



# **Insurance Claim Guidance for Small Businesses**

## **2025 Los Angeles Wildfires**


July 30, 2025

Zoom Webinar


# About United Policyholders (UP)

- A CA based, nationally respected 501(c)3 not-for-profit organization, Platinum Guide Star rating
- 34 year track-record and expertise in disaster preparedness, recovery and insurance law
- Not for profit...not for sale (no funding from insurers)
- Funded by donations and grants
- Professional staff plus an experienced volunteer corps of professional experts and people who've navigated disaster recovery
- Over 500 “friend of the court” briefs filed in coverage litigation, the majority on behalf of businesses

# Tonight's slide deck



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## Insurance Claim Guidance for Small Businesses

 Wednesday, July 30, 2025  
5:00pm PT

 Zoom

 Insured small business owners affected by the LA wildfires


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A panel of consumer-oriented insurance and legal experts will review best practices and strategies for wildfire-impacted small business owners on securing full, fair and timely insurance claim settlements.

### PRE-SUBMITTED QUESTIONS

If participants would like to submit questions before the webinar, [please complete this form.](#)

#### RESOURCES

 [Claim Help for Small Businesses](#)

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# Three Programs

- Roadmap to Recovery

*Disaster recovery and insurance claim info and help*

- Roadmap to Preparedness

*Insurance buying and risk reduction tips and support*

- Advocacy and Action

*A voice and advocate for commercial and individual policyholders in courts, legislatures and the media*

# 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)



## Amber Finch, Esq.



- Chair of Reed Smith's Insurance Recovery Group and former Managing Partner of the firm's Los Angeles office.
- Represents policyholders ranging from start-up businesses to middle market and Fortune 500.
- Current board member the University of Southern California Gould School of Law's Board of Councilors.
- Past president of the Black Women Lawyers Association of Los Angeles, Inc. and former board member of the Legal Aid Foundation of Los Angeles.

# Don Lesser, Esq.



- Managing Attorney of The Lesser Law Group with offices in SF, Sacto., and the North Bay
- Represents individuals and businesses in pre-litigation insurance disputes and in coverage and bad faith litigation in federal and state courts throughout California
- Specializing in Business interruption, Cyber-related and other Commercial losses.

# Alexis Ricci

Program Specialist, United Policyholders



- 25+ years of experience in Property and Casualty Insurance claims and management
- Licensed Public Adjuster - California - and multiple additional states
- Dedicated to assisting policyholders and advocating for fair insurance practices



# 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](http://www.uphelp.org) or speakers at our workshops
- Our speakers are volunteering their time as educators

# Best practices after a disaster

- **Recognize reality** - Ads are ads. Your insurer is a for-profit company motivated to limit payouts. Think of your claim as a business transaction.
- **Be politely assertive** - Learn and enforce your right to recover all funds available in the policy you paid for.
- **Expect the best, prepare for the worst** - Your claim may go smoothly. We hope it does!
- **Work from a complete, current policy** - You need a *current* and *complete* copy of your business insurance policy, including all riders and endorsements.
- **Document, Document, Document** – Keep a daily journal with updates, phone #s, names, titles, etc., confirm conversations, open items and agreements *in writing*.

# More best practices

- **Don't 'guesstimate' the value of what was damaged, destroyed or lost** Documentation and facts are what matter.
- **Trust but verify** - Review estimates and reports created by or for your insurance company, add/correct as needed.
- **Find independent experts** - Consider hiring your own professional experts (Forensic Accountant, CPA/EA, Public Adjuster, Attorney, Contractors)
- Aim for a **complete and accurate inventory** of all damaged or destroyed business property along with lost business income.

# Common Claim Issues

- **Policy language that limits coverage and/or sets deadlines** - Deadlines for inventory submission/replacement, income loss calculations (typically 12 months after loss)
- **Inadequate coverage/Underinsurance** - Not having adequate coverage for “Period of Restoration,” or limited coverage (valuable record recreation)
- **Damage Valuation Disputes** - Repair and rebuild costs, inventory, or lost profits, leased equipment
- **Documentation** – Delays, denials based on missing or inadequate loss documentation
- **Period of Restoration** - Unforeseen delays such as rebuild/supply chain issues, permitting, contractor shortage
- **Substantiating Income Loss** - Pre-loss revenues, contingent supply chain issues, marketplace conditions

# Typical policy deadlines

What are the common policy deadlines you'll find in a business owners policy?

