



Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations

February 5, 2025

Webinar

California wildfires (2024, 2025)

If you'd like to download and follow the slide deck

The screenshot shows the United Policyholders website. The top navigation bar includes links for LOG OUT, MY QUESTIONS, ASK AN EXPERT, and FORUMS. Below this is a secondary menu with HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, COMMUNITY, EVENTS, and SUPPORT UP. The main content area is titled "EVENTS" and features a breadcrumb trail: Home » Events » Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations. The event title is "Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations". The event details are: Wednesday, February 5, 2025, 5:00 pm PT; Zoom - Registration required; and 2024 and 2025 California Wildfire total loss survivors. A purple "REGISTER HERE" button is present. A large grey arrow points from the text "This webinar will outline considerations and decision points related to replacing your destroyed home. It is intended for people with a total loss who are currently weighing options." to a highlighted link in the "RESOURCES" sidebar: "Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations Slide Deck".

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HOME ABOUT MEDIA RECOVERY HELP GET PREPARED ADVOCACY COMMUNITY EVENTS SUPPORT UP

EVENTS

Home » Events » Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations

Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations

Wednesday, February 5, 2025
5:00 pm PT

Zoom - Registration required

2024 and 2025 California Wildfire total loss survivors

[REGISTER HERE](#)

This webinar will outline considerations and decision points related to replacing your destroyed home. It is intended for people with a total loss who are currently weighing options.

RESOURCES

- [BUY or REBUILD? \(California FAQs\)](#)
- [Survivors Speak: Forced Choice Matrix for Decision-making](#)
- [Replacing Your Wildfire-Destroyed Home: Options and Insurance Considerations Slide Deck](#)

www.uphelp.org/feb5

United Policyholders (UP) and the Roadmap to Recovery[®] 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.

www.uphelp.org

<http://www.uphelp.org/2025cawildfires>

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

The screenshot shows the United Policyholders website. The header includes the logo, 'LOG IN', 'ASK AN EXPERT', and a search bar. The navigation menu has 'HOME', 'ABOUT', 'MEDIA', 'RECOVERY HELP', 'GET PREPARED', 'ADVOCACY', and 'EVENTS'. A dropdown menu under 'RECOVERY HELP' is open, showing 'ROADMAP TO RECOVERY™', 'DISASTER RECOVERY HELP' (circled in red with an arrow pointing to it), 'CLAIM GUIDANCE LIBRARY', and 'STATE BY STATE HELP'. Below the navigation is a purple banner for 'DISASTER RECOVERY HELP' with a breadcrumb trail: 'Home » Disasters » 2025 California Wildfires – Insurance Claim and Recovery Help'. The main content area is titled '2025 California Wildfires – Insurance Claim and Recovery Help'. It includes an introductory paragraph, a 'DOWNLOAD OUR INSURANCE AND RECOVERY GUIDE' button, an 'About UP' section, and a 'VISIT UNITED POLICYHOLDERS (UP) TABLE AT THE TWO OFFICIAL DISASTER RECOVERY CENTERS' section. On the right, there is an 'UPCOMING EVENTS >' section with 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. Both events include registration requirements and a 'VIEW +' link.

The Fine Print

- This workshop is intended to be general guidance only, not legal advice
- We don't endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops
- Our speakers are volunteering their time as educators



Today's Presenters

Amy Bach, Co-Founder and Executive Director United Policyholders

Shelly Hiskey, 2018 Woolsey Fire Survivor, UP Volunteer

Susheel Kumar, Regional Recovery Coordinator IX, Office of Disaster Recovery and Resilience, U.S. Small Business Administration

