

Los Angeles Fire Facts

Guidance on Insurance and Legal Options Post-Fire

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First Steps

What can you be doing now?

- **Living arrangements**: Find temporary housing for at least 12 months. It is a long process.
- **Mail**: Consider where you will want important mail and notices to be sent. US Post Office has mail forwarding service to change address online.
- **Document retrieval**: Try to locate any electronic versions of documents you may have such as: insurance policies, purchase agreements, invoicing from work, receipts, etc. Many documents that may seem lost can be requested from companies. As you gather them, start an electronic storage file of the documents.
- **Inventory**: Begin creating inventory of everything you have lost to fires. It is easiest to do sooner than later. No item is too small or of too little value. It will help maximize the amount you can recover down the road.

Mortgage Facts

Do I need to keep paying my mortgage?

- Generally, yes.
- If you stop paying it can hurt your credit rating.
- Several lenders recently announced that they will grant a 90-forbearance period.
- Contact your lender and try to negotiate a deal as they may offer programs like what was available during the Covid pandemic.

How is my mortgage company involved if the insurance company pays a claim?

- If your insurance company pays your claim they will add the mortgage company to the check.
 - Although inconvenient, this is perfectly normal.
- The mortgage company has what is known as a “secured interest” in your home. Therefore, they want to make sure your home is rebuilt.
- You and your mortgage company will have to work together through reconstruction.

Fire Insurance Coverage

Does my policy cover replacement cost? What does that even mean?

There are different types of replacement cost coverage:

▪ STRAIGHT REPLACEMENT COST:

- Intended to provide for the cost to repair or replace the damaged or destroyed dwelling without a deduction for physical depreciation.
- Many policies pay only the actual cash value (the amount it would cost to repair, rebuild, or replace the thing lost or injured, less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or policy limit, whichever is less) until you actually begin or complete repairs or reconstruction.

▪ EXTENDED REPLACEMENT COST:

- Intended to provide for the cost of repair or replace the damaged or destroyed dwelling, without a deduction for physical depreciation.
- This coverage provides additional coverage above the dwelling limits up to a stated percentage or specific dollar amount which varies from company to company.
- Your policy should explain what this additional percentage or amount is.

Fire Insurance Coverage

- **GUARANTEED REPLACEMENT COST:**

- Covers the full cost to repair or replace the damaged or destroyed dwelling regardless of the dwelling limits shown on the declarations page of your policy.
- This is **exceptional coverage** given there is **no cost limitation** like the other replacement cost coverages.

- **BUILDING CODE/ORDINANCE AND LAW COVERAGE:**

- Your policy will tell you if you have this coverage.
- Covers the additional costs to repair or replace a dwelling to comply with the current building codes and zoning laws at the time of reconstruction.

- **ADDITIONAL LIVING EXPENSES OR LOSS OF USE:**

- Intended to cover relocation costs.
- Generally paid out periodically as expenses are incurred.
- Important that you keep all records and receipts of expenditures.

Fire Insurance Coverage

- **PERSONAL PROPERTY:**

- This is a little more technical.
- The policy likely has dollar limitations on different types of personal property like jewelry, fine art, etc.
- Insurance company may want you to submit a proof of loss for all items lost.
- This is not uncommon, and it is important you **DO NOT make any misrepresentations.**
- If you have any video or photographs taken by other family members, or that you have taken, of the inside of your home this will help you reconstruct what items in your home, you've lost.
- Insurance companies may attempt to reduce the value of some items based on the actual cash value of an item like a couch which may be eight years old.
- Insurance company may claim it has a reduced value due to personal property's age.
- The policy should explain how this coverage works.
- Conversely, the insurance company may just pay you policy limits for personal property coverage.

Fire Insurance Facts

- **What if my insurance policy was lost in the fire?**
 - Contact your insurance agent or the insurance broker and ask for a copy of your policy.
 - If you cannot recall that, call your mortgage company. They should have the name of your insurance agent and company.
- **What if I have a California FAIR Plan?**
 - This is a much different policy and has many more limitations.
 - Feel free to contact us to discuss this type of policy in further detail.
- **What is a public adjuster? Do I need one?**
 - A public adjuster is a person who usually charges 10% to assist in filing a claim with an insurance company. You may have been contacted by one already.
 - You may not need a public adjuster as the insurance companies may do the right thing. You could save 10% of your policy limits.

Insurance Determination Dispute

- What if the insurance company agrees there has been a loss, but I disagree with the amount of loss the insurance company has said occurred?
 - If you have a disagreement with the amount of the loss you have a right to demand what is known as an “appraisal.”
 - An "appraisal" is a formal process used to resolve disputes between the insured and the insurer regarding the amount of loss for a covered claim.
 - Both the insurance company and you would select a competent, independent appraiser. Those independent appraisers then assess the loss value.
 - If the two appraisers cannot agree on the amount, they jointly select a neutral third party called an umpire.
 - An agreement by any two of the three (either both appraisers or one appraiser and the umpire) is **binding**.

Insurance Determination Dispute

What if the insurance company denies coverage in its entirety, but I think it should have covered? Is there anything I can do?

- Under some circumstances you can file what is called a “bad faith” lawsuit.
- This is very fact specific and must be assessed on a case-by-case basis.
- Our firm has extensive experience suing insurance companies for bad faith.
- We are happy to set up a call or a meeting to discuss this in more detail.

Uninsured and Underinsured Issues

What if insurance does not completely cover my loss or what if I have no insurance coverage?

- You may be able to join a lawsuit against a governmental entity or a third party such as water or electric company or a city who contributed to the fire.
- Our firm has a case that you can join.

How could a governmental entity or third party be liable for a wildfire?

- Often, after investigation, facts come out that someone's negligence or recklessness caused or substantially contributed to causing the fire. Sometimes, investigation shows that a governmental entity cut corners and costs that if they had not would have either prevented the fire completely or at least reduced its damages.
- If any of the above facts present themselves, there are multiple "causes of action" that can be brought as a legal action. A "cause of action" is simply an avenue to prove liability and recover damages. With wildfires, often there are facts to support causes of action such as, but not limited to, the following:
 - Inverse Condemnation
 - Dangerous Condition of Public Property
 - Nuisance

DISCLAIMER

The information provided here is general and intended to give you an overview of what to expect. We cannot comment on the probable outcome of your claim, as we have not reviewed the specific facts or your insurance details. Each insurance claim is unique and governed by the specific policy issued for your home.

Please note that California Fair Plan insurance differs significantly from standard homeowners' policies. This information pertains only to standard homeowners' policies and does not address Fair Plan policies.

If you would like to speak with us regarding your specific circumstances, please do not hesitate to contact our firm.

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