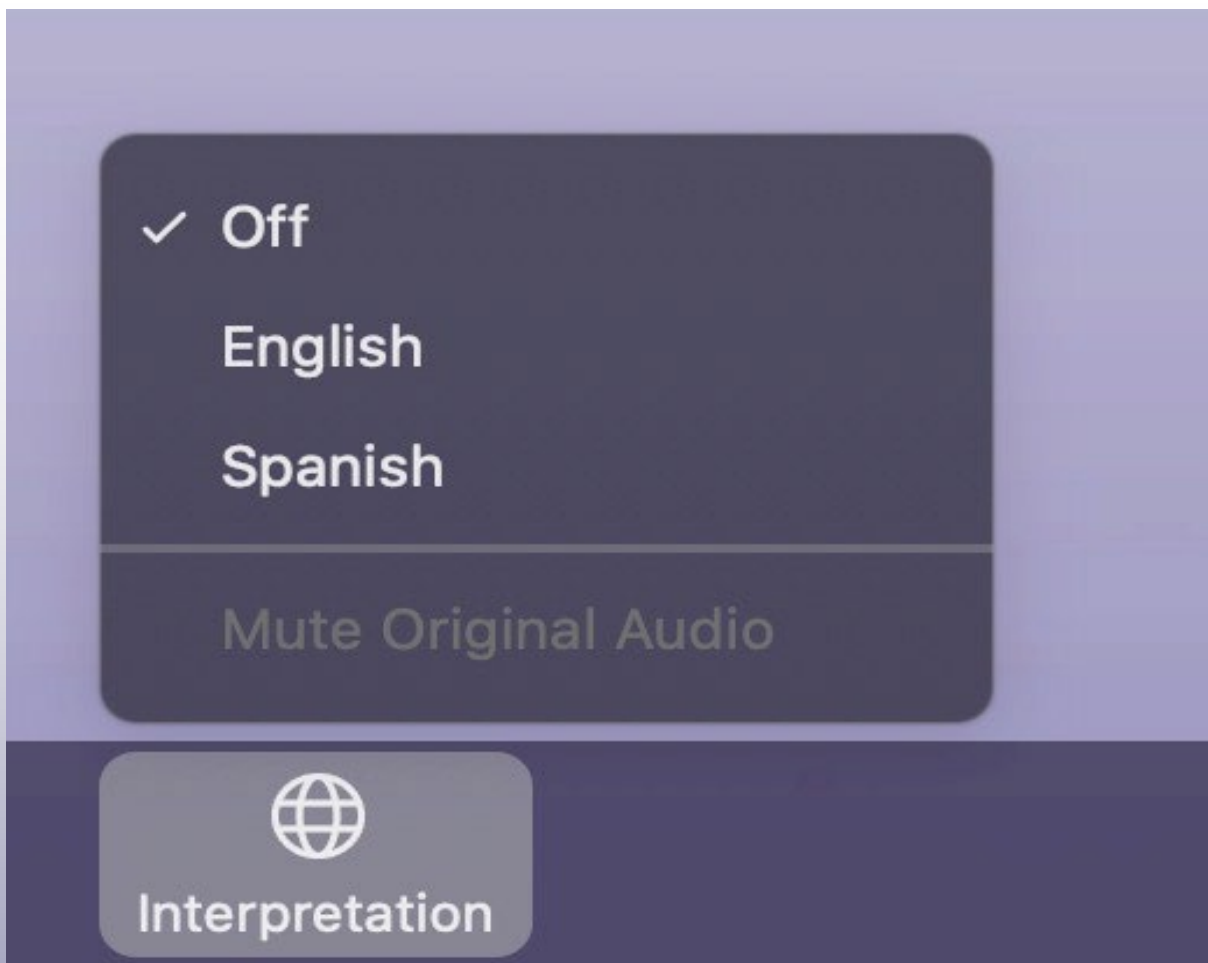

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Q&A


Interpretation

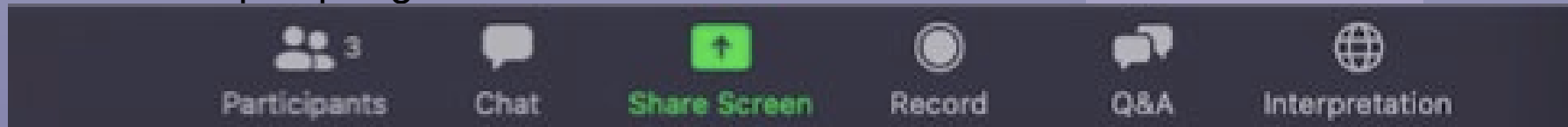


DATE: October 8th 2020

Virtual Workshop/Webinar

www.uphelp.org/2020wildfires

Choose Language Here:
English or Spanish



Amy Bach



- A professional insurance consumer advocate since 1984
- Published author, experienced trial and regulatory attorney
- Co-founder, United Policyholders
- Official Consumer Representative
 - National Association of Insurance Commissioners
 - Federal Advisory Committee on Insurance (US Treasury)
 - American Bar Association Standing Committee on Disaster Response

Tony Cignarale

- Deputy Commissioner, California Dept. of Insurance since 2007
- 35 Years Insurance Experience
- Admitted to the State Bar in 1999
- Oversees Disaster Response, Consumer Hotline/ RFAs and Market Conduct Examinations
- Helped enact many of the laws in place that help disaster survivors collect insurance benefits timely



Corey Locke, Public Adjuster

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About United Policyholders

- 501(c)3 not-for-profit charitable organization
- A voice and an information resource for consumers across the United States
- A 30-year track-record and subject matter expertise in insurance and disaster recovery
- Not for profit...not for sale
- Funded by donations and grants
- A volunteer corps with personal and/or professional expertise in disaster recovery and insurance

Our Three Programs

- Roadmap to Recovery®
 - *Guidance on maximizing insurance funds, making decisions and getting back home after a catastrophic loss*
- Roadmap to Preparedness
 - *Helping households and communities reduce risk and be resilient to disasters and adversity*
- Advocacy and Action
 - *Fighting for insurance consumer rights and protections*

Team UP

- Professional staff
- Government and nonprofit partners
- Volunteers
 - Previous catastrophic loss survivors
 - Consumer-oriented professionals
 - Lawyers
 - Claim Adjusters
 - Tax and Financial Planning experts
 - Construction and real Estate professionals

THANK YOU FUNDERS



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The Fine Print

