Are you financially prepared for a wildfire?

May 6, 2020
Partners in Wildfire Prep: Working Together to Prepare & Rebuild After Wildfire

NEXT Webinar Coming on May 20, 2020
How Do Insurers Assess the Risk of My Home?

You **WANT** Insurers to Understand Your Risk

- Insurers have access to property information
- Technology is sophisticated
- WUI property on-site inspections
What do Insurance Companies Consider in Underwriting Decisions?

- Underwriting & rating factors include loss history, age of home, size, construction type and quality, contents, business in the home, foundation
- WUI risk: location, construction, mitigation, slope, access, proximity & quality, fire protection, etc.

It’s NOT just the WUI risk that determines insurability & rates
Do all insurance companies use the same underwriting guidelines?

• Insurers have their own proprietary underwriting & rating guidelines
• Consider & insure common risk factors, competitive differences are good for consumers, what type of insurance do YOU want to purchase?
Do You Understand Your Insurance Policy?

HOMEOWNERS INSURANCE

- covers wind, rain, fire
- does NOT cover flood, landslide or earthquake damage

Consider your risk where you live
Homeowners insurance has a deductible determined by the homeowner

BE READY
Have your deductible in your savings
Do You Understand Your Insurance Policy?

**TYPES OF POLICIES**

- Actual Cash Value (ACV)
- Replacement Cost

**TYPES OF COVERAGES**

Additional Living Expenses

- **Coverage A**
  Covers rebuilding the home

- **Coverage B**
  Covers rebuilding detached structures like a garage

- **Coverage C**
  Covers personal belongings: furniture, clothes, housewares, small appliances
How Do You Determine How Much Coverage You Need?

**GETTING THE DETAILS RIGHT & UPDATING YOUR POLICY**

- Square footage and local construction cost
- Number of bedrooms & bathrooms
- Number of windows & doors, fireplaces
- Type of roof & siding
- Type of finishes – countertops, flooring, appliances, cabinets
- Land is not insured
How Do I Prevent Underinsurance?

DEMAND SURGE CAN INCREASE THE COST OF MATERIALS AND LABOR

Ask your agent or insurer about:

- Extended replacement cost coverage
- Building code upgrade coverage
- Automatic annual adjustments for inflation
- Do you need a small business or agricultural policy?
Will My Policy Replace All My Belongings?

Contents are Covered under Coverage C
– Percentage of Coverage A

Update your Policy after Remodels & Home Improvements

Talk to Your Agent or Company

Keep receipts for major purchases in the cloud
Home Inventory

- Make a home inventory when you buy the policy
- Update your home inventory annually—Talk to your agent
- Use Your Insurers’ app or software—Keep it in the cloud
- Technology is Your Friend—Store Your Inventory in the Cloud

**TIP 1:**
Scan and save receipts for major purchases

**TIP 2:**
Document when, where, and how much you paid for each item

**TIP 3:**
Use your smartphone to document each room of your home

**TIP 4:**
Describe the details of each room on your video, open drawers, closets, include your garage

**TIP 5:**
Note special items like jewelry, antiques, high end furnishings, artwork or rare collections
What Should I Do if I Get Non-renewed by My Insurance Company?

**ASK** if there is something you can do to mitigate risk and keep your policy.

**UNDERSTAND** options: Admitted, Surplus Lines, CA FAIR Plan

**SHOP AND COMPARE** insurance with a local broker who knows the area and represents several insurance companies.

**PARTICIPATE** in local mitigation efforts – Firewise USA, Fire Safe Councils, Fire Adapted Community Programs

**CALL** your Department of Insurance
What Should I Do in an Evacuation?

- Listen to local authorities - Evacuate and Get to Safety
- Follow your family communication and evacuation plan – Follow social media
- Contact your insurer to file a claim – call, click or text
- Go to the Insurance Village at Disaster Assistance Center
- Ask your insurer if ALE is covered during a mandatory evacuation
- Save your receipts for hotel and meals – ALE may cover it
How Do I Navigate the Insurance Claims Process?

DEBRIS REMOVAL—WORK WITH LOCAL AUTHORITIES AND INSURER

- Keep a binder with contact information, scope of work, forms
- In major disaster insurers may send multiple adjusters throughout claim
- Independent adjusters work for your insurer
- Public adjusters – Take a percentage of your insurance proceeds, negotiate on your behalf for a fee

WORKING WITH ADJUSTERS

GATHERING 3 BIDS WITH COMPLETE SCOPE OF WORK

- Compare bids, check references, only hire licensed contractors – Your adjuster will help
- You have up to 3 years to rebuild with 6-month extensions
- Manage your ALE expenses to cover the time to rebuild
What Should I Watch Out for During Rebuild?

Contractor Fraud & Abuse
Always check references & licenses, pay as work is completed & inspected

Price Gouging
• Report excessive rents, materials or labor
• New law defines gouging as rates 10% higher than rates prior to wildfire
• Report to your insurer, contact California Attorney General’s Office
• Be sure to ask for a detailed rebuild bid; don’t settle for a vague estimate that doesn’t price out the materials and detail what is being build.

Keep Paying Your Mortgage
• Your additional living expenses are covered in your policy
• Continue paying your mortgage
• Your bank as a lien holder may require two-party checks and inspect work before releasing insurance proceeds to contractor

Maintain Insurance
Keep liability insurance on your property during rebuild
Possible Delays and Hurdles

- Debris removal process
- Demand surge pricing & labor/material shortages
- Lien holders issuing 2-party checks
- Getting complete bids
- Making so many decisions
- Getting overwhelmed by rebuilding process

Making decisions sooner is better

Your insurer is there to work with you from beginning to end
Where Do You Go for Help?

- Your Insurer, Agent or Adjuster
- Your State Department of Insurance
- Your State Attorney General’s Office
- Your State Office of Emergency Services
Take-Aways from Today

INSURANCE IS A CRUCIAL FINANCIAL SAFETY NET
• Insurance rebuilds homes, neighborhoods & communities

YOU ARE IN CONTROL
• Your insurer is your partner before, during & after a wildfire
• Coverage amounts are up to the policyholder to decide

DON’T FORGET ABOUT INSURANCE
• Look at insurance early during the home buying process – don’t wait until last minute
• Take active role in assessing what coverage type & limits you need
• Update your policy annually – report remodels or material upgrades always
• Make and update your home inventory
• Consider renters insurance
• Make sure loved ones with paid-off homes maintain insurance