



# How to Read and Understand Your Insurance Policy

January 29, 2025

2024 Mountain and Park Fires

2025 Los Angeles Wildfires

Virtual Workshop/Webinar

[www.uphelp.org](http://www.uphelp.org)

# You can download and follow the slide deck here

The screenshot shows the United Policyholders website. At the top, there is a navigation bar with links for LOG OUT, MY QUESTIONS, ASK AN EXPERT, and FORUMS. Below this is a secondary navigation bar with links for HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, COMMUNITY, EVENTS, and SUPPORT UP. The main content area features a purple header for 'EVENTS' and a breadcrumb trail: Home » Events » How to Read and Understand Your Policy. The event title is 'How to Read and Understand Your Policy', scheduled for Wednesday, January 29, 2025, at 5:00 pm PT. It is a Zoom event requiring registration, specifically for 2024 and 2025 California Wildfire survivors. A purple 'REGISTER HERE' button is prominently displayed. Below the registration information, a paragraph describes the webinar's content: 'This webinar covers reading and understanding your insurance policy; Calculating available benefits; Understanding lingo and claim rules; Dwelling and Contents Loss Estimating and Depreciation; Policy add-ons ("Endorsements," Building Code Compliance, Extended Coverage...'. A large blue arrow points from this text to the 'RESOURCES' sidebar on the right. The sidebar lists several resources, with the 'How to Read and Understand Your Policy Slide Deck' link highlighted in a yellow box.

**United Policyholders**  
Empowering the Insured

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## EVENTS

Home » Events » How to Read and Understand Your Policy

### How to Read and Understand Your Policy

📅 Wednesday, January 29, 2025  
5:00 pm PT

📍 Zoom - registration required

👤 2024 and 2025 California Wildfire survivors

**REGISTER HERE**

This webinar covers reading and understanding your insurance policy; Calculating available benefits; Understanding lingo and claim rules; Dwelling and Contents Loss Estimating and Depreciation; Policy add-ons ("Endorsements," Building Code Compliance, Extended Coverage...

#### RESOURCES

- 📄 [A Guide to Your Homeowners Policy](#)
- 📄 [Insurance Claim Rules in California](#)
- 📄 [Insurance Consumer Rights in California](#)
- 📄 [How to Read and Understand Your Policy Slide Deck](#)

## [How to Read and Understand Your Policy Slide Deck](#)

# United Policyholders (UP) and the Roadmap to Recovery<sup>®</sup> Program

- UP is a national 501(c)3 not-for-profit organization based in California that is a trusted information resource and respected voice for insurance consumers in all 50 states.
- A 34-year track record and expertise assisting wildfire impacted households and communities through information, tools, resources, events and advocacy work.
- The Roadmap to Recovery program = *Post disaster guidance and services focused on financial, insurance, real estate and construction decision-making and emotional recovery.*
- UP's work is funded by donations and grants, volunteers/*pro bono*. You can't hire us; our services are free but limited.
- Our partners include other non-profits, state and federal agencies and professional and trade associations.

# Team UP

- Professional staff
- Government and nonprofit partners
- Volunteers
  - Previous catastrophic loss survivors
  - Consumer-oriented professionals
    - Attorneys that specialize in insurance
    - Claim Adjusters (Public and Independent)
    - Tax and financial planning experts
    - Construction and real estate professionals

# Reminders

- 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 any of the sponsors listed at [www.uphelp.org](http://www.uphelp.org) or speakers at our workshops.

# Tonight's speakers

Amy Bach, Executive Director, United Policyholders

Sandy Moriarty, CPCU, UP Program Specialist (Volunteer)

# Amy Bach, Co-Founder and Executive Director



- Shaping and leading the Roadmap to Recovery®, Roadmap to Preparedness and Advocacy and Action programs since 1995
- A professional insurance consumer advocate since 1984
- Published author, experienced trial and regulatory attorney
- Official Consumer Representative, National Association of Insurance Commissioners
- Appointed member, Federal Advisory Committee on Insurance (US Treasury)

# Sandra Moriarty



- Insurance Specialist, Roadmap to Recovery Program (Volunteer)
- Insurance Claim Consultant & Expert Witness
- 30+ years experience in Insurance claims and claims management
- Appointed Member, CA DOI Curriculum Board
- IICRC Certified Master Fire & Smoke, Water Restoration Technician & Microbial Remediation
- CPIA - Certified Property Insurance Appraiser & Umpire



# [www.uphelp.org](http://www.uphelp.org)

## [www.uphelp.org/recovery/disaster-recovery-help/2025cawildfires](http://www.uphelp.org/recovery/disaster-recovery-help/2025cawildfires)

- Step-by-Step guidance that follows the typical timeline
- Links to sign up for events and updates
- Links to specialized professionals  
[www.uphelp.org/findhelp](http://www.uphelp.org/findhelp)
- Sample letters & claim documents  
[www.uphelp.org/samples](http://www.uphelp.org/samples)
- Survivors Speak Tips  
[www.uphelp.org/survivorsspeak](http://www.uphelp.org/survivorsspeak)
- Upcoming Workshops and Resources  
[www.uphelp.org/events](http://www.uphelp.org/events)

The screenshot shows the United Policyholders website. The header includes the logo and navigation links for LOGIN, ASK AN EXPERT, and a search bar. The main navigation menu has tabs for HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, and EVENTS. The RECOVERY HELP tab is active, and a sub-menu is displayed with options: ROADMAP TO RECOVERY™, DISASTER RECOVERY HELP (circled in red), CLAIM GUIDANCE LIBRARY, and STATE BY STATE HELP. Below the navigation, the page title is "DISASTER RECOVERY HELP" and the breadcrumb trail is "Home » Disasters » 2025 California Wildfires – Insurance Claim and Recovery Help". The main content area is titled "2025 California Wildfires – Insurance Claim and Recovery Help" and contains introductory text, a "DOWNLOAD OUR INSURANCE AND RECOVERY GUIDE" button, and information about the organization. A sidebar on the right lists "UPCOMING EVENTS" with details for two events: "2025 California Wildfire Recovery and Insurance Orientation" on January 22, 2025, and "How to Read and Understand Your Policy" on January 29, 2025. The footer of the page reads "2025 CALIFORNIA WILDFIRES".

# Today's topics

- Digging into your insurance policy
- Determining all available benefits
- Understanding depreciation and other aspects of the claim process that involve math and can be frustrating

# Rules of the Roadmap:

- California has more regulations and laws to protect you in the post-disaster insurance claim process than any other state.
- The adjuster(s) assigned to your claim is supposed to know them all, but they probably don't.
- A full and fair insurance recovery requires accurate valuations of your losses, and an understanding of policy benefits owed.
- Using our Roadmap to Recovery<sup>®</sup> resources increases your chances of recovering all available insurance funds

# Advances owed under CA law

- Total losses only
- 30% of dwelling limit (up to \$250k) toward replacing contents, no inventory required.
- 4 months of additional living expenses

# California Fair Plan

- Not a government program, a government *mandated* insurer of "last resort"
- An "Involuntary Association" of private insurers
- More limited coverage than traditional policies
- Usually issued with "DIC" HO policy
- Unique challenges

# Speak “UP”

- Keep a Claim Journal/Diary/Daily record
  - Take notes on who you talked to, the number you called, date and time, what was said
  - Keep paperwork organized as best you can
- Present your requests clearly and in writing
- If an adjuster tells you a rule/requirement that doesn't sound fair, ask them: “please show me where it says that in my policy?”