- This workshop is intended to be general guidance only, not legal advice.
- If you have a specific legal question, we recommend you consult an experienced attorney.
- We do not endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops.

Speak “UP”

- Learn your rights, be pro-active
- Present requests clearly and in writing
- Explain what you need, when you need it, and why you are entitled to it
- Keep a Claim Diary
 - Take notes on who you talked to, the number you called, date and time, what was said. Keep all of your paperwork organized and together
- Use your “working copy” of the policy
 - “Can you show me where it says that in my policy?”

The benefits of keeping a journal

- A paper trail will help you stay organized and keep moving forward.
- It is very likely that the first adjuster assigned to your claim will be replaced and you'll be dealing with others over time.
- Creating a written record prevents delays and frustration and is evidence of how the insurer is handling your claim.

WHERE TO START?

- ✓ Request policy in writing - ask for a “certified” copy to be sure it is the correct and complete version.
- ✓ Your insurer is only legally required to provide a “complete and accurate” copy
- ✓ Use UP sample letter to request your policy (CA Insurance Code 2071 gives insurer 30 days to provide it) CDI can help if you have issues.
- ✓ Make a working copy so you can highlight and write notes.

UP Resources

Sample Letters @
uphelp.org/samples

(Date)

(Name of adjuster or highest ranking ins. co. employee)

(Name of Insurance Co.)

(Address)

Re: Claim Number _____

Date of Loss: _____

Name of Insured: _____

Address of Insured Property: _____

Dear [INSURANCE COMPANY],

Please send me a complete and certified copy of my homeowner's insurance policy, including all declarations, endorsements, riders and/or changes to the policy, which would affect coverage at the time of the above-noted loss. Please send it to the mailing address listed below within fifteen (15) calendar days of the date of this letter.

Thank you in advance for your prompt handling of my request. I look forward to receiving the above-requested documents and working with [INSURANCE COMPANY] to complete the claim process.

