



2023 Hawai'i Wildfires

Recovery Guide

www.uphelp.org/2023HIwildfires

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 educational workshops and long-term recovery work 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.

About Fannie Mae

Fannie Mae's mission is to facilitate equitable and sustainable access to homeownership and quality affordable rental housing across America. The Fannie Mae team continues to innovate and promote a stronger, safer, and more efficient housing finance system to support more opportunities for homebuyers and renters in communities throughout the nation. For more information on post-disaster mortgage matters, visit FannieMae.com/HERE2HELP.

Dear Friends,

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

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

United Policyholders has over three decades of experience helping people navigate emotions and insurance and financial challenges after disasters that severely damage or destroy homes and communities. Our staff, partners and national volunteer corps of people 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 collecting all available insurance funds to repair, rebuild or replace your property is to be pro-active in valuing your losses and understanding your options and rights, and stay organized. Insurance is only one piece of the disaster recovery puzzle, but it's a very important one. UP's Roadmap to Recovery® (R2R) program and our "insider" tips will help you avoid and overcome obstacles along the way to restoring your assets and quality of life.

Please visit the library we've created for your community at www.uphelp.org/2023HIwildfires and use the search box at www.uphelp.org to find what you need. No matter what your personal situation may be, you will find answers, tips and support through our non-profit organization. We are not here to sell you anything. We are here to share the strategies and guidance that have helped thousands of wildfire survivors get back home.

Warmest regards, Amy Bach



Team UP volunteers offer guidance and support at "One Stop" Assistance Centers that get set up after disasters to provide information and support on restoring assets and quality of life.



Whether a flood, wildfire, earthquake, hurricane, tornado, or explosion damaged or destroyed your home, UP's Roadmap to Recovery® program provides step-by-step guidance on getting full value from insurance policies.



First steps after losing your home from 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 comfortable and convenient housing is a priority. Your insurance company should help you find a place of similar size.
- ✓ Take photos of your property before any cleanup or debris removal happens.
- ✓ Start a recovery journal. Any notebook will do. Take notes on: who you talked to, the number you called, date and time, what was said. Keep your paperwork organized.
- ✓ Ask your insurance company for cash advances for:
 - Living expenses
 - Replacing personal property and necessities
- ✓ Keep all receipts while you are displaced. Hotel bills, clothes and pet boarding may be reimbursed but require receipts.
- ✓ Avoid paying off your mortgage without a plan to rebuild or replace your home. Visit [FannieMae.com/HERE2HELP](https://www.fanniemae.com/HERE2HELP) to learn about your options. Contact the Disaster Response Network at 877-833-1746.
- ✓ Do not rush into signing contracts. Get copies of ALL paperwork you do sign.
- ✓ An insurance adjuster will be assigned to your claim. Their job is to estimate your loss and issue checks for all policy benefits owed. Adjuster skills vary. 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 often painful. Visit www.uphelp.org/contents for tips and shortcut tools.
- ✓ 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. Hawaii has laws to protect you.
- ✓ Register with FEMA (if a major federal declared disaster) and the SBA, even if you don't think you'll qualify for individual assistance.
- ✓ Recognize that recovering from a major or total loss takes time. Pace yourself.
- ✓ Visit [uphelp.org/2023HIwildfires](https://www.uphelp.org/2023HIwildfires) for specifics and guidance on the insurance claim process.

Returning to your home after a wildfire: A post-evacuation checklist

If your home is close to the wildfire area and you are returning to it after an evacuation order has been lifted, here is a checklist of things to consider:

- ✓ Visit the UP Claim Help Library at www.uphelp.org/partial for guidance on partial losses and smoke damage.
- ✓ If your home is temporarily uninhabitable due to a disaster, you can claim reimbursement from your insurance company for expenses you're incurring because you've lost the use of your home. Check the "Loss of Use" section of your policy. Some insurers refer to these benefits as "Additional Living Expense" (ALE) coverage. Common wording that covers evacuation costs is "*prohibited use due to civil authority.*" A deductible may or may not apply to your ALE claim, depending on your policy's wording. If your expenses are modest, you may be better off paying them out of pocket to avoid filing a claim that can impact your premiums.
- ✓ Heavy smoke, nearby flames, and extreme heat can cause visible or hidden damage, impact a home's air quality, and/or create health hazards you may not be able to see or smell. For more information, read our tips on these types of losses/insurance claims.
- ✓ Indoor air quality and home environment health standards vary and there does not appear to be one official, clear and established set of guidelines for safe levels of smoke residue, soot and ash contamination and proper cleaning methods. An experienced and qualified indoor air quality expert can help you get on track toward restoring your home to a safe, livable condition.
- ✓ If members of your household have chemical sensitivities, a history of respiratory illness, or are immunosuppressed, notify your insurer and consult with a physician before moving back in.
- ✓ Unless an insurance company adjuster has special training and conducts appropriate testing, he/she is not qualified to determine whether there are harmful particulates or hydrocarbons in your home or whether your home is habitable.
- ✓ A reputable and qualified Certified Industrial Hygienist (CIH) can inspect and test the air, surfaces and "soft goods" (furniture, rugs, curtains, etc.) in your home. If you are hiring one yourself, check qualifications and references carefully. If you are reviewing a report prepared by an expert hired by your insurer, do the same. Visit the Board for Global EHS Credentialing.
- ✓ Communicate with your insurer in writing if you believe your home is not safe to live in and provide them with supporting documentation. Request they cover the cost of appropriate inspection, testing and remediation and ALE for the time period required to complete those three tasks. Be prepared to enforce your rights if an insurer rejects your request to cover necessary costs.

Bottom line: Protect your property and the health of your household members by being cautious before moving back in, and by taking steps to have your home *properly* inspected and cleaned/repaired/restored.

Home Insurance FAQs for Wildfire Survivors

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

Most insurance policies are divided into “buckets” with maximum available dollar amounts. These maximums are your “policy limits.” **Get a current and complete copy of your policy.** Review the “Declarations” page that summarizes your coverages and policy limits. The main ones are DWELLING and CONTENTS. Other buckets are ADDITIONAL/TEMPORARY LIVING EXPENSES (LOSS OF USE), OTHER STRUCTURES, BUILDING CODE COMPLIANCE (ORDINANCE & LAW), DEBRIS REMOVAL, and TREES, SHRUBS AND LANDSCAPING.

Aim to get a basic understanding of your available insurance benefits. You’ll find videos at www.uphelp.org that help you do this. There is often wording in your policy that increases or limits your benefits. The wording can be found in attached “endorsements” or “riders” or in the policy itself. Your policy may have an inflation adjustment formula that gives you extra coverage. Your policy may include “extended replacement” benefits and/or coverage for upgrades required to get a building permit due to local building code requirements.

To collect the full amount of available insurance funds on a large dollar loss, read and re-read your policy, be proactive in getting accurate valuations on everything you lost, and get the right professional help when problems arise. Because repair and rebuild calculations done by insurance company adjusters are often below what local contractors are actually charging, we recommend getting 2nd opinions from qualified professionals. Keep a daily journal, stay as organized as possible and be a good communicator. Be prepared to politely but firmly assert your rights to a reasonably prompt, fair and full claim settlement. If problems arise, call the Hawaii Department of Insurance at (808) 586-2790 or contact a local, licensed and reputable claim or legal professional. UP’s “Find Help” Directory is a good starting place.

A typical declarations page looks like this:

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	
\$ 300,200	\$ 30,100	\$ 225,200	\$ 120,100	Each Occurrence \$ 1,000,000	Each Person \$ 1,000	Each Accident \$ 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.

Basic Policy Premium	Premiums
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: Membership; Multi-Policy	Total Policy Premium

10% Fire/Burglar Alarm; AAA

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

Most home insurance policies provide coverage for expenses you have due to losing the use of your home – rent, meals, gas, etc. Some policies call this “Additional Living Expense” (ALE) coverage. Others call this “Loss of Use”. Your benefits may be limited by a dollar amount (i.e., \$50,000) or a time limit (i.e., 24 months). Check your policy and all endorsements.

To figure out if an expense qualifies for ALE coverage ask yourself: ***Is this an expense I incurred because of the loss event?*** If the answer is yes, it is reasonable for you to seek reimbursement under ALE/Loss of Use coverage. Your insurer may require you to “incur” the expense and submit proof for reimbursement, or they may pay benefits as an advance. Best practice is to be organized, save receipts, and be clear in your communications with your insurer.

For more information, see [Survivors Speak: Additional Living Expense \(ALE\)/Loss of Use](http://www.uphelp.org/ALE) at: www.uphelp.org/ALE. Here is a partial list of typically reimbursable items that may be available to you. Your insurer must give you, upon request, a list of items normally classified as reimbursable ALE expenses.