Give your insurance company a chance to do the right thing, BUT Don't Be a Pushover



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# Think of your insurance claim as a business transaction

Recognize reality:

- Your insurer is a for-profit company motivated to limit claim payouts
- It is in your best interest to get independent opinions on the value of your losses and what you're entitled to so you can maximize the value of the insurance you paid for.



# Should I Expect a “Fight” with my Insurance Company?

- NO. Some claims go smoothly. We hope yours does.
- But when large dollars are at stake, disputes often arise.
- Being politely assertive, informed and empowered is the key.

# Deep breath



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# Where to start?

- ✓ Make a written request for your complete, current policy including all endorsements and riders (Certified, ideally).
- ✓ Use UP sample letter to request your policy (CA Insurance Code 2071 gives insurer 30 days to provide it) CDI can help, it shouldn't take that long.  
<https://uphelp.org/claim-guidance-publications/sample-letter-requesting-complete-copy-of-homeowners-policy/>
- ✓ Make a working copy that you can highlight/notate.
- ✓ Guidance in UP's 2025 Wildfires Recovery Help Library follows the typical total loss recovery timeline.

# Main “Buckets” of HO Coverage

The letters (A, B, C, D) differ by company.

Most common:

- **COVERAGE A** – Dwelling or Structure
- **COVERAGE B** – Other Structures
- **COVERAGE C** – Personal Property
- **COVERAGE D** – Loss of Use (“ALE”)

Trees, Shrubs & Plants, Code Upgrade/Law and Ordinance, Debris

**\*State Farm** Cov B – Personal Property, Cov C – ALE

# Renter's Policies

Very similar language to HO policies, EXCEPT:

- Do NOT cover the structure, or exterior, of your home
- Obligation to clean and repair the structure is the landlord's responsibility
- Coordinate with your landlord to have building *cleaned first*, then your contents, or hire same remediation firm to do at the same time
- Remind your adjuster that the time to repair the structure is out of your control – you need ALE!

# Mobile/Manufactured homes


- Similar language as HO policies
- Use the same method to determine coverage
- Generally have the same 4 “buckets” of coverage (A, B, C, D)
- Valuation of damaged or destroyed home is often difficult (RC versus ACV)
- Sometimes issues over title to home

# Declarations Page

- The “key” to all your insurance payments
- Not all declarations pages look the same
- They should all contain:
  - Name of **Insured**
  - Location of insured property
  - Effective date - also called policy period
  - Major coverages and their **Limits**
  - Policy forms and Endorsement forms
  - Deductibles
  - Mortgagee information

# Understanding YOUR Policy

- Declarations Page Plus policy wording = max available benefits
- Not all declarations pages look the same
- Should set forth:
  - Name of **Insured**
  - Location of insured property
  - Policy period
  - Coverages and limits of liability
  - Endorsement/Riders
  - Deductible(s)
  - Lender information



**NAMED INSURED**  
[REDACTED]

**MORTGAGEE AND ADDITIONAL INTERESTS**  
Mortgagee: [REDACTED] Loan Number: [REDACTED]

**SECTION I - PROPERTY COVERAGES AND LIMITS**

Coverage	Limit of Liability
A Dwelling	\$ 842,400
Other Structures	\$ 84,240
B Personal Property	\$ 631,800
C Loss of Use	\$ 252,720
<b>Additional Coverages</b>	
Alarm Reward	\$1,000
Credit Card, Bank Fund Transfer Card, Forgery, and Counterfeit Money	\$1,000
Debris Removal	Additional 5% available/\$1,000 tree debris
Fire Department Service Charge	\$500 per occurrence
Fuel Oil Release	\$10,000
Locks and Remote Devices	\$1,000
Trees, Shrubs, and Landscaping	5% of Coverage A amount/\$750 per item

**SECTION II - LIABILITY COVERAGES AND LIMITS**

Coverage	Limit of Liability
L Personal Liability (Each Occurrence)	\$ 300,000
Damage to the Property of Others	\$ 1,000
M Medical Payments to Others (Each Person)	\$ 5,000

**INFLATION**  
Inflation Coverage Index: 359.8

**DEDUCTIBLES**

Section I Deductible	Deductible Amount
All Losses 1%	\$ 8,424

**LOSS SETTLEMENT PROVISIONS**  
A1 Replacement Cost - Similar Construction  
B1 Limited Replacement Cost - Coverage B



# Base Limits



## Farmers Smart Plan Home® Declarations

**Policy Number:** [REDACTED]  
**Effective:** [REDACTED] 2:01 AM  
**Expiration:** 12/22/2025 12:01 AM  
**Named Insured(s):** [REDACTED]  
**e-mail Address(es):** [REDACTED]  
**Property Insured:** [REDACTED]  
**Underwritten By:** Farmers Insurance Exchange  
6301 Owensmouth Ave.  
Woodland Hills, CA 91367

### Premiums

▶ **Policy Premium** [REDACTED]

\*Also see Information on Additional Fees below.

**This is not a bill.**

Your bill with the amount due will be mailed separately.

### Description of Property

**Year of Construction** 1953  
**Construction Type** Frame with 0% - 33% Masonry Veneer  
**Roof Type** Composition - Architectural Shingle  
**Roof Surface Material Type** Composition - Architectural Shingle

**Age of Roof** 12  
**Occupancy** Owner Occupied (Primary Resident)  
**Number of Units** 1

### Property Coverage

Coverage	Limit
<b>Coverage A - Dwelling</b>	\$1,607,000
Extended Replacement Cost (In Addition to Coverage A Limit)	20% (\$321,400)
<b>Coverage B - Separate Structures</b>	\$160,700

Coverage	Limit
<b>Coverage C - Personal Property</b>	\$642,800
Personal Property Replacement Cost	Covered
<b>Coverage D - Loss of Use</b>	\$160,700
Additional Living Expense Term	12 Months

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	<b>Total Annual Premium</b>	<b>\$ 2,443</b>
<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		

Premium subject to change at Renewal

**THIS IS NOT A BILL**

# Renters Declarations Page

*Lemonade*  
5 Crosby St., New York, NY 10013  
RENTERS POLICY DECLARATIONS

POLICY NUMBER	POLICY START DATE	POLICY EXPIRES ON
[REDACTED]	Nov 13, 2019 12:01am	Nov 13, 2020 12:01am
NAME OF INSURED	INSURED PROPERTY ADDRESS	INSURED EMAIL
[REDACTED]	[REDACTED]	[REDACTED]