Sincerely,

YOUR NAME

A “complete copy” has:

- **“Declarations Page”** – names of insured people, location of property, effective dates, coverage maximums, codes for riders/endorsements, mortgage co, additional named insureds, deductible amount, etc.
- **Policy contract**
- CA Residential Property Insurance Disclosure
- CA Residential Property Bill of Rights
- **Riders and/or Endorsements**

California FAIR Plan Association
DWELLING INSURANCE POLICY DECLARATIONS

California
FAIR
Plan
PROPERTY
INSURANCE

3435 Wilshire Blvd. # 1200
Los Angeles, CA 90010
(800) 339-4099
www.cfpnet.com

TRANSACTION TYPE Endorsement

YOUR INSURANCE BROKER

NAPA, CA 94558

PHONE NUMBER

ENDORSEMENT EFFECTIVE DATE 09/15/2020
POLICY NUMBER CFP 2536902 01
POLICY PERIOD 10/19/2019 To 10/19/2020
12:01 a.m. at the property location

INSURED NAME AND MAILING ADDRESS

PROPERTY LOCATION

IMPORTANT NOTICE TO INSURED

The FAIR Plan does not estimate the cost to rebuild your home, or the cost of labor and materials in your (or any other) area, or determine the appropriateness of the coverage you select. Instead, those are your responsibilities. However, we are required by law to tell you that, "The limit of liability for this structure (Coverage A) 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".

RATING INFORMATION

YEAR BUILT	OCCUPANCY	# OF UNITS	CONSTRUCTION TYPE	DEDUCTIBLE
1960	OWNER	1	FRAME	\$5000

COVERAGE AND PREMIUM INFORMATION

In case of loss we cover only that part of the loss which exceeds the deductible shown. We provide only those coverages, endorsements and perils shown below as (✓). These are brief summary descriptions; please read the entire policy for details. Ask your broker for assistance if you wish to obtain information about coverages you have not purchased.

COVERAGES, LIMITS, PERILS AND PREMIUMS

SELECTED COVERAGES		LIMITS	PERILS INSURED AGAINST	PREMIUM
<input checked="" type="checkbox"/>	A - Dwelling	\$ 645,000	<input checked="" type="checkbox"/> Fire or Lightning, Internal Explosion and Smoke Damage	\$ 2,307
<input type="checkbox"/>	B - Other Structures	\$ 0	<input checked="" type="checkbox"/> Extended Coverages	\$ 136
<input checked="" type="checkbox"/>	C - Personal Property	\$ 75,000	<input type="checkbox"/> Vandalism or Malicious Mischief	\$ 0
<input checked="" type="checkbox"/>	D - Fair Rental Value	\$ 50,000	Total Annual Premium \$ 2,443	
<input checked="" type="checkbox"/>	Ordinance or Law Coverage	\$ 64,500	Premium subject to change at Renewal	
<input checked="" type="checkbox"/>	Debris Removal (additional)	\$ 15,000	THIS IS NOT A BILL	
<input checked="" type="checkbox"/>	Dwelling Replacement Cost	INCLUDED		
<input checked="" type="checkbox"/>	Inflation Guard	INCLUDED		
<input checked="" type="checkbox"/>	Personal Property Replacement Cost	INCLUDED		
<input type="checkbox"/>	Fences	\$ 0		
<input type="checkbox"/>	Permitted Incidental Occupancy	\$ 0		
<input type="checkbox"/>	Plants, Shrubs and Trees	\$ 0		
<input type="checkbox"/>	Outdoor Radio and TV Equipment	\$ 0		
<input type="checkbox"/>	Awnings	\$ 0		
<input type="checkbox"/>	Signs	\$ 0		
<input type="checkbox"/>	Improvements, Alterations and Additions	\$ 0		

CFP 2536902 01

Insured Copy

CFP-007A (07/2017) Page 1 of 2

KEY COVERAGE INFORMATION:

COVERAGES, LIMITS, PERILS AND PREMIUMS

SELECTED COVERAGES	LIMITS
<input checked="" type="checkbox"/> A - Dwelling	\$ 645,000
<input type="checkbox"/> B - Other Structures	\$ 0
<input checked="" type="checkbox"/> C - Personal Property	\$ 75,000
<input checked="" type="checkbox"/> D - Fair Rental Value	\$ 50,000
<input checked="" type="checkbox"/> Ordinance or Law Coverage	\$ 64,500
<input checked="" type="checkbox"/> Debris Removal (additional)	\$ 15,000
<input checked="" type="checkbox"/> Dwelling Replacement Cost	INCLUDED
<input checked="" type="checkbox"/> Inflation Guard	INCLUDED
<input checked="" type="checkbox"/> Personal Property Replacement Cost	INCLUDED
<input type="checkbox"/> Fences	\$ 0
<input type="checkbox"/> Permitted Incidental Occupancy	\$ 0
<input type="checkbox"/> Plants, Shrubs and Trees	\$ 0
<input type="checkbox"/> Outdoor Radio and TV Equipment	\$ 0
<input type="checkbox"/> Awnings	\$ 0
<input type="checkbox"/> Signs	\$ 0
<input type="checkbox"/> Improvements, Alterations and Additions	\$ 0

