

Checklist for Policyholders

Next Steps After the California Wildfires

The insurance claims process can be overwhelming in any situation, but the catastrophic fires in Southern California have created unique challenges.

To help simplify the recovery process and address common questions, we've prepared a guide to navigate the initial steps after a wildfire.

The logo for HUNTON is displayed in white, uppercase letters against a dark blue background. The background of the entire right side of the page features a blurred image of a wildfire with orange and yellow flames rising from a dark, smoky base.

1. **Take care of your family's immediate needs and personal safety first.**
2. **Identify all insurance policies that may provide coverage.**
 - a. For individuals, this will include a personal homeowners or renters policy. Coverage, especially for temporary living expenses, may also be available under policies held by landlords, condominium associations, and property managers.
 - b. For businesses, this will be the business's property insurance policy (possibly provided as part of a larger, or "package," policy).
 - c. Ask the insurance company to send you an up-to-date and complete copy of each policy with current declarations pages that specify the amount of coverage available for particular types of losses.
 - d. Investigate whether insurance is available under other policies that you have purchased or under policies purchased by others (e.g., naming you as an "additional" insured for certain losses.)
3. **Immediately contact your insurer or insurance broker or agent to provide notice.** Your insurance policy will specify details to be provided in the notice and who to provide notice to, usually in the "Conditions" section and/or the policy's Declarations. If you do not have a copy of your policy, include the following in the notice: the affected property address, the fire, and the policy number. If you do not have the policy number, the insurer or your insurance broker or agent should have it readily available.
4. If notice is provided through an insurance broker or agent, ask them to confirm in writing that all applicable insurers have been placed on notice.
5. **Read the entire insurance policy carefully, including all endorsements or attachments.** Be aware of any policy deadlines, such as for proof of loss submissions or starting reconstruction, and of statutes of limitations for filing suit, and consider seeking extensions from your insurer. Policy deadlines are also often found in the "Conditions" section. All extensions should be confirmed in writing. Deadlines may be extended or suspended by the Department of Insurance or otherwise under the law.

6. Some common policy provisions and issues include:

- a. **How much coverage do you have?** The limits of your policy were set at the time you purchased your property and should be identified in the “Declarations” section. Some policies may provide additional funds through coverages, such as “extended replacement” coverage, which may provide an additional 25 percent or more of your limits, and “upgrade” coverage (see below).
- b. **What type of property coverage do you have?** Most homeowners policies will cover the cost of repairing—or more likely, replacing—a home with like quality materials, subject to other policy terms and limitations; this is called “replacement cost” coverage. This should be provided in the “Building” or “Structure” coverage section; endorsements or extensions may affect the scope of replacement cost available. It is important to be aware that some insurance policies cover “actual cash value,” which is the cost to replace the value of the property insured minus depreciation and obsolescence.
- c. **What about personal property?** Policies may cover the loss of personal property (insured property other than the house and other insured buildings) differently. As with coverage for buildings, personal property insurance may provide coverage on an ACV or replacement-cost basis. Some personal property may be “scheduled” and not subject to depreciation (e.g., antiques); such items should be replaced at full value (up to limits of that coverage). It is not uncommon for insurers in a catastrophic loss situation, like the wildfires, to make a rough calculation and provide an initial payment, subject to a later negotiated true-up.
- d. **Do I need to rebuild to be compensated under replacement cost coverage?** No. Under California law, replacement cost coverage is not contingent on rebuilding—you can use all available coverages under the insurance policy to buy or build at a different location. The cost of your land is not deducted from the amount of coverage to be paid.
- e. **Do I need to itemize destroyed personal property?** Some insurance policies provide a rider for specific personal property items like clothing, sports equipment, jewelry, or electronics, and insurers will already have that detail. If not, insurers will typically require itemization; however, in a mass catastrophe like the fires, they may relax their requirements. Ask them.
- f. **Does my policy cover building upgrades to comply with current ordinances?** While many policies only cover the cost of repairing or replacing the home, not the cost of “upgrades” (even to comply with current ordinances or regulations), some policies do expressly make additional amounts available for the cost of complying with current regulations.
- g. **Does a property insurance policy cover smoke damage?** Even if the property is not destroyed by fire, the structure and personal property may have sustained substantial smoke damage. Many insurance policies will cover this loss.
- h. **Will renters insurance cover my losses as a renter?** While policy language varies, many renters insurance policies provide coverage for specific losses.
- i. **If I own a business, will insurance cover my lost earnings?** Most commercial property policies also cover lost profits or lost earnings that result from a covered peril, such as fire. Some policies afford this coverage even if your property was not directly damaged by the fire, as long as certain nearby properties were affected. The terms and conditions of each insurance policy will define the scope and amount of these and other coverages.

7. **Maintain copies of all communications with insurers and insurance representatives.** A written diary tracking all exchanges may be valuable.



8. Some insurers may set up local centers to support the community and provide immediate assistance. Determine whether your insurer has this resource available.
9. **Finding temporary housing is a priority.** Many insurance companies provide for living expenses in the event of an emergency. Insurers may be able to assist in finding accommodations of similar size.
10. Many property insurance policies provide coverage for expenses incurred due to loss of use of a home. Often, this is referred to as additional living expense (ALE) or loss of use coverage. Pay particular attention to per-diem limits and keep track of all receipts.
11. Many insurance policies provide coverage for damaged landscaping replacement necessitated by a fire, though the way that policies cover, and limit coverage, may vary.
12. Some insurance companies will provide cash advances for living expenses and replacing personal property. Ask your insurer what benefits are immediately available under your policy.
13. Insurers should not request any releases or other documents with legal effect in the immediate aftermath of the fire. It is best to defer considering releases until you've had an opportunity to completely assess your loss and coverages under the policy and talk with a qualified expert, as necessary.
14. Insurer representatives will often be supportive and friendly. Assume the best. Think of discussions as part of a constructive negotiation—the insurer is a profit-oriented enterprise, and you are trying to restore your assets.
15. Insurers may send an adjuster to meet with you and inspect your property. If the adjuster makes a settlement offer, it is best to take time to assess whether the offer is fair and fully compensates you for your loss. **You should not feel pressured to "take it or leave it."** Should that occur, seek counsel immediately.
16. **Document your claim—including all your damages and costs—as thoroughly as possible and be honest in all documentation.** Negotiations with the insurer will be facilitated by evidence of your destroyed property; photos, invoices, schedules, and receipts for all out-of-pocket expenses are excellent resources. Nothing will undermine a claim faster than exaggeration, overstating values, or padding with extra items.
17. Do not sign contracts for repairs or other needs until you have spoken with your insurance company or agent.
18. **Beware of anyone—whether lawyer, contractor, adjuster, or insurer—attempting to rush you into a contract.** Keep copies of all agreements that you do sign.