COVERAGE SUMMARY

COVERAGE	MAXIMUM AMOUNT	COST
Personal Property	\$10,000	Included
Loss Of Use	\$9,000	Included
Personal Liability	\$100,000	Included
Medical Payments To Others	\$1,000	Included
Changes to Your Policy (See next page)		\$1.67
\$250 Deductible		Included
<b>Total Premium</b>	<b>\$98 (\$8.17/mo)</b>	

<https://uphelp.org/claim-guidance-publications/mobile-manufactured-home-insurance-claim-tips/>

# Mobile / Manufactured home Declarations Page

Main Coverages  
(A, B, C, D)

Endorsements  
(Replacement Cost)

**FOREMOST**  
PROPERTY AND CASUALTY  
INSURANCE COMPANY  
A West Company

Policy Number: [REDACTED]  
**DECLARATIONS PAGE (CONTINUED)**

**COVERAGES:** This policy provides only the coverages as shown below and your additional coverages described in the policy.

SECTION I YOUR PROPERTY COVERAGES		AMOUNT OF INSURANCE*
A. DWELLING		\$ 53,303
B. OTHER STRUCTURES		\$ 5,330
C. PERSONAL PROPERTY		\$ 26,651
D. ADDITIONAL LIVING EXPENSE		\$ 10,661
*REFER TO SECTION I "OUR PAYMENT METHODS" TO SEE HOW THESE AMOUNTS WILL BE APPLIED		

SECTION II YOUR LIABILITY COVERAGES		LIMIT OF LIABILITY
E. PERSONAL LIABILITY	EACH ACCIDENT	\$300,000
F. MEDICAL PAYMENTS TO OTHERS	EACH PERSON	\$ 1,000
<b>TOTAL SECTION I AND II COVERAGES PREMIUM</b>		<b>\$ 292.00</b>
<b>TOTAL SECTION I AND II COVERAGES ADDITIONAL PREMIUM</b>		<b>\$ 0.00</b>

**SECTION I DEDUCTIBLE**  
SECTION I LOSSES OR AMOUNTS OF INSURANCE ARE SUBJECT TO A DEDUCTIBLE OF \$ 250 UNLESS STATED OTHERWISE IN YOUR POLICY AND ENDORSEMENTS.

FORMS AND ENDORSEMENTS			ADDL/RETURN	POLICY PREMIUM
4035	01/07	ADDITIONAL COVERAGE ENDORSEMENTS	\$	5.00
4058	01/07	WATER DAMAGE FROM SEWERS AND DRAINS	\$	75.00
4085	01/08	HOMEOWNERS INSURANCE FOR MPG HOMES		NO ADDED CHARGE
5111	04/08	REPLACEMENT COST PERSONAL PROPERTY	\$	29.00
5112	04/08	EXTENDED R/C PAYMENT METHOD	\$	20.00
5585	06/00	WORKER COMP. & EMPLOYER'S LIABILITY		NO ADDED CHARGE
5637	05/99	MEDICAL PAYMENTS TO OTHERS - CA	\$	10.00
6007	12/10	REQUIRED CHANGE - CALIFORNIA		NO ADDED CHARGE
<b>TOTAL FORMS AND ENDORSEMENTS PREMIUM</b>				<b>\$ 139.00</b>
<b>TOTAL POLICY PREMIUM AND OTHER CHARGES</b>				<b>\$ 431.00</b>

<https://uphelp.org/claim-guidance-publications/mobile-manufactured-home-insurance-claim-tips/>

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# 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** \$ ██████████

Premium subject to change at Renewal

**THIS IS NOT A BILL**

# Definitions – Examples

16. "**residence premises**" means:

- a. the one, two, three, or four family dwelling, other structures and grounds; or
- b. that part of any other **building structure**; where **you** reside and which is shown in the **Declarations**.

State Farm



Farmers



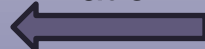
13. "Actual Cash Value" means:

The cost to repair or replace **Covered Property**, at the time of loss or damage, whether that property has sustained partial or total loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.

21. **Insured** - means:

- a. you;
- b. permanent residents of your household who are:
  - (1) your relatives; or
  - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b.(1);
- c. a student enrolled in school full time, as defined by the school, who was a permanent resident of your household before moving out to attend school, provided the student is under the age of:
  - (1) 24 and your relative; or
  - (2) 21 and in your care or the care of a person described in b.(1) above; and


Nationwide



# Coverage A – Dwelling

Your actual dollar coverage for Coverage A may be higher than the amount stated on your Declaration Page because your policy may contain increases via “endorsements”. The extras should be explained in your policy wording

Coverage A limit here is \$300,200



Section I			
A	B	C	D
Dwelling	Other Structures	Personal Property	Loss of Use
\$ 300,200	\$ 30,100	\$ 225,200	\$ 120,100

# Coverage A – Examples

## COVERAGE A – DWELLING

1. **Dwelling.** We cover the **dwelling** and materials and supplies located on or adjacent to the **residence premises** for use in the construction, alteration, or repair of the **dwelling** or other structures on the **residence premises**.

### Section I - Types of Property Insured

#### Coverage A (Dwelling)

We insure:

1. the **dwelling**;
2. materials and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**; and
3. appliances that are built-in or permanently affixed to your **dwelling**.

## COVERAGE A – Dwelling

### We Cover Under Coverage A – Dwelling:

1. the dwelling on the **residence premises** shown in the Declarations used principally as a private residence, including structures and carpeting permanently affixed to the dwelling; and
2. materials and supplies located on or adjacent to the **residence premises** for use in the construction, alteration or repair of the dwelling or other structures on the **residence premises**.

### We Do Not Cover Under Coverage A – Dwelling:

1. any structure including fences or other property covered under Coverage B – Other Structures;
2. land, including the cost to replace, rebuild, stabilize or otherwise restore or protect the land.

In general, covers the main house, and most pay for construction materials on the premises. Some cover other **attached** structures, and some do not




# Coverage B – Other Structures

- Sometimes called “Dwelling Extension”
- Usually limited to 10% of Coverage A limit
- Some companies let you increase this \$
- What qualifies varies quite a bit by company
- Some items that are “Other Structures” under one policy, might be not be under another policy

# Coverage B – Other Structures

Structures on your property that are not physically attached to the house; detached garage, retaining wall, fencing, gazebo...

**This policy includes \$30,100 for other structures**



Section I			
A	B	C	D
Dwelling	Other Structures	Personal Property	Loss of Use
\$ 300,200	\$ 30,100	\$ 225,200	\$ 120,100

# Other Structures – Examples

## COVERAGE A – DWELLING

1. **Dwelling.** We cover the **dwelling** and materials and supplies located on or adjacent to the **residence premises** for use in the construction, alteration, or repair of the **dwelling** or other structures on the **residence premises**.
2. **Other Structures.** We cover other structures on the **residence premises**, separated from the **dwelling** by clear space. Structures connected to the **dwelling** by only a fence, utility line, or similar connection are considered to be other structures.