PERILS INSURED AGAINST	PREMIUM
<input checked="" type="checkbox"/> Fire or Lightning, Internal Explosion and Smoke Damage	\$ 2,307
<input checked="" type="checkbox"/> Extended Coverages	\$ 136
<input type="checkbox"/> Vandalism or Malicious Mischief	\$ 0

Total Annual Premium \$ [REDACTED]

Premium subject to change at Renewal

THIS IS NOT A BILL

What did you buy?

Fair Rental Value

Did you buy optional up to 20% extra?

Other Structures

Did you buy this coverage?

Debris removal

Did you buy extra or is your available coverage included in your dwelling max.

Code Upgrades

2021 and beyond (w.RCV) should have 10% of A paid above A. Doesn't apply if ACV

Fair Plan vs. Standard Policy

- Loss of Use coverage is “Fair Rental Value” (what your place would have rented for)
- ACV only is more common
- Very common to be underinsured
- Less corporate accountability, less customer service
- Loss of Use coverage for cost to rent a comparable place in size/location.
- RCV is more common
- Common to be underinsured
- More corporate accountability, better customer service

COVERAGE A – Dwelling

We cover:

1. the dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
2. Materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location, and;
3. If not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the Described Location.

This coverage does not apply to land, including land on which the dwelling is located.

Did you buy a supplemental policy?

Difference in Condition (“D.I.C.”) policies

- Supplement what a Fair Plan policy doesn’t cover (perils other than fire, liability)
- Dwelling limits in DIC should match CFP policy limits

COVERAGE B – Other Structures

COVERAGE B - Other Structures

We cover other structures on the Described Location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a covered walkway, wall, fence, utility line, or similar connection.

This coverage does not apply to land, including land on which the other structures are located.

We do not cover other structures:

1. used in whole or in part for commercial, professional, manufacturing or farming purposes; or
2. rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures. Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

Coverage B – Yes or No?

If there is a checkmark ☒ next to B - Other Structures in the Declarations, the following applies:

We cover those Other Structures described in the Schedule to the Declarations up to the Limit of Liability stated for each such structure identified in the Schedule to the Declarations.

This coverage is in addition to your ability to elect to use up to 10% of the Coverage A Limit of Liability for loss to Other Structures.

If Coverage B is checked on your declarations, then the limit listed there applies. If NOT, then you can use up to 10% of the Coverage A limit.

Example: Dwelling limit \$600,000

Coverage for Other Structures may be within or on top of your dwelling coverage

\$60,000 (10% of \$600,000, leaving you with \$540,000 for your main dwelling)

OR

\$60,000 in addition to \$600,000

Depending on what was sold to you

Combining Coverages in CA – NEW LAW!

- **10103.7.** In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, an insured under a residential property insurance policy shall be permitted to ***combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient.*** Any claims payments for losses pursuant to this subdivision for which replacement cost coverage is applicable shall be for the full replacement value of the loss *without requiring actual replacement of the other structures or contents.* Claims payments for other structures in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.
- *(Added by Stats. 2018, Ch. 618, Sec. 3. (SB 894) Effective January 1, 2019.)*

Coverage C – Contents

- Covers personal property owned by the insured while it is at the insured location
- In general, if you imagine taking the roof off and shaking your house, what falls out is personal property (but also includes property outside)
- Max available coverage shown on Dec page
- Many items subject to specific coverage limits
- RCV vs. ACV – which did you buy?

Coverage C – Contents

If there is a checkmark ☒ next to C - Personal Property in the Declarations, the following applies:

COVERAGE C - Personal Property

We cover personal property usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. At your request, we will cover personal property owned by a guest or household employee while the property is on the Described Location.

