

# 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

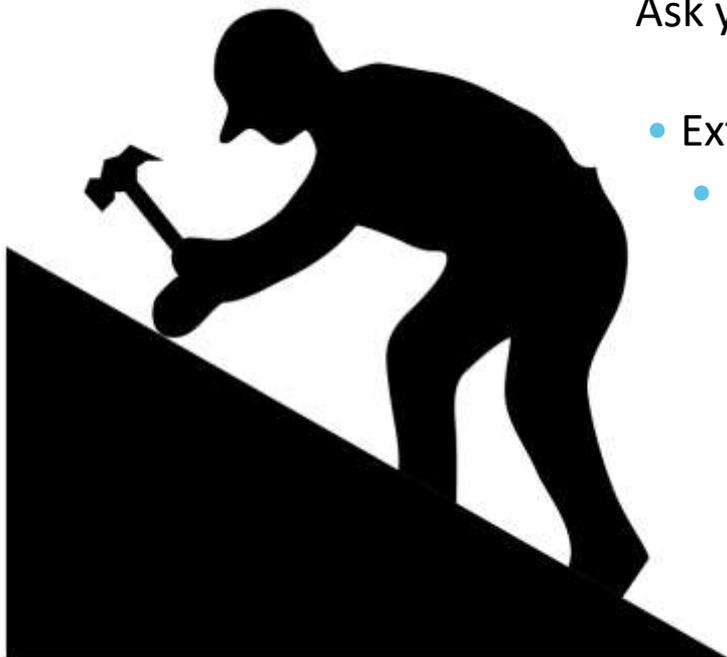


# How Do I Prevent Underinsurance?

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

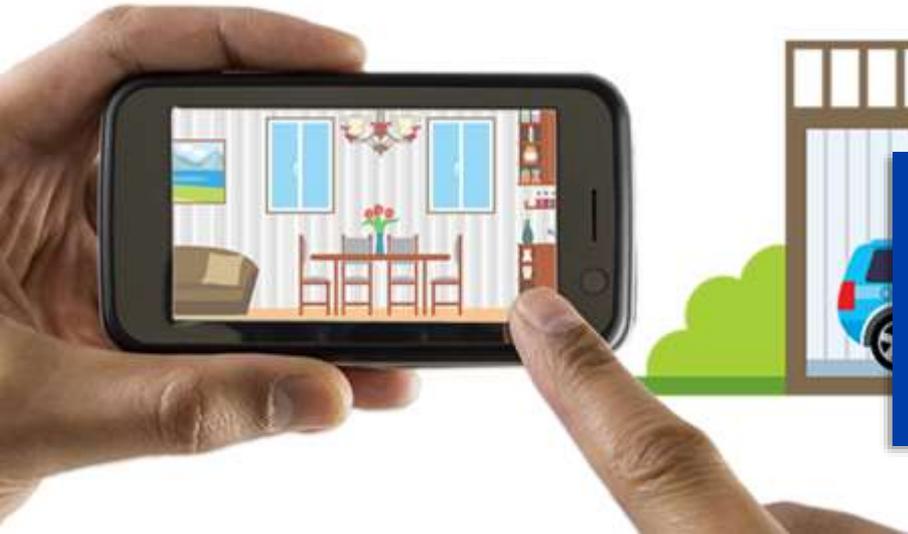
Use Your Insurers' app or software— **Keep it in the cloud** →



Update your home inventory annually—  
**Talk to your agent**



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



### WORKING WITH ADJUSTERS

- 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



### 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

*Making decisions sooner is better*

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



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