- Rent for temporary housing (you are expected to pay for your mortgage)
- 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
- Re-connection 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 severe 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:

- Call or email the Hawaii Department of Insurance or file a complaint: (808) 586-2790, insurance@dcca.hawaii.gov, <https://cca.hawaii.gov/consumer-complaints/>
- Hire a licensed public adjuster with good references (www.uphelp.org/findhelp)
- Hire an attorney with insurance expertise/good references (www.uphelp.org/findhelp)

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.

Your city or town may offer a coordinated debris removal program. To participate, you'll need to complete paperwork that assigns your insurance benefits for debris removal to the city or town that gives them the legal right to enter your property to do the work. Trees threatening roads could be eligible for removal by local government. 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](#)³.

5. How can I get a fair settlement for my damaged or destroyed contents/personal property?

By listing and valuing as detailed an inventory as your insurer requires, or negotiating a lump sum settlement with your insurer. Use our samples, tools and suggested strategies for minimizing the pain and time of creating your contents inventory: www.uphelp.org/contents.

As with dwelling benefits, your 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 "actual cash value" 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: www.uphelp.org/surveyresults

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 "Replacement Cost" coverage on contents, these records will help you avoid leaving money on the table.

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: <http://www.uphelp.org/samples>
- Links to government and professional help: www.uphelp.org/Hawaii

Additional Roadmap to Recovery Services:

Ask an Expert Forum: The UP "Ask an Expert" forum is an easy and safe way to ask direct questions and get answers from experienced and reputable consumer-oriented attorneys, claim, construction, tax and finance professionals. Your identity and personal information are protected. To use the forum, visit: www.uphelp.org/Ask-an-Expert

Roadmap to Recovery Educational workshops: From basic orientations on reading and understanding an insurance policy to deeper dives into construction documentation and financing, mortgage and loan considerations, our educational workshops anticipate common questions and answer them in plain language. Each workshop tackles one part of the disaster recovery process in depth. Our guidance is based on 32 years of professional experience and the wisdom that our survivor volunteers have shared on lessons learned and successful strategies.

Roadmap to Recovery Q&As: An opportunity to ask specific questions and get trustworthy answers and leads to additional help.

Survivor to Survivor Forums: Trained UP volunteers with personal experience recovering from previous disasters share practical tips for loss recovery and coping with claim obstacles and a special kind of empathy. No one understands the emotions and challenges quite like someone who's been there.

Pro Bono (free) Insurance Legal Help and Financial Decision-Making Clinics: UP hosts *pro bono* insurance legal help and financial planning clinics in partnership with other non-profits where "Team UP" volunteer professionals provide free, one-hour consultations to support disaster survivors.

Visit: www.uphelp.org/events to view upcoming workshops and events.

Financial Considerations Post-Disaster

Regardless of your insurance situation, it is always important to document and calculate your damages. Knowing how much damage you've sustained is important for financial and tax return planning and recovery in general.

In addition to insurance benefits, you may qualify 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](#)⁴ and [Options and Decision Points for Replacing Your Dwelling](#)⁵.

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 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/> and [What to Do With Checks From Your Insurance Company](#)⁶.

3. My mortgage company is listed as a payee with me on my insurance checks. How do I handle 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. Fannie Mae requires contents and ALE funds to be released to the borrower.

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 work with you so you can deposit those checks (remember that lenders are invested in the property, sometimes more than the homeowner). Finding that person can be tricky. If you need help, try contacting your

state insurance agency; most of them have consumer helpers on staff. UP's website offers a national directory of state insurance agencies in our "State by State" help section at <http://www.uphelp.org/>.

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

There are various ways your insurance company may issue benefit checks earmarked for replacing your dwelling. In most cases, the first check you'll get will be a check for the "Actual Cash Value" (ACV) of your home immediately before the loss, also known as the "depreciated" value. That will be followed by one or more checks toward the "Replacement Cost Value" (RCV) if your policy provides that type of coverage. If your home was substantially and clearly underinsured, your insurer *may* issue you a check for the full amount of your dwelling benefits without applying depreciation.

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](#)⁷.

Some states have a "Valued Policy" law that requires your insurer to pay full value (not depreciated) on your dwelling if your home is totally destroyed. However, in most states and most situations, your insurer will calculate the replacement cost value of your dwelling loss, apply an ACV/depreciation formula, then issue an actual cash value payment [See [Insurance Recovery Tips for the Dwelling Part of Your Claim](#)⁷]. They will issue further payments upon proof that you have either spent more toward replacing your home than what they have paid you or that you have completed the replacement of your dwelling.