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage C limit of liability will apply at each residence for the 30 days immediately after you begin to move the property there. This time period will not extend beyond the termination of this policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this policy.

Contents – Special Limits

Coverage only applies if checked on Dec:

- Business property
- Plants, Shrubs and Trees
- Fences
- Awnings
- Outdoor TV Equipment
- Signs

Contents — Property Not Covered

Money, deeds, notes, passports, records, tickets, stamps, etc.

Animals, birds, and fish

Aircraft, watercraft and vehicles

Data, accounts, records, software

Credit cards

Motorized vehicles

If “in service to the land” (not a licensed motor vehicle being driven off premises) can be claimed under A even though otherwise excluded contents

Property Not Covered

(2) Property Not Covered:

The following personal property is not eligible for replacement cost settlement. Any loss or damage to these items shall be settled at actual cash value at time of the loss, but not exceeding the amount necessary to repair or replace:

- a) property not maintained in good or workable condition;
- b) property that exhibits signs of excessive wear;
- c) property that is outdated or obsolete and is stored or not being used;
- d) antiques, fine arts, paintings and similar articles of uniqueness, rarity or antiquity which cannot be replaced;
- e) memorabilia, souvenirs, collectors' items and similar articles whose age or history contribute to their value; or
- f) property not owned by any insured.

COVERAGE D – FAIR RENTAL VALUE

If a loss covered under this policy makes that part of the Described Location rented to others, held for rental or occupied by you unfit for its normal use, we cover its “Fair Rental Value” meaning the fair rental value of that part of the Described Location rented to others, held for rental or occupied by you less any expenses that do not continue while that part of the Described Location is not fit to live in.

Payment will be for the shortest time to repair or replace that part of the Described Location rented, held for rental or occupied by you. 24/36 mos in a declared disaster.

COVERAGE D – FAIR RENTAL VALUE

- Coverage and limits vary individually
- Check your declarations page for limits:
 - IF checked on your declarations, that limit applies.

If there is a checkmark ☒ next to D - Fair Rental Value in the Declarations, the following applies:

We will pay Fair Rental Value up to the Limit of Liability stated for Fair Rental Value in the Declarations.

This coverage is in addition to your ability to elect to use up to 10% of the Coverage A Limit of Liability for loss of Fair Rental Value.

COVERAGE D – FAIR RENTAL VALUE

If the Coverage D box is NOT checked, the following applies:

You may use up to 10% of the Coverage A limit of liability for loss of Fair Rental Value. Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

We will pay no more than 1/12 of this coverage for each month the Described Location is unfit for its normal use and the amount due under this coverage shall be calculated based on a 30 day month. Payment under this coverage shall not be more than the monthly fair rental value of that part of the Described Location rented to others, held for rental or occupied by you.

If you have personal property coverage, Fair Rental Value will be determined based on an equivalent furnished property. If you do not have personal property coverage, Fair Rental Value will be determined based on an equivalent unfurnished property.

If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this policy, we cover the Fair Rental Value loss for no more than two weeks.

Budget to avoid...

Running out of coverage for your temporary rental before you have a replacement home to move back into...

Emergency Endorsement

STATE OF EMERGENCY AMENDATORY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following is added to COVERAGE D – Fair Rental Value:

In the event of a loss relating to a state of emergency as defined in Section 8558 of the Government Code:

We will cover the Fair Rental Value of the Described Location for 24 months from the date of the loss.

If you encounter delay(s) in the reconstruction process due to circumstances beyond your control, we will continue to cover the Fair Rental Value of the Described Location for the shortest time required to repair or replace that part of the Described Location rented, held for rental or occupied by you for up to twelve additional months, totaling no more than 36 months from the date of the loss. Circumstances beyond your control include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work.

Additional extensions of six months shall be provided to you for good cause.

All other provisions of the policy apply.

ADDITIONAL COVERAGES

Debris removal

Trees/Plants/Shrubs

Business Personal
Property

DEBRIS REMOVAL

- Pays "your reasonable expense" for removal of debris of covered property damaged by a covered loss
- Included in the limit of liability applying to the damaged property.
- Any amount, but reduces the limit available for that coverage by the amount paid for the same loss.

DEBRIS REMOVAL

If debris coverage is chosen, additional amount applies:

If there is a checkmark ☒ next to Debris Removal in the Declarations, the following applies:

We will pay the reasonable expenses you incur for removal of debris of covered property damaged by a loss we cover, up to the Limit of Liability stated for Debris Removal in the Declarations. This Debris Removal coverage applies to each coverage (Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property) you have purchased, as shown in the Declarations.