Wildfire recovery is a *process*...
take it one day at a time



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



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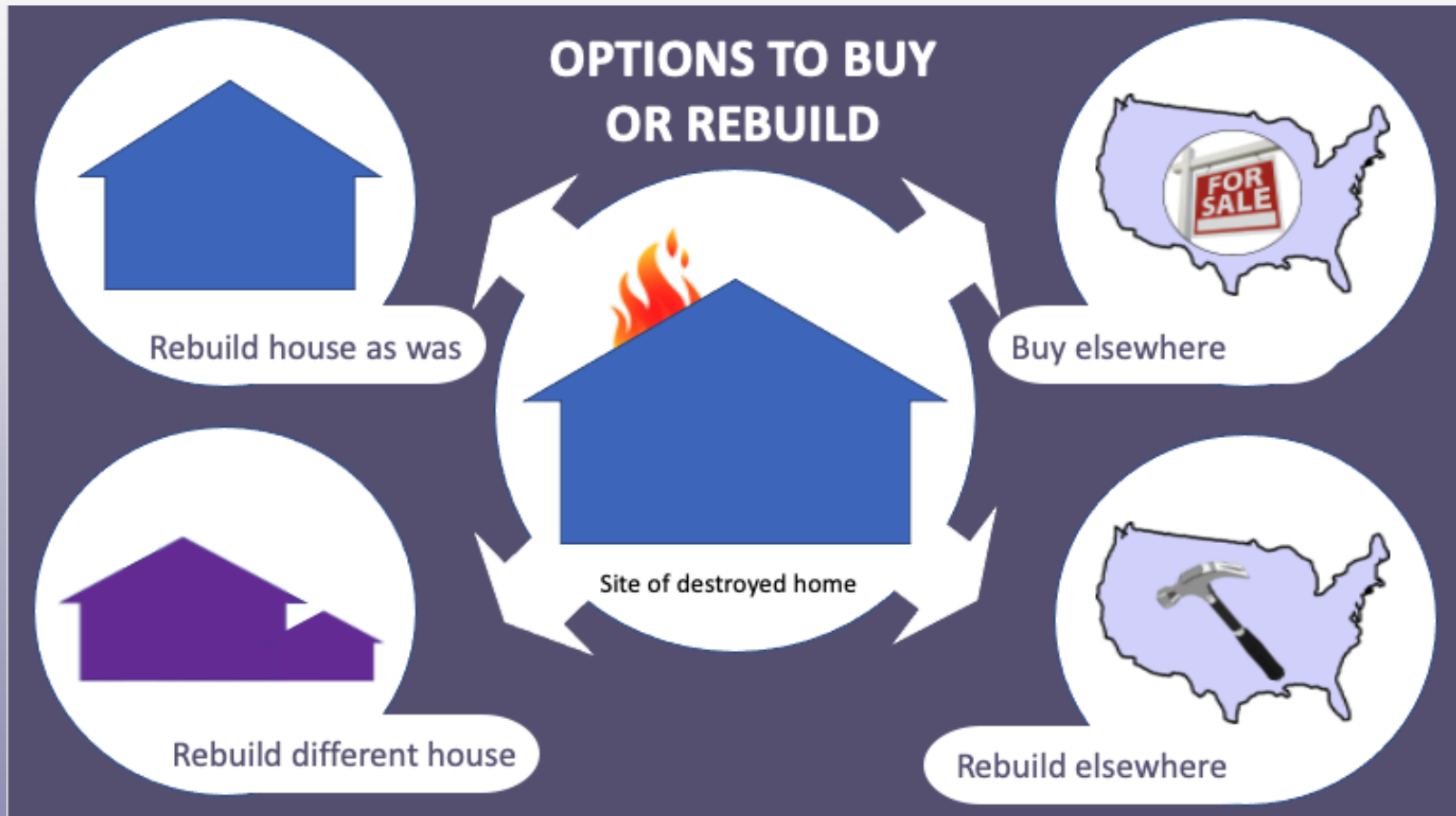
Reminders:

- Using our Roadmap to Recovery[®] resources increases your chances of recovering all available insurance funds.
- The more you document your losses and understand your policy and your rights...the better your settlement will be. Think of your insurance claim as a business negotiation.
- A good paper trail helps ensure that promises get kept, journal daily.
- Adjusters have varying levels of \$ authority, every insurer has chain of command - local, regional, national. Go up that chain, speak UP
- California has more regulations and laws that aim to protect you during the post-disaster insurance claim process than any other state. The adjuster(s) assigned to your claim should know them all, but they may not.