We do not cover other structures:

- a. not permanently attached to or otherwise forming a part of the realty;
- b. used either completely or in part for **business** purposes unless such use consists solely of office space for paperwork, computer work, or use of a telephone, and consists solely of activities that are:
  - (1) duties of the **insured's** employment by another; and
  - (2) performed solely by the **insured**; or
- c. rented or held for rental unless:
  - (1) rented to a person who is a tenant of the **dwelling**;
  - (2) rented for use solely as a private garage; or
  - (3) rented either completely or in part, for exclusive use as a residence, for no more than 30 nights in the 12-month period prior to the date of the loss.

Remember the definitions?  
Here's when you need them!

## Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

1. **separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person;
2. **separate structures** used principally for the storage of **business property**; or
3. **separate structures** rented or held for rental to any person who is not a tenant of the **dwelling**, unless used solely as a private garage.

## 34. Separate structure - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

# Coverage C – Contents

Visualize taking the roof off your home, turning it upside down, and shaking your house, whatever falls out is personal property

**This policy includes \$225,200 for personal property**

Section I			
A	B	C	D
Dwelling	Other Structures	Personal Property	Loss of Use
\$ 300,200	\$ 30,100	\$ 225,200	\$ 120,100

# Coverage C – Contents

- Covers personal property / contents owned by the insured while it is anywhere in the world
- May cover guests' property if destroyed at your home
- Many items subject to specific coverage limits

# Personal Property – Examples

## COVERAGE C - Personal Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. At your request, we will cover personal property owned by:

1. Others while the property is on the part of the "residence premises" occupied by an "insured";
2. A guest or a "residence employee," while the property is in any residence occupied by an "insured."

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises," is 10% of the limit of liability for Coverage C, or \$1000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.

## COVERAGE B – PERSONAL PROPERTY

### 1. Property Covered.

- a. *We* cover personal property owned or used by an **insured** while it is anywhere in the world. This includes structures not permanently attached to or otherwise forming a part of the realty. At **your** request, **we** will cover personal property:
  - (1) owned by others while the property is on the part of the **residence premises** occupied exclusively by an **insured**;
  - (2) owned by a guest or a **residence employee**, while the property is in any other residence occupied by an **insured**; and
  - (3) owned by roomers, boarders, tenants, and other residents, any of whom are related to **you**.

# Contents – Special limits

Some common contents limits include:

- Money - \$150 - \$500
- Securities - \$1,500
- Business Property - \$500- \$2,500
- Watercraft - \$1,500
- Trailers - \$1,500
- Computers/Electronic Equipment - \$5,000

Other items (jewelry, firearms) have special theft limits that *don't apply to fire*

# Contents

## Property Not Insured

- Items specifically insured elsewhere
  - Jewelry, art w/separate coverage, business
- Animals, birds, and fish
- Property of tenants, roomers, or boarders
- Motor vehicles (exceptions for certain vehicles not registered for use on roads and/or for handicapped assistance)
- Recreational vehicles



# Coverage D – Loss of Use

**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 Dwelling	B Other Structures	C Personal Property	D Loss of Use	E Personal Liability (Personal Injury & Property Damage)	F 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**

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

10% Fire/Burglar Alarm; AAA

**Premiums**

Total Policy Premium

\$

# Coverage D – Loss of Use/ALE

- Coverage, limits and terminology vary by company
  - Labels for this bucket include: Loss of use, Additional Living Expense, Temporary Living Expense
  - Usually paid as an advance, then reimbursement for *incurred* costs (submit receipts)
- Policy language determines how ALE is determined
  - Fair Rental Value of destroyed home OR
  - Rent for a comparable temporary residence OR

# Loss of Use/Additional Living Expense (“ALE”)

- Reimbursement for expenses you incur due to losing the use of your home, including:
  - Rent for comparable housing and rental furniture
  - Extra mileage/gas
  - Laundry costs if your rental doesn’t have a W/D
  - See [www.uphelp.org/ALE](http://www.uphelp.org/ALE) and Sample Letter requesting info about insurance benefits for ALE
- Your mortgage payments are NOT covered.
- In CA, if you request it, insurer must advance 4 months of these benefits (total losses only)

# What qualifies for ALE?

- Rent for temporary housing
- Renters insurance policy
- Extra miles – to/from work, school
- New account “set up” fees at temp. housing
- Photo copies and mailing expenses related to claim
- Moving costs
- Pet boarding costs

Insurance Company must provide you a list

# CA FAIR PLAN

## 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.

# CA FAIR PLAN

## 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.

# CA FAIR PLAN– FAIR RENTAL VALUE

If the Coverage D box is NOT checked, you still have some coverage, but the following applies:

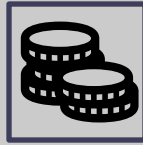
You may use up to 10% of the Coverage A limit of liability for loss of Fair Rental Value. Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

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.

# ALE vs. Fair Market Value (FMV)



ALE – Actual additional costs incurred to maintain your standard of living



FRV – A negotiated amount, based upon the fair rental value of the home you lost



Check your policy to see which applies



If you don't have FRV, you can always ASK for it – the worst they can say is “no”



# Break down Loss of Use language

When a **Loss Insured** (FIRE!)

Causes the **residence premises** (your house)

To become uninhabitable (unfit to live in)

If this is met, you will be owed LOU under most policies

Some policies say that it has to be **YOUR** property damaged – others don't!

# What are you owed?

- **INCREASED COST** – over and above what you NORMALLY spend

## EXAMPLES:

- If you own your home, you must continue to pay your mortgage. Thus, rent on your temporary home is an *increased* cost
- If you usually rent, and pay \$1,500 per month, but now pay \$2,000, the additional \$500 is an increased cost
- If your monthly food costs are \$500, and now have to eat out: and is \$1,000/month, then the additional \$500 is an increased cost
- If your utility bill was \$150/month, but is now included with your rent, then your insurer might deduct that since you are saving
- Your insurer will ask you to provide an estimate of the amounts you spend monthly on certain items

# What are you owed?

- **MAINTAIN YOUR STANDARD OF LIVING** – you are entitled under the terms of your policy to live at the same standard as before the loss
- **EXAMPLES:**
  - Single family home, condominium or townhouse, same number of bedrooms, bathrooms, amenities, air conditioning, even a swimming pool, if you had one before!
  - Same standard type of neighborhood – i.e. gated community, rural with some land, high rise, etc.
- **HOW LONG?** – *shortest time to repair or replace the damaged property, or for your household to settle elsewhere*

# For How Long?

## Time Limit to Collect Additional Living Expenses (ALE)

In the event of a covered loss relating to a state of emergency, as defined in [California Government Code section 8558](#), on and after July 1, 2021, coverage for additional living expenses (or loss of use) shall be for at least 24 months from the inception of the loss, but shall be subject to other policy provisions. An insurer shall grant an extension of up to 12 additional months, for a total of 36 months, if an insured acting in good faith and with reasonable diligence encounters a delay or delays in the reconstruction process that are the result of circumstances beyond the control of the insured. Circumstances beyond the control of the insured 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 policyholders for good cause.