DL, AF

# Captive vs. Independent experts

How can a small business owner tell if a contractor, estimator, remediation vendor or business valuation expert hired by their insurance company is trustworthy/quality?

AF, DL

# Your rights

Your insurance company and its representatives should:

- Promptly and thoroughly investigate your claim
- Follow California law and regulations
- Advance funds clearly owed
- Require you to gather only a *reasonable* amount of documentation
- Work with you to determine the amount of your business income loss
- Notify you on upcoming policy and legal deadlines

# Your Insurance Policy

- **Requires you to cooperate** - Provide documentation upon request, *mitigate damages where feasible* (relocate, move online, etc)
- **Main “buckets” of coverage** - Building, Business Personal Property (BPP), Business Income and Extra Expense
  - Lost property and lost earnings are treated separately
  - Different \$\$ and time limits for each coverage
  - Potential coverage exclusions, limits or requirements
  - Valuation differences (Replacement Cost, Actual Cash)



# The limits of being cooperative

Does “cooperate” mean giving the insurer everything it asks for?

What about tax records?

AF, DL

# Coverage in a homeowners policy for business losses?

What about those that didn't have insurance to cover home businesses? My husband is a General Contractor. We had business insurance to cover General Liability (if something happens on a job site) and Worker's Compensation. We also had Homeowner's Insurance with Farmers. However we found out that our Homeowner's Insurance didn't cover anything business related. Yet, everything business related burned as our home was a total loss - work truck, business tools, material, etc. So we didn't have any coverage for these items. Is there any recourse?

DL

# Business property stored at home

My business did not burn down, however, my house did, and in my basement I not only held supplies for my business, also specialized testing equipment, and office files & records ( things that needed to be kept so many years before discarding. I haven't even considered contacting my business insurance, because i always thought it was for the actual business location.... should I?

AR

# Agent/Broker Liability

If I was storing business property at my home, but my insurer is excluding all of it, can I sue the agent/broker who sold me the policy for not procuring me the right coverage?

AF, DL

# Insurance company adjusters

In your experience, how many adjusters will a small business claimant typically have to deal with on a catastrophic insurance claim?

AR

# Professional help

Does a small business *always* need to hire help to get an insurance claim resolved fairly, or can some small business owners handle their own claims?

AF, DL

# Proving Your Losses/Claim

- **Provide evidence/document your losses** - the more information you provide, the better
- **Stay organized** – Consider setting up a dedicated email address and/or bank account just for your insurance claim
- **Be prepared to explain discrepancies in income, seasonality fluctuations** - especially if you have a business with income that varies throughout the year
- **Be cooperative but firm** - respond timely to questions and requests for additional documentation as long as they're not unreasonable, duplicative or unrelated to your loss/claim

# Documenting your Building Loss

You can help expedite your claim settlement by submitting the following documentation:

- **Plans, records, invoices** - Building plans & records; appraisals; tax assessments; surveys; permits; purchase agreements; remodeling contracts; purchase orders for materials; maintenance contracts (HVAC)
- **CA Specific ADA/Code Compliance Docs** - Title 24, ADA, local country/municipality requirements
- **Professional Damage Assessments** - hazardous testing & mitigation reports, HVAC/plumbing reports, etc
- **Rebuild or Repair Estimates** - from local, reputable sources



# Damage and rebuilding valuation disputes

I received an insufficient rebuild estimate by State Farm. How can I fight back? No contractors have responded to my requests to quote a rebuild?

Diana W

AR

# Documenting your Business Personal Property Loss/Claim

- **Detailed Inventory** - serial number, purchase orders, ages and conditions
- **Proof of Ownership or Lease Agreements** - depreciation schedules on tax returns, contracts
- **Establishing Value** - original purchase orders, replacement sources or invoices
- **Professional Expert Assessments** - vendor/manufacturer repair estimates versus replacement

# Forensic experts

What factors/conditions lead you to advise a business client that they need to hire an outside expert to document their business loss?

Same question as to Business Property

Same question as to Business Income  
AF, DL, AR

# Business Income Loss

- Coverage for actual loss of business income during the “period of restoration”
- There must be “direct physical loss of or damage to property”
- The physical damage must cause a necessary interruption, or “suspension” of operations
- The loss must be related to the shut down
- The income loss must be necessary as a result of the damage

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss of or damage to property, at locations which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described location includes the area within 1000 feet of the site of the described location.

# Proof challenges

In your experience as a professional claim adjuster, first for insurers, then for policyholders, what are some of the biggest challenges you saw in terms of small businesses' ability to prove up their business income loss?