This additional Debris Removal coverage does not include abatement of hazardous materials from the damaged covered property, nor the removal of property that did not suffer direct physical damage as a result of a loss we cover, even if an ordinance or law requires removal of the property (or any portion of the property) as a condition to permitting repairs or rebuilding following a loss we cover.

TREES, PLANTS & SHRUBS

Only applies if coverage is chosen:

If there is a checkmark ☒ next to Plants, Shrubs and Trees in the Declarations, the following limited exception to the above exclusion will apply:

We insure for loss caused by the Perils Insured Against to plants, shrubs and trees. We do not cover property grown for commercial purposes. We shall not be liable for more than our proportion of \$250 on any one plant, shrub or tree including expense incurred for removing debris thereof. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

We do not insure loss to plants, shrubs or trees grown in violation of, or otherwise made illegal or unlawful by, any federal, state or local law.

Business Personal Property

Only applies if coverage is chosen:

8. business personal property, meaning property of any nature that is used in your business including, without limitation, inventory and equipment.

If there is a checkmark ☒ next to Permitted Incidental Occupancy in the Declarations, the following applies:

In addition to covering personal property usual to the occupancy as a dwelling, we cover personal property usual to the occupancy of the dwelling for the purpose described in the Schedule to the Declarations for loss caused by a Peril Insured Against at the Described Location. The personal property must be owned or used by you or members of your family residing with you while it is on the Described Location. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

SMOKE DAMAGE/"FIRE DEBRIS"

3. Smoke Damage.

- a. When used in this policy, "smoke damage" means sudden and accidental direct physical loss from smoke (including airborne, windborne, or wind-driven combustion by-products or particulates such as carbon/soot/ash/char/debris) that is visible to the unaided human eye, or odor from smoke or ash that is detected by the unaided human nose of an average person, and not by the subjective senses of you or by laboratory testing.

Give prompt notice of smoke damage

To avoid a fight w/your insurer or cap on coverage (currently being litigated)

Restoring smoke damaged property

Best practice: Arrange for a properly trained/licensed/certified mitigation professional to inspect and test – If need be, “Weaponize your money”

If insurer refuses to pay for testing - cite to your county's AQMD

Standard RIA mitigation requirements for smoke

Options: CDI Mediation, hire a qualified policyholder atty

PERILS INSURED- BASE POLICY

1. Fire or Lightning
2. Internal Explosion (explosion inside dwelling)
3. Smoke Damage*
4. Explosion
5. Riot or Civil Commotion
6. Aircraft
7. Vehicles
8. Volcanic Eruption

PERILS INSURED- OPTIONAL

1. Extended Coverages

- Windstorm or hail
- Outdoor Radio and TV Equipment
- Awnings
- Signs

2. Vandalism or Malicious Mischief

GENERAL EXCLUSIONS

1. Ordinance or Law (Code Upgrades)
 - Can add coverage to delete exclusion
2. Earth Movement
 - Unless directly caused by fire or explosion
3. Water Damage
 - Direct loss by fire or explosion by water covered
4. Power Failure- unless caused by peril insured
5. Neglect
6. War
7. Nuclear Hazard
8. Intentional Loss

Ordinance or Law

If there is a checkmark ☒ next to Ordinance or Law in the Declarations, the above exclusion does not apply, and the following applies:

We will pay for the increased costs you incur due to the enforcement against you of any ordinance or law which requires or regulates construction, demolition, renovation or repair, but only as it applies to that part of a covered building or other structure damaged by a Peril Insured Against. We will not pay for any such costs incurred by you for work done on undamaged property.

Ordinance or Law coverage is provided only if the damaged covered building or other structure for which claim is made satisfied all applicable building code requirements in effect when it was built, last repaired or last remodeled before such damage occurred.

We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

We do not cover:

- (1) any loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) due to enforcement against you, in actual repair of damage to covered property caused by a Peril Insured Against, the costs to comply with any ordinance or law which requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants from, in or on any covered building or other structure.