([Cal. Ins. Code section 2060\[b\]\[1\]](#)).

# ALE Options

Scarce temporary housing resources necessitates ALE creativity for many people. But if you have an “Actual Loss Incurred” policy (no \$ limit), buying a temporary (not long term suitable) place to live may cut off your benefits

- Ask for FRV versus “as incurred”
- Negotiate a lump sum
- Purchase a 5<sup>th</sup> wheel or recreational vehicle
- Use ALE funds to buy tiny home or other temporary dwelling

## Additional Coverages

Debris Removal

Trees/Plants/Shrubs

Temporary Repairs

# Debris removal

- If it is *safe*, and you are able, TAKE PICTURES of your lot before debris gets removed
- Learn your options for removing the debris (solo vs. coordinated), generally it's most economical to go with coordinated

<https://pw.lacounty.gov/epd/debris-removal/>

- **IMPORTANT:** If you participate in a coordinated debris removal, avoid using your debris removal insurance benefits until you are sure you won't owe them to the program. It may take years before they bill you, so don't spend them until you're sure what your cost share will be.

# Debris removal

- Photograph debris before it gets taken away, but be safe if sifting
- Try to target still-recognizable items in photos
- Save the photos where you'll be able to find them later
- 5% coverage is common.
- Policies differ on whether it's an additional 5% of A above A payout, or an available 5% OF the amount available for A.
- Can use private contractor, or consolidated FEMA program, at your choice
- Make sure private firm can comply with County requirements for removal & disposal of toxic substances
- Additional 5% for **contents** debris is often overlooked
- Does it cover or exclude the cost of removing dead Trees/Shrubs/Plants?



# Debris Removal – Examples

## SECTION I – ADDITIONAL COVERAGES

The following Additional Coverages are subject to all the terms, provisions, exclusions, and conditions of this policy.

1. **Debris Removal.** We will pay the reasonable expenses **you** incur in the removal of debris of covered property damaged by a **loss insured**. This expense is included in the limit applying to the damaged property. The following coverages and limits also apply:
  - a. When the amount payable for the property damage plus the debris removal exceeds the limit for damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to  
SECTION I – ADDITIONAL COVERAGES,  
Trees, Shrubs, and Landscaping.

## 4. **Debris Removal.**

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by, or resulting from, covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B, or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance. No deductible applies.

Debris removal does not include, and we will not reimburse, any expenses incurred by you, or anyone acting on your behalf, to:

- a. **remediate** any **contamination**; or
- b. remove, restore, or replace any **contaminated** land, **water**, air, buildings, structures, or personal property, either on or off the **residence premises**.

This Extension of Coverage does not apply to the removal of any tree, shrub, plant, or lawn, unless the tree, shrub, plant, or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant, or lawn will be included in this Debris Removal Extension of Coverage.

# Trees, Plants, & Shrubs



Covers specified landscaping  
damaged or destroyed



Usually only covers specific perils –  
i.e., fire



Generally adds an additional 5% of  
coverage



Includes debris removal for trees



Cross reference with Debris coverage

# Trees, Shrubs & Plants— Examples

## 5. **Trees, Shrubs, Plants, and Lawns.**

We will cover trees, shrubs, plants, and lawns solely owned by you and located on the **residence premises** for accidental, direct, physical loss or damage resulting from the following perils:

- a. fire or lightning;

The limit for this Extension of Coverage, including any necessary debris removal of any trees, shrubs, plants, or lawns, for any one loss event will not exceed 5% of the Coverage A **stated limit**. No more than \$750 will be paid for any one tree, shrub, or plant, including necessary debris removal. This coverage is additional insurance.

Except as provided therein, debris removal for trees, shrubs, plants, and lawns is not covered in Section I - Extensions of Coverage, Debris Removal.

## 3. **Trees, Shrubs, and Landscaping.** We will pay for accidental direct physical loss to outdoor:

- a. trees, shrubs, live or artificial plants, and lawns;
- b. artificial grass; and
- c. hardscape property used for aesthetic purposes not permanently affixed to realty;

on the **residence premises**, caused by the following perils: **Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles** (not owned or operated by a resident of the **residence premises**), **Vandalism or malicious mischief, or Theft.**

The limit for this coverage, including the removal of debris, will not exceed 5% of the amount shown in the **Declarations** for **COVERAGE A – DWELLING**. **We will not pay more than \$750 for any one outdoor tree, shrub, plant, or hardscape item, including debris removal expense.** This coverage may increase the limit otherwise applicable. **We will not pay for any loss to property grown for *business* purposes.**

# **UNDERSTANDING THE LINGO & POLICY TERMS**

# Loss Settlement Provisions

- Determines how your loss is PAID
- Major points are:
  - Actual Cash Value
  - Replacement Cost
- Loss Settlement Provisions are OFTEN modified by Endorsements, so always check!
- CA law allows reimbursement for reasonable amounts *actually and necessarily spent for covered repairs*, up to the policy limits

# How your insurer will value your Dwelling and Personal Property losses:

- **ACTUAL CASH VALUE** (or "ACV") – Cost to replace damage, less reasonable depreciation for items that "wear out"
- **REPLACEMENT COST** (or "RC") - what it will cost for you to replace it now

# Example – Actual Cash Value (ACV)

## C. Loss Settlement

Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

at "actual cash value" at the time of loss but not more than the amount required to repair or replace.

If you see this, LOOK for an endorsement that adds replacement cost back in!

Certain policies are only ACV, especially manufactured home policies

# Same ACV policy + Endorsement

COVERAGE		DESCRIPTION	PREMIUM
BASIC COVERAGE			
<b>HO3</b>	<b>01/00</b>	<b>Special Form</b>	<b>1,007.00</b>
<b>12567A</b>	<b>02/07</b>	<b>Replacement Cost</b>	<b>66.00</b>
<b>12559</b>	<b>02/07</b>	<b>Per Prop Repl</b>	
<b>HO216</b>	<b>01/00</b>	<b>Prem Alarm Prot</b>	<b>27.00CR</b>

## PERSONAL PROPERTY REPLACEMENT COST ENDORSEMENT

- I. It is agreed that provisions of this policy applicable to Coverage C -- Unscheduled Personal Property are amended to substitute the term "replacement cost" for the term "actual cash value wherever it appears, subject to the following exclusions, conditions and definition:
- II. It is further agreed that Additional Conditions -- Replacement Cost -- Coverages A and B of the policy to which this endorsement is attached, insofar as it relates to the exclusion of outdoor radio and television aerials, carpeting, awnings, domestic appliances and outdoor equipment is hereby amended, and that loss from a covered peril to those items shall be adjusted on a "replacement cost" basis rather than on an "actual cash value" basis, subject to the following exclusions, conditions and definition.