AR

# Period of Restoration

- **What it typically is:** The period of time when 1) the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or (2) The date when business is resumed at a new permanent location
- **Common Problems:**
  - Establishing a repair period if you are a tenant
  - Unforeseen delays in reconstruction (permitting, etc)
  - Supply chain delays
  - Tenant improvements for a new location
  - Carrier pushback if time is deemed “unreasonable”

# Calculating Your Business Interruption Loss

**Gross or Net? Lost Profits or Lost Revenues?**

How you calculate your loss can affect your settlement

**Typical Income Loss Calculation Formula:**

$$\begin{aligned} & \text{Net Profit/Income (without a loss)} \\ & + \text{Continuing Expenses (during loss)} \\ & - \text{Actual Income Incurred (during loss)} \\ & \quad - \text{Non Continuing Expenses (during loss)} \\ & = \text{Business Income Loss} \end{aligned}$$

# The role of an insurance company adjuster in calculating your business interruption loss

What is common? What is a business owner's best practice?

AF, DL



# Continuing Expenses

- Cannot be reasonably discontinued during the interruption
- Are necessary to keep the business going
- Would be incurred regardless of whether operations are active
- Help preserve the business for eventual reopening

# Common Continuing Expenses

- **Fixed Occupancy Costs** - rent, mortgage, property taxes, property insurance, HOA/CAM charges
- **Utility Charges** - phone and internet, security systems, basic utility fees, HVAC
- **Personnel Costs** - key employee salaries, benefits continuation, workers' comp insurance
- **Financial Obligations** - loan/lease payments, license and permit fees, professional liability insurance
- **Professional Services** - accounting, legal retainers, banking fees, software subscriptions
- **Industry Specific Expenses** - license fees, equipment leases, facility security

# Non-continuing Expenses

Expenses that typically stop or are reduced during a business interruption, such as:

- **Cost of Goods Sold/Variable Expenses** - Inventory purchases, production supplies, shipping/freight costs, sales commissions, credit card fees
- **Labor Costs** - Hourly/temporary employee wages, overtime pay, production bonuses, season/PT workers
- **Operational Expenses** - Utilities (variable portion), maintenance contracts, delivery costs, office supplies
- **Industry Specific Expenses** - Restaurant, manufacturing, retail expenses (supplies, raw materials)

# Which expenses do insurers commonly dispute?

- Continuing?
- Non-Continuing?
- Seasonality?

AR

# Seasonality Adjustments?

Your policy may cover “seasonality” loss increase for both Business Personal Property and/or Business Income, including legitimate, measurable, and consistent changes in a business during the year.

## Support your Claim with the Following:

- **Financial Statements** - Multiple year purchase order trends/ P&L Statements (swim leisure wear, sports shop, restaurant during holidays)
- **CA specific tourism variances** (trends for your industry)

# Resuming business

What time period is considered “reasonable” for a business to get back up and running? How does the condition of the neighborhood/marketplace factor in?

DL, AR

# Resuming Operations

- Expect Business Income loss can be reduced if you elect not to resume your business.
- Your loss will be calculated for the reasonable time to resume operations.
- Often Extra Expenses are not covered.

## *Resumption Or Continuance Of Operations*

We will reduce the amount of any **business income** loss payment to the extent you can resume or continue your **operations**, in whole or in part, by using:

- damaged or undamaged property, including **merchandise** or **stock**; or
- any other available premises.

If you elect not to resume or continue **operations**:

- any loss determination for **business income** will be based on the length of time it would have taken to resume or continue **operations** with reasonable speed; and
- we will not make any payment for **extra expense**.

# Extra Expense (EE)

After a loss, your goal is to get back into business as quickly and reasonably as possible. This includes preventing \$\$\$ loss.

- Must be “reasonable and necessary”
- Must reduce the business income loss
- Must exceed regular business expenses
- Typically, temporary additional operating costs

## *Extra Expense*

The amount of **extra expense** loss will be determined based on necessary expenses that:

- exceed your normal operating expenses that would have been incurred by **operations** during the **period of restoration**, if no physical loss or damage had occurred; and
- reduce the **business income** loss that otherwise would have been incurred.

We will deduct from the total of such expenses:

- the salvage value that remains on any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.