Today's Topics

1. Options
2. Considerations
3. The decision process
4. Helpful resources

Options for replacing your dwelling



Proof positive





Considerations

- Your individual situation
- Local conditions, timing, unknowns
- The adequacy of your insurance coverage (dwelling limits, code upgrade and/or extended coverage?)
- Available financing if underinsured (SBA, commercial loans, lawsuit settlement, savings, other sources)

Considerations



Your quality of life and financial future



Child/Education expenses



Retirement



Medical and long-term care

Common Questions



- **How long before I can start a rebuild?**
- **Will I find a reputable contractor?**
- **Can I afford to rebuild with my available insurance?**
- **What other policy benefits can I use to rebuild?**
- **What sources could I tap to cover an insurance shortfall?**
- **What will my neighborhood look like?**
- **What other areas might I want to live in?**
- **Can I handle a major construction project?**

Dwelling insurance benefits

- The amount you are owed is based on the cost to rebuild the home you had, (including required upgrades to meet current building codes) subject to your policy limits.
- In most cases, you will need to reach agreement w/your insurer on what it would cost to rebuild what you had, even if you do not intend to rebuild an identical one.



Combining Coverages

You can use your “Other Structures” benefits toward your dwelling replacement. You can use contents benefits if you’ve collected them in full.

“In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, an insured under a residential property insurance policy shall be permitted to *combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient.* Any claims payments for losses pursuant to this subdivision for which replacement cost coverage is applicable shall be for the full replacement value of the loss *without requiring actual replacement of the other structures or contents.* Claims payments for other structures in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.”

Cal Ins Code 10103.7

Accurately valuing the cost of replacing the home you lost

- Generally, your adjuster will use software to create a dwelling replacement cost estimate. Ask them for a "scope of loss" that breaks out specifics.
- A "scope of loss" details the **materials, quantities, costs, trades needed** to repair/rebuild what you had, and makes it easier to compare the insurer's estimate with a contractor's estimate

Upgrades required for compliance w/local building codes is part of your dwelling RCV

Building Code or Ordinance/Law Compliance

<https://uphelp.org/claim-guidance-publications/building-code-ordinance-or-law-compliance/>

Sample Letter Requesting Extension of Policy Benefits for Building Code Upgrades

<https://uphelp.org/claim-guidance-publications/sample-letter-requesting-collecting-policy-benefits-for-building-code-upgrades/>

Aim for an agreed upon “scope of loss”



Have a contractor review the insurance company’s estimate to help you identify omissions/errors



Make sure your contractor’s estimate is for your OLD home, **not** the one you want.



In-person meetings with adjuster can be productive.



Your contractor/subs should be able to stand behind his/her numbers.



Know the areas where you differ, and why.

Your dwelling claim settlement

- The amount you are owed is based upon the cost to rebuild the home you LOST, plus code upgrades, up to your policy limits.
- In most cases, you will need an estimate to determine what it would have cost to rebuild your **prior home**, even if you do not intend to rebuild an identical one.



Underinsured? Join the club...

- If you do not have enough coverage to replace your home, contents, other structures, landscaping or to cover your temporary living expenses, then you are UNDERINSURED.
- Most total loss disaster survivors have inadequate Coverage A limits.
- UP's website has an entire section devoted to this topic:
www.uphelp.org/underinsurance
- It may take awhile to determine whether you are underinsured.

Tax considerations

Consult a CPA about the tax implications of buying vs. rebuilding

Form **4684** **Casualties and Thefts** OMB No. 1545-0177
Department of the Treasury Internal Revenue Service **2017** Attachment Sequence No. 26
Name(s) shown on tax return Identifying number

Go to www.irs.gov/Form4684 for instructions and the latest information.
Use a separate Form 4684 for each casualty or theft.

SECTION A—Personal Use Property (Use this section to report casualties and thefts of property not used in a trade or business or for income-producing purposes. If reporting a casualty loss from a disaster, see the instructions before completing this section.)