# ACV with RC paid when repairs completed

## Most common

### 5. How We Settle Covered Loss.

Covered accidental direct physical loss or damage will be settled as follows.

- a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to a specific **component part(s)** of the **dwelling** or **separate structures**, except for **roof materials** and fences, will be settled at reasonable and necessary **replacement cost**, without deduction for depreciation, for the lesser of the costs to repair or to replace the specific damaged **component part(s)**, but for no more than the lesser of the following:

- i. the applicable **stated limit** or other limit of insurance in this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the reasonable repair or **replacement cost** of that specific **component part(s)** damaged for equivalent construction with materials of like

- kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable and necessary amount actually spent to repair or replace the specifically damaged **component part(s)** of the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the damaged specific **component part(s)** of property until actual repair or replacement is completed. If the damage to the **dwelling** should be a total loss, then the **actual cash value** payment will be no more than the lesser of the **stated limit** or the fair market value of the **dwelling** until actual repair or replacement of the **dwelling** is completed.

If the **dwelling** or a **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

# Full Replacement Cost (RC)

## **COVERAGE A – DWELLING**

Items 1. and 2. are replaced by the following:

### **1. A1 – Replacement Cost Loss Settlement – Similar Construction**

We will pay up to the applicable limit of liability shown in the **Declarations**, the reasonable and necessary cost to repair or replace with similar construction and for the same use on the premises shown in the **Declarations**, the damaged part of the property covered under **SECTION I – COVERAGES, COVERAGE A – DWELLING**.

# **EXTENDED REPLACEMENT COST & CODE UPGRADE**

# 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

# Coverage Extensions

## You may (or may not) have

MAYBE

### Loss Settlement Provision (See Policy)

A1 Replacement Cost - Similar Construction  
B1 Limited Replacement Cost - Coverage B

### Forms, Options, & Endorsements

Homeowners Policy  
Homeowners Policy Endorsement  
Amendatory Endorsement  
Jewelry and Furs \$1,500 Each  
Article/\$2,500 Aggregate  
Firearms \$2,500 Each Article/  
\$5,000 Aggregate  
Increase Dwig Up to \$ 93,900  
Ordinance/Law 25%/\$ 117,375

FP-7955.CA  
FE-3422  
FE-3247  
Option JF  
Option FA  
Option ID  
Option OL

COVERAGE AND LIMITS OF LIABILITY					
SECTION I			SECTION II		
A. DWELLING	B. OTHER STRUCTURES	C. PERSONAL PROPERTY	D. LOSS OF USE ACTUAL LOSSES SUSTAINED	E. PERSONAL LIABILITY	F. MEDICAL PAY EACH PERSON
210,600	21,060	147,420	IN 12 MOS.	300,000	1,000
FOR LOSSES ARISING UNDER SECTION I, WE WILL PAY ONLY THAT PART OF THE LOSS IN EXCESS OF \$500.					
COVERAGE BASIC COVERAGE	DESCRIPTION	PREMIUM	COVERAGES	DESCRIPTION	PREMIUM
HO3 01/00	Special Form	1,097.00	12747 12/01	Fungl/Bacteria	
HO90 05/02	Calif Work Comp		HO48 01/00	Oth Str Incr Lim	58.00
12559 02/07	Per Prop Repl		12567P 02/07	Replacement Cost	22.00
HO216 01/00	Prem Alarm Prot	22.00CR	11796 07/11	CA Res Prop Dis	
438BFUN 05/42	Lenders Loss Pay		10940 07/89	CA Ins Guarantee	
IN2004 03/04	Consumer Info		IN2264 03/06	Merit Rating	
IN2499 10/08	Important Notice		IN0000 04/09	Privacy Stmt	
IN0100 01/10	Important Notice		HO300CA 10/14	Spec Provisions	
IN2709 12/15	Important Notice		IN2710 01/16	Thrd Prty Dsgnee	
IN2722 02/17	Important Notice				

YES

### Policy Forms and Endorsements: The following forms and endorsements are applicable to your policy

LibertyGuard® Deluxe Homeowner Policy  
(HO 00 03 04 91)

Backup of Sewer and Sump Pump Overflow Coverage  
(FMHO 2062 R1)

Loss Assessment Coverage (FMHO 2516 1113)

Credit Card, Fund Transfer Card, Forgery  
(HO 04 53 04 91)

Amendmt Pol Definitions (FMHO-2934 7/04)

Amendatory Mold End (FMHO 3370 1112)

No SecII/Limit I-Daycare (HO 04 96 04 91)

Workers Compensation Coverage (HO 24 90 01 93)

CA Res Prop Disclosure (FMHO 4152 1112)

Amendatory Endorsement (HO 04 01 06 93)

Education Coverage Endorsement (FMHO-2357)

Home Protector Plus (FMHO 2147 R3)

Green Upgrade and Recycling Coverage  
(FMHO 3353 1113)

Additional Residence Rented To Others  
(HO 24 70 04 91)

Protective Devices (HO 04 16 04 91)

Amendatory Endorsement (FMHO-2510 5/03)

Seepage Exclusion End (FMHO 3391 1112)

Special Provisions - CA (FMHO 3430 1113)

CA Prop Bill of Rights (FMHO 2942 0711)

Inflation Protection (FMHO-2936 9/04)

Lead Poisoning Exclusion (FMHO-2145 R1)

NO IDEA?!

# Extended Replacement Cost Coverage

Many policies include a provision that increases your dwelling limits by 25%, 50%, or 100% if the Cov A limits are too low to repair or replace your damaged or destroyed home.

- Have different names – look for:
  - OPT ID – Increased Dwelling (State Farm)
  - Building Structure Reimbursement Extended Limits (BSREL - Allstate)
  - ERC – Extended Replacement Cost (Farmers)

# Extended Replacement Coverage (ERC)

- Provides additional funds to replace your home when your Coverage A limits are inadequate to repair/replace your dwelling
- If you have this, it will usually be included in the Loss Settlement section, or added by Endorsement
- The naming varies, look for “extended” or “replacement
- Limits vary from 10% to 200%
- Most policies apply extended benefits only to Coverage A
- Some policies apply ERC to Coverages A, B and C

# ERC - Examples

## 2. Extended Replacement Cost - Coverage A.

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild, or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of covered loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes that costs, or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A (**Dwelling**) amount to an amount at least equal to the estimated replacement cost of the **dwelling**, or any update thereto through application of an index or inflation factor or any other method or combination of methods; and
- e. you must actually repair, rebuild, or replace the loss or damage to the **dwelling**.

If you do not comply with conditions a., b., c., and d. above prior to covered loss or damage to the **dwelling** and with

condition e. above after the loss or damage, then this Extension of Coverage will not apply.