# Common Extra Expenses

- **Temporary Facilities and Relocation** - Temp rent, utilities, phone systems, rental contracts for equipment, generators, moving expenses
- **Expedited Expenses**- Supply orders, marketing efforts, markup for competitive vendor fulfillment of orders
- **Clean Up and Restoration** - Hygienist testing, cleanup, debris removal, board up ( in order to expedite return to business at loss location or get business equipment cleaned)
- **Operations Continuity and Customer Relations** - ER supply procurement, increased transportation costs, expedited shipping, employee overtime, marketing/advertising efforts, website updates, printing costs
- **Compliance Issues** - Emergency permits/licensing, professional

# <https://uphelp.org/smokedamage/>

If your business facility has been exposed to smoke and/or debris from a wildfire, your insurance company should work with you to retain reputable and qualified professionals to do the following:

1. Thoroughly inspect, measure, test and assess the interior and exterior condition of your home, inside and out, including basements, crawl spaces, attics, duct systems (heating, cooling, ventilation), and cavities.
2. Prepare a remediation plan that addresses all inspection and assessment findings.
3. Do all the work that's called out in the plan in a satisfactory and timely manner.
4. Conduct post-cleaning testing to confirm successful remediation/restoration and safe indoor air quality.

# Why does testing matter?



It measures and documents how a wildfire impacted the interior and exterior of a structure and what needs to be remediated, repaired or replaced

The basis for the remediation/restoration plan

Documentation for you and your insurance company

# The ideal order

- **Pre-cleaning inspection and testing**
  - A qualified professional should inspect and test, including for asbestos, and microscopic particles released during a fire
  - Samples should be tested by an independent lab (chain of custody)
  - Property owner should get a copy of the report
- **Scoping and pricing a remediation and restoration protocol/plan**
  - What kind of expert is qualified to scope/design the plan?
  - What if the ins. co modifies the expert's plan?
- **Doing the remediation and restoration**
  - What kind of expert is qualified to do the work?
  - Can it be the same person who designed the plan?
- **Post cleaning testing**
  - Did cleaning restore the property to pre-loss condition?
  - What if the post cleaning reveals problems?

# Your Legal Rights

California Unfair Insurance Practices Act (Cal. Ins. Code sections 790 through 790.15)

Fair Claims Settlement Practices Regulations (Cal. Code of Regs., Title 10, sections 2695.1 through 2695.12)

<https://uphelp.org/claim-guidance-publications/getting-back-to-business-interruption-insurance/>

<https://www.insurance.ca.gov/01-consumers/130-laws-regs-hearings/05-CCR/fair-claims-regs.cfm>

<https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/upload/2025Notice-SigCALaw-ResIns-DecISOE.pdf>

# Types of Professional Help

- Licensed Attorney (33%-40% std)
- Licensed Public Adjuster (7-15% std)
- Forensic Accountant/CPA/EA
- Indoor Air Quality/Smoke damage experts
- Construction Estimator/Consultants

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**Willis, Willis & Willis Public Adjusters LLC**

Web: willispublicadjusters.com

**Consolidated Adjusting Inc.**

Web: www.consolidatedadjusting.com
Type of Business: Public Adjusting/Claim

**Blue Oaks Public Adjusters**

Type of Business: Public Adjusting/Claim Representation

# Resources for small businesses

**LA County Business Recovery Center** - open 7/28-8/1/25, 10-5 daily, 1450 S. Central Ave. Los Angeles (American Red Cross)

**LA County Economic Development Corp. – Small Business Recovery Center Pop Up:** August 7, 2025 <https://laedc.org/small-business-recovery-center-pop-up/>

**Jewish Free Loan Association:** <https://www.jfla.org/business-loans/interest-free-small-business-loans>

## **Small Business Loans (SBA)**

<https://www.sba.gov/funding-programs/disaster-assistance/california-wildfires>

## **Business Impact NW**

<https://businessimpactnw.org/about-our-loans/>



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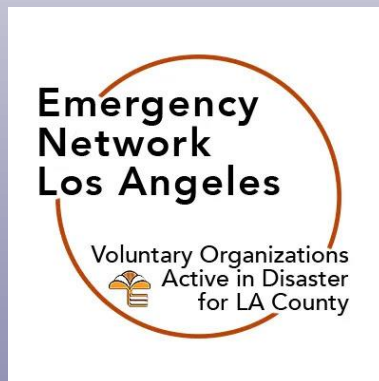
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You Need Answers. Use this forum to get them. Search for answers or post a question about your insurance issue or the loss recovery process. Expert volunteers include professionals in construction, insurance claims and insurance law plus people sharing their own disaster recovery lessons learned.

### WHAT DO YOU WANT TO KNOW?



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Anthony Pritzker  
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