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](#)⁸ and [Completing Your Home Inventory - Contents Intensive](#)⁹.

5. How do my Contents claim benefits work?

The checks your insurer issues under the contents bucket of your policy are for replacing personal property that was destroyed or damaged. Insurers use different ways of paying contents claims. Some advance funds without requiring an inventory or receipts, but won't pay the maximum available benefits until you present a complete itemized inventory. Some will issue checks each time you submit a partial list of items. Just as with dwelling benefits, 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.

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.

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](#)⁸ and [Completing Your Home Inventory - Contents Intensive](#)⁹.

6. Who pays to remove the debris from my property?

Removing debris from your property is your responsibility, and the amount of benefits available for debris removal depends on your insurer and your policy. Your City or County may offer a coordinated debris removal program and cover costs above your available insurance benefits, and this can save you money. However, to participate you need to assign your debris removal benefits to them. Because it can take up to 2 years before you get the bill, it's important to keep your debris removal benefits on deposit so you have those funds available when the bill comes due. For more information, see [Debris Removal After a Partial or Total Loss](#)¹⁰.

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

If you're rebuilding, protect yourself by doing your homework. 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. Do some research to understand what the actual costs are at the time you're rebuilding.

If you have a mortgage and a claim larger than \$40,000, the mortgage company will be involved in the repair/rebuild process. A lender may ask to see the contractor's estimate and a W-9 document for reporting purposes. Previous disaster survivors recommend that you talk to your lender about opening up an escrow or construction account which will ensure that your contractor has finished the necessary work to justify a payment. In fact, some lenders require this. An escrow, or construction, account will help you ensure that your contractor has finished the necessary work before you pay them more money.

An escrow or construction account will also require a private inspection company to oversee the completions of milestones before your contractor receives that payment. These private inspections are not to evaluate the quality of the builder's work, nor ensure the work meets building code standards. Survivors who had a private inspector also used them for quality of build and to make sure that the city or county inspectors didn't miss anything.

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](#)¹¹.

To manage checks from your insurance company, our recommendations are the same as for other areas of your insurance claim: Be as organized as you can manage; use our website to find resources; understand your paperwork; be patient and kind to yourself.

8. How do I buy a replacement home if I don't want to rebuild?

In the event of a total loss, you may decide you want to not rebuild at your current location, but would rather rebuild at a new location or purchase an already built home at a new location. Check the laws for your state if you want to buy a replacement home instead of rebuilding without leaving insurance funds on the table.

9. What about my taxes?

UP offers free tips and recorded webinars on federal and state income tax considerations for wildfire-impacted households at www.uphelp.org/taxes¹². 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

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/taxes¹² 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".

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 choose a \$1,000 home insurance deductible. 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 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.

Difference in Conditions (“DIC”) – A policy that fills gaps caused by exclusions. Sometimes called a “wrap” or “wraparound” policy or rider.

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 known as a “rider” or “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.

The information presented in this guide is for general informational purposes, and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website.

United Policyholders Disaster Library Website Quick Links

www.uphelp.org/2023HIwildfires

- ¹ Claim Guidance Library: www.uphelp.org/claim-guidance-publications/
- ² Survivors Speak ALE: www.uphelp.org/ALE
- ³ Partial Loss Claim Tips: www.uphelp.org/Partial
- ⁴ Getting Your Mortgage Company To Release Insurance Proceeds: www.uphelp.org/mortgage
- ⁵ Decision Points for Replacing Your Dwelling: <https://uphelp.org/events/options-and-decision-points-for-replacing-your-dwelling-4-8-21/>
- ⁶ What to do with Checks from Your Insurance Company: <https://uphelp.org/claim-guidance-publications/what-to-do-with-checks-from-your-insurance-company/>
- ⁷ Dwelling Claim Tips: www.uphelp.org/dwelling
- ⁸ Contents Claim and Home Inventory Tips: www.uphelp.org/contents
- ⁹ Completing Your Home Inventory: <https://uphelp.org/events/completing-your-home-inventory-contents-intensive/>
- ¹⁰ Debris Removal Tips: www.uphelp.org/claim-guidance-publications/debris-removal-after-a-partial-or-total-loss/
- ¹¹ Working with Your Contractor: <https://uphelp.org/claim-guidance-publications/survivors-speak-working-with-your-contractor/>
- ¹² Tax Information for Disaster Survivors: www.uphelp.org/tax-information

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