You must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as estimated or adjusted for changes in the reconstruction cost.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild, or replace covered loss or damage to that part of the **dwelling** damaged, at the same location, for the reasonable and necessary replacement cost without deduction for depreciation. If you do elect to rebuild, replace, or purchase an existing dwelling at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild, or replace the **dwelling** as if at the same location.

When we determine whether this Extension of Coverage will apply, we will not consider any increased costs caused by, or from enforcement of, any **building law**.



# ERC - Examples

- c) Building Structure Reimbursement. Under **Coverage A— Dwelling Protection** and **Coverage B— Other Structures Protection**, we will make additional payment to reimburse you for cost in excess of actual cash value if you repair, rebuild or replace damaged, destroyed or stolen covered property within 180 days of the actual cash value payment. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of a **building structure(s)** damaged by a covered loss.

Building Structure Reimbursement will not exceed the smallest of the following amounts:

- 1) the replacement cost of the part(s) of the **building structure(s)** for equivalent

- 2) the amount actually and necessarily spent to repair or replace the damaged **building structure(s)** with equivalent construction for similar use on the same **residence premises**; or
- 3) the limit of liability applicable to the **building structure(s)** as shown on the Policy Declarations for **Coverage A— Dwelling Protection** or **Coverage B— Other Structures Protection**, regardless of the number of **building structures** and structures other than **building structures** involved in the loss.

If you replace the damaged **building structure(s)** at an address other than shown on the Policy Declarations through construction of a new structure or purchase of an existing structure, such replacement will not increase the amount payable under Building Structure Reimbursement described above. The amount payable under Building Structures Reimbursement described above does not include the value of any land associated with the replacement structure(s).

Building Structure Reimbursement payment will be limited to the difference between any actual cash value payment made for the covered loss to **building structures** and the smallest of 1), 2) or 3) above.

**Option ID – Increased Dwelling Limit.** We will settle losses to damaged **building structures** covered under **COVERAGE A – DWELLING** according to the **Loss Settlement Provision** shown in the **Declarations**.

1. If the reasonable and necessary cost to repair or replace the damaged **dwelling** exceeds the limit of liability shown in the **Declarations** for Coverage A – Dwelling, we will pay the additional amounts not to exceed the Option ID limit shown in the **Declarations**.
2. If the reasonable and necessary cost to repair or replace damaged **building structures** covered under **COVERAGE A – DWELLING, Other Structures** exceeds the limit of liability shown in the **Declarations** for Other Structures, we will pay the additional amounts not to exceed 10% of the Option ID limit shown in the **Declarations**.

# Ordinance or Law (Code Upgrade) Coverage

- HO policies in CA are required to include at least 10% additional coverage for CODE UPGRADES
- You can purchase more (20%-50% or more) – more important for an older home that has not been updated
- Pays for upgrades to your home that you are required to add, based upon a building ordinance or law, to bring THE HOME YOU LOST up to current codes
- Check endorsements, as policy often has an exclusion, but then “adds back” coverage in an endorsement.

# Code Upgrades / Ordinance or Law

3. **We will not pay for, under any part of this policy, any loss that is caused by one or more of the items below, regardless of whether the event occurs abruptly or gradually, involves isolated or widespread damage, occurs on or off the *residence premises*, arises from natural or external forces, or occurs as a result of any combination of these:**
  - a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a ***building structure*** or other structure.

**We will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair, or demolition of a *building structure* or other structure, except as provided under OPTIONAL POLICY PROVISIONS, Option OL – Building Ordinance or Law.**

## Exclusion

### Option OL – Building Ordinance or Law.

1. **Coverage Provided.** The total limit of insurance provided by this option will not exceed an amount equal to the Option OL percentage shown in the ***Declarations*** of the Coverage A limit shown in the ***Declarations*** at the time of the loss, as adjusted by the Inflation Coverage provisions of this policy. This is an additional amount of insurance and applies to ***building structures*** on the ***residence premises***.
2. **Damaged Portions of Building Structure.** When a ***building structure*** covered under **COVERAGE A – DWELLING** is damaged by a ***loss insured***, we will pay for the increased cost to repair or rebuild the physically damaged portion of the ***building structure*** caused by the enforcement of a building, zoning, or land use ordinance or law if the enforcement is directly caused by the same ***loss insured*** and the requirement is in effect at the time the ***loss insured*** occurs.
3. **Undamaged Portions of Damaged Building Structure.** When a ***building structure*** covered under **COVERAGE A – DWELLING** is damaged by a ***loss insured***, we will also pay for:
  - a. the cost to demolish and clear the site of the undamaged portions of the ***building structure*** caused by the enforcement of a building, zoning, or land use ordinance or law if the enforcement is directly caused by the same ***loss insured*** and the requirement is in effect at the time the ***loss insured*** occurs; and

## Endorsement

# Sample Endorsement – Code

## ADDITIONAL PROPERTY COVERAGES

Item 7. **Building Ordinance or Law Coverage** is deleted and replaced by the following:

7. **Building Ordinance or Law Coverage.** Damage to building or personal property we cover caused by a Building or Personal Property Loss We Cover will be settled on the basis of any ordinance or law that regulates the construction, repair or demolition of this property.

This coverage does not apply:

- a. to loss caused by the peril of **earthquake**;
- b. to loss to any undamaged portion of the building or personal property we cover;
- c. unless you choose to repair or rebuild your home at its present location.

We do not cover:

- a. the loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- b. the costs to comply with any ordinance which requires any **insured** or other to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, **pollutants**.

This is not an additional amount of insurance.

## SPECIAL LIMIT OF LIABILITY

In the event of a covered loss resulting from an Insurance Services Offices® declared catastrophe for the state in which the **residence premises** is located, the limit available for Building Ordinance or Law Coverage shall be increased by 100%.

# **DETERMINING AVAILABLE BENEFITS**

# Base limits + endorsements + policy wording = your max available benefits

**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	
\$ 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.**

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 BEUNS).

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

# Dwelling Coverage

These are the “big ticket” items in your policy

Do the math to know your limits!