LOSS SETTLEMENT PROVISIONS

- Determines how your loss is to be settled
- Major points are:
 - Actual Cash Value
 - Replacement Cost
- Replacement cost coverage is included in CFP policies when specifically selected

Basic Policy = Actual Cash Value

- 6. Loss Settlement.** Subject to Condition 2. (Insurable Interest and Limit of Liability), we will pay the following amounts for covered property losses:
- a. Coverages A and B Losses:** for losses to covered property described in Coverages A and/or B, the following applies:
 - i. Total Loss:** in case of a Total Loss to the property, we will pay the actual cash value before the loss as measured by the fair market value of the covered property, up to the policy limit; or
 - ii. Partial Loss:** in case of Partial Loss to the property, we will pay the actual cash value of the Partial Loss as measured by the amount it would cost you to Repair, rebuild, or Replace the thing lost or damaged less a fair and reasonable deduction for physical Depreciation based upon its condition at the time of the loss, or the policy limit, whichever is less. A deduction for physical Depreciation shall apply only to components of a structure that are normally subject to Repair and Replacement during the useful life of that structure.
 - b. Coverage C Losses:** For loss to covered property described in Coverage C - Personal Property, we will pay the amount it would cost you to Repair, rebuild, or Replace the thing lost or damaged less a fair and reasonable deduction for physical Depreciation based upon its condition at the time of the loss or the policy limit, whichever is less.

Replacement Cost - OPTIONAL

If there is a checkmark ☒ next to Dwelling Replacement Cost in the Declarations, the above Loss Settlement provision with respect to Coverage A and B losses does not apply and the following Loss Settlement Provision will apply with respect to Coverage A and B losses, only.

Covered property loss to any building under Coverage A or B will be settled as follows:

- (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the lower of the full cost to reconstruct or replace the building immediately before the loss, we will pay the cost to reconstruct or replace the part of the building damaged, after application of the deductible and without depreciation, but not more than the least of the following amounts:
- a) the Limit of Liability under this policy that applies to the building;
 - b) the lower of either the reconstruction or replacement cost of the damaged part of the building; or
 - c) the necessary amount actually spent to reconstruct or replace the damaged part of the building.

Replacement Cost- CONTENTS

If there is a checkmark ☒ next to **Personal Property Replacement Cost** in the Declarations, the **Loss Settlement provision above with respect to Coverage C losses does not apply and the following Loss Settlement Provision will apply with respect to Coverage C losses, only.**

Covered loss to personal property will be settled as follows:

(1) Property Covered:

We cover personal property under Coverage C at replacement cost at the time of the loss, unless that personal property is listed in Property Not Covered, below. Payment will not exceed the least of the following:

- a) replacement cost at the time of the loss without deduction for depreciation;
- b) the reasonable amount to have the property repaired at the time of loss;
- c) the amount it reasonably costs to replace the article with a new one substantially identical to the article damaged or destroyed; or
- d) the Personal Property Coverage C Limit of Liability shown in the Declarations.

ACV UNTIL REPLACED

(3) Conditions

- a) We will pay the difference between actual cash value and the cost to repair or replace the property only after the damaged or destroyed property has actually been repaired or replaced.
- b) If you receive a settlement under this policy for damaged personal property on an actual cash value basis, you may make an additional claim for payment provided:
 - i) repair or replacement is completed within one year of the first payment for damage to your personal property. In the event you are unable to complete the repair or replacement of your damaged personal property within one year after such first payment because of conditions beyond your control, you may request an extension of time in which to do so. Additional extensions of six months shall be provided to you for good cause;
 - ii) if the loss or damage relates to a “state of emergency” as defined in Section 8558 of the Government Code, this time period shall be extended to two years after the first payment for damage to your personal property; or
 - iii) you have not reached the applicable limit of liability under this policy.

POLICY ENDORSEMENTS



When listed, become part of your policy



VERY important to have and read



Modify and/or clarify provisions



Can add or remove coverages



Can limit or expand coverages



Sometimes conflict with provisions



Ask for clarification, if it doesn't make sense

SMOKE ENDORSEMENT

AMENDATORY ENDORSEMENT THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

California FAIR Plan Association
PERILS INSURED AGAINST

3. Smoke Damage.

c. Has been deleted in its entirety.

d. Dispute resolution of smoke damage claims:

i. any dispute regarding whether smoke damage has occurred will be resolved by either Method 1 or 2 below (at your election):

Method 1: The insured and the insurer will each select a competent and disinterested person, and those two will select a third person (the Umpire) all in the same manner provided in the Condition 9, Appraisal, below, except that the insurer will pay the reasonable cost of the insured's competent and disinterested appraiser, in an amount not to exceed the amount paid to the insurer's competent and disinterested appraiser. The three people will inspect the premises and decide by majority vote whether they can see or smell smoke damage, and their decision is binding. If there is smoke damage, the claim will then be adjusted to determine the amount of the loss.