1 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft. You must use a separate Form 4684 (through line 12) for each casualty or theft event involving personal use property.

	Properties			
	A	B	C	D
2 Cost or other basis of each property				
3 Insurance or other reimbursement (whether or not you filed a claim) (see instructions)				
Note: If line 2 is more than line 3, skip line 4.				
4 Gain from casualty or theft. If line 3 is more than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year				
5 Fair market value before casualty or theft				
6 Fair market value after casualty or theft				
7 Subtract line 6 from line 5				
8 Enter the smaller of line 2 or line 7				10
9 Subtract line 3 from line 8. If zero or less, enter -0-				
10 Casualty or theft loss. Add the amounts on line 9 in columns A through D				

SBA loans

- **Home Disaster Loans**: Loans to homeowners or renters to repair or replace disaster-damaged real estate and personal property, including automobiles.
- **Business Physical Disaster Loans**: Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.
- **Economic Injury Disaster Loans (EIDL)**: Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

<https://www.sba.gov/funding-programs/disaster-assistance/california-wildfires#areas-eligible-for-sba-disaster-loans>



U.S. Small Business
Administration

To apply, call 800-659-2955 or
go online at
www.SBA.gov/disaster

Eligibility

- Homeowners may apply for **up to \$500,000** to replace or repair their primary residence.
- Renters and homeowners may borrow **up to \$100,000** to replace or repair personal property — such as clothing, furniture, cars, and appliances — damaged or destroyed in a disaster.
- Secondary homes or vacation properties **are not** eligible for these loans. However, qualified rental properties may be eligible for assistance under SBA's [business physical disaster loan program](#).
- These loans cover disaster losses not fully covered by insurance or other sources. Proceeds from insurance coverage on home or property may be deducted from the eligible loan amount.

Use of proceeds

- You may not use the funds to upgrade homes or make additions, unless required by the local building code.
- You may be eligible for up to a 20% loan amount increase above the real estate damage, as verified by SBA, for improvements that will help prevent risk of future property damage.
- SBA can refinance all or part of a previous mortgage in some cases, when the applicant does not have credit available elsewhere and has suffered substantial disaster damage.

FAQs

- 1) What is the interest rate on an SBA loan, and what are the general loan payment terms?
- 2) What are the eligibility rules?
- 3) If someone applies and is rejected, should they appeal and why?
- 4) Can you take out BOTH an SBA and a commercial loan?
- 5) How does your insurance impact your eligibility? What about if your dwelling is underinsured? What if you have NO insurance?
- 6) How does your current mortgage (or lack of one) impact your eligibility?

The Decision Process

€ Remember - not all decisions will be financial!



Know your total amount of available insurance benefits



Scope of loss, Estimate/Bid on replacing original dwelling



Is there enough to rebuild with adjustments?



Tax ramifications



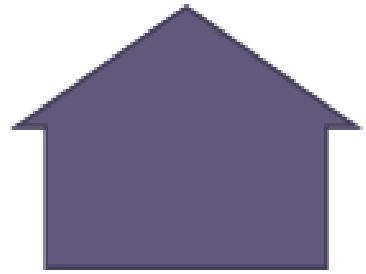
OPTIONS
TO BUY OR
REBUILD

Rebuild house as was

Rebuild different house

Buy elsewhere

Rebuild elsewhere



Buying vs. Rebuilding



The process is almost identical for all the different options (buy or rebuild).



The most important thing: **KNOW HOW MUCH IT WOULD COST TO REBUILD THE HOUSE YOU LOST** up to the policy limits.



If buying, you will also need an estimate and a **CODE BID** for the house you lost, **NOT** the new one!



If you were paid the full policy limits, you will most likely not need an estimate.

Replacing a home by buying, not rebuilding

You can replace your home by buying elsewhere without leaving insurance money on the table

- The measure of what you're owed should include all costs that would have been incurred if you'd replaced the destroyed dwelling with one of the same size and features, including upgrades that would have been required to comply with current building codes and coverage for "Other Structures." If those costs would have exceeded your stated dwelling limit and qualified you for extended benefits, those are included in the funds available toward the purchase. Cal. Ins. Code 2051.5

Replacement cost to rebuild vs.