- **Coverage A** - limits for main dwelling
- **Other Structures** - CA allows you to use \$ towards your main home
- **Extended Replacement?**  
(commonly 25%, 50% or 100%)
- **Debris Removal** - sometimes 5% PER coverage
- **Code Upgrade Coverage**  
(Ordinance & Law)
- **Trees, Shrubs and Plants** - usually 5%

# Do the math! – Example

**Coverage A - \$500,000**

**Extended Replacement Coverage = 25%**

Coverage A is  $\$500,000 \times 25\% = \$125,000$

**Code Upgrade Coverage = 20%**

Coverage A is  $\$500,000 \times 20\% = \$100,000$

**Debris removal - 5% of Coverage A\***

Coverage A is  $\$500,000 \times 5\% = \$25,000$

**Trees, Shrubs & Plants - 5% of Coverage A**

Coverage A is  $\$500,000 \times 5\% = \$25,000$

**TOTAL DWELLING Coverage available = \$775,000**

\*To trigger the additional 5%, the base limit must be exhausted

NOTE: Debris may (or may not) apply separately to each coverage – A, B, C



# Sample Spreadsheet Tracking Limits & Payments

Coverage			A		B	C	D	E - Additional Coverages			Total
			Dwelling		Other Structures	Personal Property	Loss of Use (ALE)	Ordinance or Law	Debris Removal*	Trees, Shrubs & Plants	
			Structure	ERC (OPT ID)							
			100%								
Coverage (Declarations Page)			\$ 226,500.00	\$ 113,250.00	\$ 22,650.00	\$ 170,100.00	\$ 90,800.00	\$ -	\$ 11,325.00	\$ 11,325.00	\$ 645,950.00
REPLACEMENT COSTS Estimates			\$ 226,500.00	\$ 235,547.89	\$ 87,885.29	\$ 210,569.23	\$ 45,987.33	\$ 188,562.04	\$ 31,780.65	\$ 19,719.94	\$ 1,046,552.37
Limit of Coverage			\$ 226,500.00	\$ 113,250.00	\$ 22,650.00	\$ 170,100.00	\$ 45,987.33	\$ -	\$ 11,325.00	\$ 11,325.00	\$ 601,137.33
<b>Payments Received</b>											
Date	Check #	Purpose									
11/10/18	668	ALE ADVANCE					\$ 8,000.00				\$ 8,000.00
11/30/18	234	EVAC EXPENSES					\$ 1,158.98				\$ 1,158.98
3/19/19	123	INS DWELLING EST	\$ 207,201.34		\$ 11,325.00					\$ 11,325.00	\$ 229,851.34
3/30/19	234	75% CONTENTS				\$ 127,575.00					\$ 127,575.00
7/14/20	589	ADDL DWELLING	\$ 19,298.66	\$ 26,683.74	\$ 11,325.00						\$ 57,307.40
7/15/20	587	FINAL CONTENTS				\$ 42,525.00					\$ 42,525.00
7/15/20	987	ONE YEAR ALE/FMV					\$ 24,000.00				\$ 24,000.00
12/30/20	878	FINAL ALE					\$ 12,828.35				\$ 12,828.35
Total Payments			\$ 226,500.00	\$ 26,683.74	\$ 22,650.00	\$ 170,100.00	\$ 45,987.33	\$ -	\$ -	\$ 11,325.00	\$ 503,246.07
Balance			\$ -	\$ 86,566.26	\$ -	\$ -	\$ -	\$ -	\$ 11,325.00	\$ -	\$ 97,891.26

Sample Insurance Accounting spreadsheet - <https://www.uphelp.org/pubs/insurance-accounting-spreadsheet>

# The Flow of Insurance Funds

Advances - Usually applied to Personal Property or ALE

ACV payments when values are set

Your mortgage company will be named on Cov A payments

RC payments upon proof of expenditures, replacement, repairs completed

# The flow of insurance funds

- CA law requires your insurer to advance 30% of your dwelling limits to replace your contents\*
- If you want a full policy limits, you'll likely have to complete an itemized inventory.
- Mortgage company list on all Cov A payments
- Insurer pays ACV when values are "set".
- Insurer pays RC upon proof of expenditures, replacement, repairs completed.
- Negotiated cash-outs (possibly...)

\* Total losses only, up to \$250,000

# Things to Consider

- Opening a separate bank account
- Keep track insurance funds collected and paid out
- What “bucket” of coverage does each check come out of?
- Combining coverages to rebuild
- Examples of Insurance Accounting Spreadsheet and ALE Drawdown Spreadsheet at: [www.uphelp.org/samples](http://www.uphelp.org/samples)

# Deep breath



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# First steps recap:

- Keep paperwork organized and a daily journal
- Understand options related to debris removal
- Use ALE wisely so it will last
- Mortgage forbearance and related financial decisions
- Avoid scams, check references before you hire
- Charitable aid and loans can fill insurance gaps

## Sample Letters: Communicating with Your Insurance Provider

- > Sample Letter Requesting Complete Copy of Homeowners Policy
- > Sample Letter for Requesting Copies of Claim-Related Documents
- > Sample Letter Requesting Information About Insurance Benefits for Temporary Living Expenses (“ALE” or “Loss of Use”)
- > Sample Letter Requesting Extension of Additional Living Expense/Loss of Use Deadlines
- > Sample Letter Asking for a Waiver of the Contents Itemization Requirement
- > Sample Letter Asking for a Personal Property Claim Settlement
- > Sample Letter Requesting Claim Payment History
- > Sample Letter Protecting Your Legal Rights
- > Sample Policy Information Request Form
- > Sample Letter Requesting Information About Claim Denial
- > Sample Letter Requesting Mortgage Company Release Insurance Proceeds
- > Sample Letter Requesting Extension of Policy Benefits for Building Code Upgrade
- > Sample Letter Requesting Extension of Deadlines to Collect Full Policy Benefits

## Samples of Common Claim Documents

## Samples of Damage Reports, Loss and Repair Estimates

### Sample Letter for Requesting Copies of Claim-Related Documents

- Use this letter to request copies of documents related to your insurance claim such as inspection reports, estimates, measurements, notes, and damage assessments.
- Use this letter to request a complete copy of your claim file from your insurance company.

**NOTE: This letter is a sample that must be customized to fit the facts of your individual situation and claim. All bracketed and underlined portions must be completed or revised before sending.**

(Date)

(Name of adjuster or highest-ranking ins. co. employee you can identify)

(Name of Insurance Co.)

(Address)

Re: Claim Number \_\_\_\_\_

Date of Loss: \_\_\_\_\_

Name of Insured: \_\_\_\_\_

Address of Insured Property: \_\_\_\_\_

Dear [INSURANCE COMPANY],

As part of your investigation of our claim, your adjuster and people associated with or hired by your company may have inspected our property, taken notes and written or obtained reports and estimates on the damage. We need to see those reports and estimates so we can be informed and continue cooperating with you on our claim. Thank you in advance for your return cooperation.

Please provide complete copies of our claim file and/or all claim-related documents. For purposes of this request, "claim-related documents" means all documents that relate to the evaluation of damages,

# Survivor to Survivor...

Register @ [www.uphelp.org](http://www.uphelp.org) to stay informed on Roadmap to Recovery webinars and events

- You are not alone...No one else understands your challenges and emotions like another survivor
- Insights, best practices, honesty
- Survivors only





# Requesting help/filing a complaint



**800-927-4357**

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



# UPcoming...

## Replacing Your Wildfire Destroyed Home: Options and Insurance Considerations

Wednesday, February 5, 2025

5:00 pm PST

*Virtual, on Zoom*

Register here: [uphelp.org/Feb5](https://uphelp.org/Feb5)