Method 2: A single, sole neutral Umpire can decide whether there is smoke damage. If the parties cannot agree on the identity of that individual, a judge of a court of record in the State of California will select the Umpire. The FAIR Plan will pay the fee for the Umpire.

ii. if the parties agree there is smoke damage, or smoke damage has been found using **Method 1** or **2** above, but the amount of the loss is in dispute, that issue of the amount of loss will be decided by a new appraisal, as set forth at Condition 9, Appraisal below.

Dwelling Coverage

These are the
“big ticket” items
in your policy

Do the math to know your limits!

- Coverage A - limits for main dwelling
- Debris Removal – Amount?
- Code Upgrade Coverage (Ordinance & Law)
- Trees, Shrubs and Plants – Amount?
- Inflation Coverage to increase all?

The flow of insurance funds

Advances

ACV payments when values are set

RCV payments upon proof of expenditures, replacement, repairs completed

CONSIDER

- Opening a separate bank account
- Keep track insurance funds collected and paid out
- What “bucket” of coverage does each check come out of?
- Example of Insurance Accounting Spreadsheet and ALE Drawdown Spreadsheet at: www.uphelp.org/samples

INSURANCE CODE 2051

- Effective January 1, 2020
- Changed method used to determine ACV of loss
- USED to allow a fair market value appraisal
- NOW must determine ACV by replacement cost less reasonable depreciation
- Can only depreciate items subject to repair or replacement during the life of the structure

INSURANCE CODE 2051.5

Revised July 1, 2021

- Sets “measure of indemnity” (what your insurer owes you) as the cost to repair or replace the thing you lost, up to policy limits
- Expands time to collect RC to 36 months for declared emergencies
- Extensions shall be granted for additional time
- Allows you to use ALL of your insurance coverages to rebuild elsewhere or to buy a replacement home (including ERC and code)
- Insurers MAY NOT apply a land value deduction

CA INSURANCE CODE 2060

Effective July 1, 2021

- Insurer must provide you with a list of what qualifies for ALE
- ALE for no less than 24 months
- Allows up to 36 months (declared disaster only) if delays are unavoidable
- Insurers can pay for “alternative remedies” in lieu of ALE
- Two weeks of living expense coverage minimum for evacuation ordered by civil authority.

CA INSURANCE CODE 2061

Effective January 1, 2021

- Insurer must provide 4 months advance of ALE, upon request of insured
- Insurer can't require specific forms for contents inventory
- Inventory can “group” categories of items where it is impractical to list individually
 - Books – hardcover and soft cover
 - Clothing – jeans, t-shirts, socks, etc.
 - Kitchen items – spices, silverware, etc.

Claim Handling Standards

California Fair Claims Settlement Practices Act

- 15 days to respond to communications
 - Email, letter, phone call
- 40 days to pay or deny claim
- If unable to make decision must send letter
 - What they need to make a decision
 - How long they need to make the decision
 - Send letter every 30 days

Claim Handling Reforms

- If your adjuster is from out of State, they may not know about CA laws, regulations and bulletins
- Ask if they have been trained in CA Fair Claims Settlement Practices Regulations
- Insurer must offer an advance:
 - 4 months advance of Loss of Use/Additional Living Expense (upon request)
 - 30% of Coverage A up to contents limit effective 2021 (Ins. code 10103.7) (automatic obligation)

Best Practices



Get it in WRITING!



If not, put it in writing, back to them confirming your understanding.



Keep it professional.



Be concise and to the point.



Bold or bullet point your requests.



Use proper grammar and punctuation.



Promptly respond to letters and reasonable requests.



Avoid venting frustrations and emotions to your adjuster.

Stay Connected to Other Disaster Survivors

- Great source of information about:
 - Insurance
 - Rebuilding
 - Negotiation and Financial strategies
 - Referrals and warnings re: professionals
- Important source of emotional support
 - No one else understands your challenges and emotions like another survivor

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