Price of replacement home you want to buy

- Present your insurer with one or more estimates for what it would cost to rebuild
- Reach an agreement with your insurer on that cost
- After you have reached an agreement with the insurer as to the amount it would have cost to build the home that was destroyed, find a home that costs at least as much as it would have cost to rebuild as was
- Present the real estate documentation to your insurer

Accessing all available coverage to buy a replacement home

2051.5 (c) In the event of a total loss of the insured structure, a policy issued or delivered in this state shall not contain a provision that limits or denies, on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location, payment of the building code upgrade cost or the replacement cost, including any extended replacement cost coverage, to the extent those costs are otherwise covered by the terms of the policy or any policy endorsement. However, the measure of indemnity shall not exceed the replacement cost, including the **building code upgrade cost and any extended replacement cost** coverage, if applicable, to repair, rebuild, or replace the insured structure at its original location.

No land value deductions (CA)

...the measure of damages available to a policyholder to use to rebuild or replace the insured home at another location shall be the amount that would be have been recoverable had the insured dwelling been rebuilt at its original location and a deduction for the value of land at the new location shall not be permitted... Cal. Ins. Code 2051.5(c)(2)

Can I buy a house for less money than my full extended replacement cost value and pocket the difference?

- NO

Can I buy a bigger/better house adding in my own money or a loan?

- YES

Survivor Wisdom

<https://uphelp.org/claim-guidance-publications/survivors-speak-forced-choice-matrix-for-decision-making/>



Survivors Speak: Forced Choice Matrix for Decision-making

After we lost our home in the Tubbs Fire (2017), we found that we were underinsured and it would be impossible for us to rebuild our home at market prices. Three or four months after the fire, it was clear that once we were paid all monies that we were entitled to from our insurer, we would look for a replacement home to buy. The questions then became where do we want to live and what do we want in a home.

I found a tool online called a [“forced choice matrix”](#), which applies to financial priorities.

The gist of this process is to develop a list of wants, then use the decision matrix to rank those from most-to least-important; that is, to force a decision between two items on the list such that one is ranked higher than the other, then tally the “votes”. We based our list on the home we had with a few differences (e.g., one-story home instead of two-story).

	1	2	3	4	5	6	7	8	9	10	11
Sonoma County	1										
1 story	2	①	①	①	①	①	①	①	①	①	①
2000 sq ft	3		③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪
walk-in cl.	4		④	②	②	②	②	②	②	②	②
kitchen/grant	5		⑤	⑤	⑥	⑦	⑧	⑨	⑩	⑪	
walk-in pantry	6			③	③	③	③	③	③	③	
view	7			⑦	④	⑦	⑧	⑨	⑩	⑪	
hardwood	8			④	④	④	④	④	④	④	
small yard	9				⑥	⑦	⑧	⑨	⑩	⑪	
quiet	10				⑤	⑤	⑤	⑤	⑤	⑤	
	11					⑦	⑧	⑨	⑩	⑪	

Filling out the matrix:

Wants		Votes										
Sonoma Co.	1	8	2 or ①	3 or ①	4 or ①	5 or ①	6 or ①	7 or ①	8 or ①	9 or ① or 1	10 or ①	11 or ① or 1
1-story	2	7		3 or ②	④ or 2	5 or ②	6 or ②	7 or ②	8 or ②	9 or ②	10 or ②	⑪ or 2
2000 ft ²	3	2			④ or 3	⑤ or 3	6 or ③	⑦ or 3	⑧ or 3	⑨ or 3	10 or ③	⑪ or 3
Walk-in closet	4	5				⑤ or 4	6 or ④	⑦ or 4	8 or ④	⑨ or 4	10 or ④	⑪ or 4
Open floor-plan	5	7					6 or ⑤	7 or ⑤	8 or ⑤	9 or ⑤	10 or ⑤	⑪ or 5
Walk-in pantry	6	0						⑦ or 6	⑧ or 6	⑨ or 6	⑩ or 6	⑪ or 6
View	7	6							8 or ⑦	9 or ⑦	10 or ⑦	⑪ or 7
South-facing	8	2								⑨ or 8	⑩ or 8	⑪ or 8
Hardwood	9	7									10 or ⑨	11 or 9
Small yard	10	2										11 or ⑩
Quiet	11	8										

So now our prioritized list was:

1. Sonoma County
2. Quiet
3. One-story, open floorplan
4. View
5. Walk-in closet
6. 2000 ft², south-facing, small yard
7. Walk-in pantry

Our replacement home has 7 of our wants out of the original 11, and we did get the top four.

A few things I will say in retrospect:

- (1) this makes us sound a lot more rational and calm than we felt. In truth, we were traumatized and this just helped us think more clearly.
- (2) Had I known at the time that each following year we'd be experiencing more wildfires, evacuations, power outages etc., my list would have been really different. In fact, we're thinking of making a new matrix given the ongoing fire conditions in Sonoma County.

Deep Breath



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Survivor Wisdom

My main point at this time, five years after the fire, is that while we don't regret selling our lot and buying, the impulse to find a home was overwhelming and we didn't choose well. In hindsight, I would have waited another year at least to buy. Now I find myself in a house that doesn't suit me. And I know others who did the same thing. Some can afford to move on to another house, and some can't.

Lee Lehrman, 2017 North Bay Fires (CA)

Survivor Wisdom

“The loss of your home is a deeply emotional loss. Emotion is the enemy of a good business deal. When dealing with contractors, suppliers, insurers, banks, and other businesses, the more you resist emotional decisions, the better it will turn out. Do not let businesses profit off of your emotions.”

Ken Klein, UP Volunteer/2003 San Diego wildfire survivor

Stay connected to other disaster survivors – S2S Forums

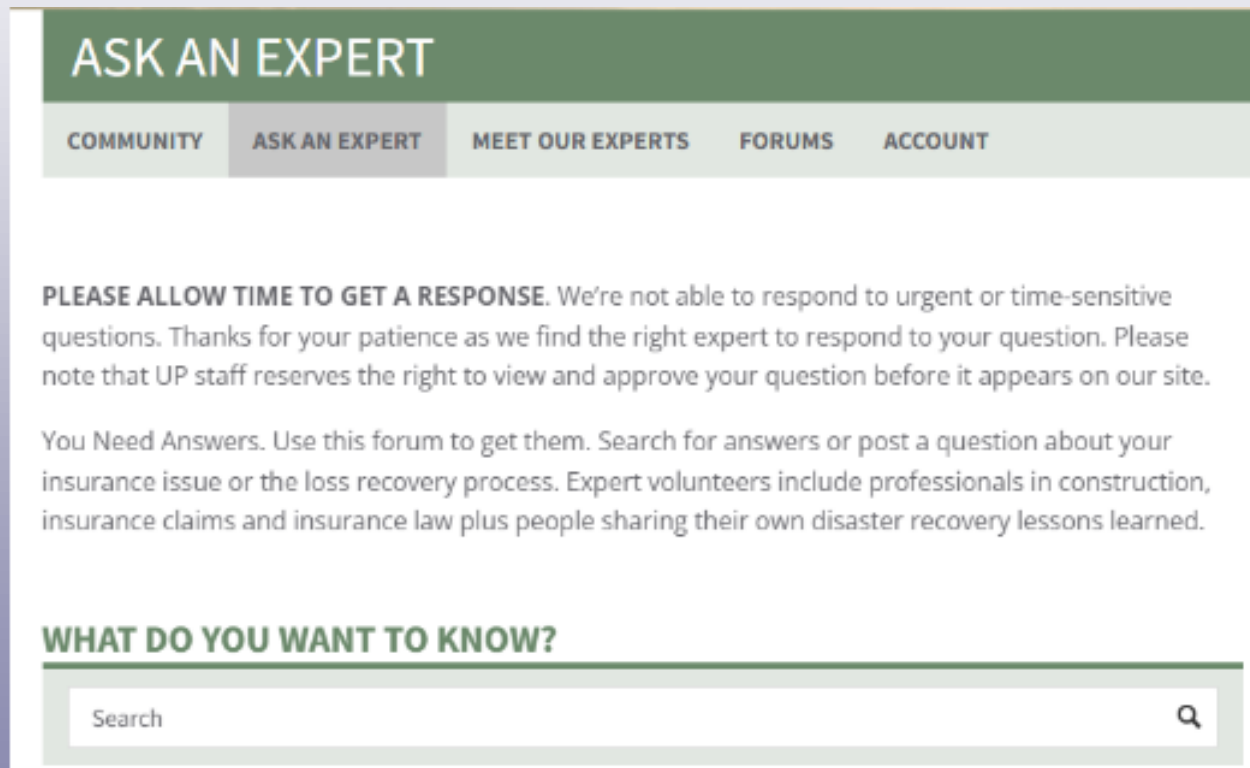
- Great source of information about:
 - Insurance and rebuilding
 - Negotiation and financial strategies
 - Referrals and warnings re: professionals
- Important source of emotional support
 - No one else understands your challenges and emotions like another survivor
- Find upcoming Survivor 2 Survivor Forums and register at: <http://www.uphelp.org/events>

Some of the guidance available at www.uphelp.org

- Samples of estimates, scopes, code upgrade breakdowns and letters you can use to be an effective communicator
<https://uphelp.org/claim-guidance-publications/sample-letters-and-examples/>
- Guidance on valuing your dwelling replacement cost and countering lowball valuations <https://uphelp.org/claim-guidance-publications/>
- Strategies and remedies for the underinsured
<https://uphelp.org/claim-guidance-publications/survivors-speak-coping-with-underinsurance/>

If you can't find what you need via our website, R2R recordings and slide decks...

www.uphelp.org/ask-an-expert



The screenshot shows the 'ASK AN EXPERT' section of the UpHelp website. At the top, there is a green header with the text 'ASK AN EXPERT' in white. Below this is a navigation bar with five tabs: 'COMMUNITY', 'ASK AN EXPERT', 'MEET OUR EXPERTS', 'FORUMS', and 'ACCOUNT'. The 'ASK AN EXPERT' tab is currently selected and highlighted in a darker shade. Below the navigation bar, there is a paragraph of text that reads: 'PLEASE ALLOW TIME TO GET A RESPONSE. We're not able to respond to urgent or time-sensitive questions. Thanks for your patience as we find the right expert to respond to your question. Please note that UP staff reserves the right to view and approve your question before it appears on our site.' This is followed by another paragraph: 'You Need Answers. Use this forum to get them. Search for answers or post a question about your insurance issue or the loss recovery process. Expert volunteers include professionals in construction, insurance claims and insurance law plus people sharing their own disaster recovery lessons learned.' Below this text is a section titled 'WHAT DO YOU WANT TO KNOW?' in green. Underneath this title is a search bar with the placeholder text 'Search' and a magnifying glass icon on the right side.



CALIFORNIA DEPARTMENT OF INSURANCE



**Wildfire resources
and insurance
information**

**FOR FREE, PERSONAL ASSISTANCE WITH YOUR
CLAIMS OR UNDERINSURANCE ISSUES**

CALL US AT: 1 800 927 4357

OR GO ONLINE: insurance.ca.gov


Upcoming Roadmap to Recovery[®] Events


EVENTS

Home » Events

UPCOMING EVENTS

Contents Pricing Party for wildfire survivors

 Saturday, January 21, 2023
10:00 a.m. PT

 Zoom

 All wildfire survivors



VIEW+

www.uphelp.org/events
Register for upcoming events.
View recordings of past events and related resources.

UPcoming...

Survivor to Survivor

Tuesday, February 18, 2025

7:00 pm PT

Register for Zoom here: uphelp.org/feb18

Navigating Your Contents Claim

Wednesday, February 26, 2025

5:00 pm PT

Register for Zoom here: uphelp.org/feb26