

Commissioner takes multiple actions to assist wildfire survivors statewide

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Commissioner takes multiple actions to assist wildfire survivors statewide

Jones issues emergency declaration and two notices to insurers to speed recovery efforts

SACRAMENTO, Calif. – Insurance Commissioner Dave Jones has taken several actions to help protect thousands of wildfire survivors who face a long road recovering from the devastating fires that have destroyed or damaged at least a thousand homes in northern California.

The first action is a notice requesting insurers expedite claims handling procedures for wildfire damage claims, including being flexible with deadlines and documentation requirements, which should result in more timely payments to policyholders.

After wildfires, policyholders often find many of the things the insurance company needs to process their claim are missing or were destroyed in the fire, such as home inventories, receipts, bills of sale, and vehicle ownership papers. Under these expedited claims handling procedures, policyholders may receive advance payment for up to four months of additional living expenses, 25 percent of policy limits for personal property, and an expedited process for debris removal—a first step in rebuilding.

These procedures also speed payment for damaged or destroyed vehicles and provide at least 30 days billing leniency for lost renewal notices for those who do not have the ability to have mail forwarded.

“Survivors of these destructive wildfires need all the help we can provide,” said Insurance Commissioner Dave Jones. “I am asking California insurers to adopt the expedited claims handling procedures, move quickly to expand their claim adjuster teams to handle the large volume of claims and make sure those professionals are properly trained on California laws and regulations. We are focused on helping survivors, as they begin the long process of rebuilding their homes and their lives.”

Commissioner Jones also issued a [declaration of an emergency](#) situation caused by the fires, which allows insurers to respond more quickly by using qualified out-of-state adjusters who

work under the insurance company's California license.

Jones also directed the California Department of Insurance to issue a formal notice to all property insurers, independent insurance adjusters, and insurance agents and brokers, yesterday to make sure all claims adjusters assigned to wildfire claims, are properly trained on the California Unfair Practices Act, Fair Claims Settlement Practices Regulations, and all other laws relating to property and casualty insurance claims handling, especially those that are triggered after a declared emergency such as these wildfires. Following last years' wildfires, the commissioner received feedback from wildfire survivors, public officials, and others that some of the representations made by insurance adjusters conflicted with California law.

Commissioner Jones mobilized the department's resources to make sure consumers have access to the assistance and support the department provides to help them navigate the insurance claims process. Jones is visiting the Redding burn areas Thursday to survey the damage, meet with residents, make sure insurers are on-site taking claims, and to meet with California Department of Insurance staff who were deployed on-site to assist residents. CDI staff are participating in Local Assistance Centers established in fire areas throughout the state.

Policyholders should contact their insurance company and insurance agent to begin the claims process. They may also contact the Department of Insurance Consumer hotline at 800-927-4357 to seek assistance or visit the Department's website for tips and advice.

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Media Notes:

- Commissioner Jones will arrive at the Local Assistance Center tomorrow at 10 a.m. to meet with survivors and insurers. At 12 p.m. Commissioner Jones will depart from the Local Assistance Center to tour the disaster areas including Sunset Terrance Community, Harlan Community and the City of Keswick.
- Local Assistance Center opening Thursday, August 2nd

Shasta High School
2500 Eureka Way
Redding, CA 96001
Dates: August 2-8
Hours: 9am – 7pm

- [Link to the expedited claims handling notice](#)
 - [Link to declaration](#)
 - [Link to California law notice](#)
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The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$310 billion in premiums annually in California. Since 2011 the California Department of Insurance received more than 1,000,000 calls from consumers and helped recover over \$469 million in claims and premiums. Please visit the Department of Insurance website at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.4357. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

STATE OF CALIFORNIA

DEPARTMENT OF INSURANCE

DECLARATION OF EMERGENCY SITUATION
by the Insurance Commissioner of the State of California

WHEREAS, on or about July 26-28, 2018, California Governor Jerry Brown proclaimed a state of emergency due to the numerous major wildfires burning in California, which fires continue to burn; and

WHEREAS, the dwellings of hundreds of California residents have been destroyed or damaged, hundreds of business structures have been destroyed or damaged, and thousands of California residents have been evacuated from their homes; and

WHEREAS the magnitude of these fires and the associated insurance claims are likely to create a shortage of qualified insurance adjusters;

NOW, I, DAVE JONES, Insurance Commissioner of the State of California, in accordance with the authority vested in me by Section 14022.5(a) of the California Insurance Code, HEREBY DECLARE AN EMERGENCY SITUATION to exist with respect to the adjustment of insurance claims arising from the wildfires.

THEREFORE, I AUTHORIZE insurers and licensed insurance adjusters to utilize nonlicensed adjusters to the extent such use is reasonably necessary to respond to the losses arising out of the wildfires if each of the following requirements are met:

1. The work performed by nonlicensed adjusters is under the active direction, control, charge, or management of a licensed adjuster or an insurer authorized to do business in California.
2. The nonlicensed adjusters register with the Insurance Commissioner within 15 days from the date on which the nonlicensed adjuster commences the claims adjusting activity in connection with the wildfires and re-register with the Insurance Commissioner, if necessary, in conformity with California Insurance Code section 14022.5(c). Registration is valid for a period of 180 days from the date of the registration.
3. All claims adjusters, whether California-licensed or not, who are assigned to wildfire claims must be properly trained on the California Unfair Practices Act, Fair Claims Settlement Practices Regulations, and all laws relating to property and casualty insurance claims handling.

IN WITNESS WHEREOF I have hereunto set my hand and caused my official seal to be affixed
this 1st day of August, 2018.



DAVE JONES
Insurance Commissioner

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: All Property/Casualty Insurance Companies and Other Interested Parties

SUBJECT: Expedited Claim Handling Billing Grace Period Procedures for California Wildfires

DATE: August 1, 2018

In an effort to assist victims of the current wildfires in California, Insurance Commissioner Dave Jones is calling on all property insurance companies to implement emergency expedited claims and billing grace periods to help residents and businesses begin their recovery more quickly.

Additional Living Expenses (ALE): Insurers should adopt a standard ALE advance payment of at least 4 months for a total loss, upon request. Additional ALE should be available upon proper proof following the advance period, upon request. Current law imposes no requirement for advance payment of ALE. This practice would recognize the reality that following a total loss in a wildfire disaster, consumers need support immediately.

Personal Property (Contents): Insurers should provide a standard contents advance payment of at least 25% of policy limits for a total loss of the primary residence in a wildfire disaster. Additional contents payments should be available upon proper proof and upon request.

Vehicle Claims: Upon satisfaction of proof of claim, insurance companies should expedite payment of automobile property damage claims under comprehensive loss coverage. The Department of Insurance is not specifying precisely how much these claims should be expedited.

Billing: All insurers should grant billing leniency for at least 30 days for customers in designate wildfire disaster areas. Whenever there is widespread wildfire loss, some victims lose their insurance renewal notices or may not have the ability to have mail forwarded. This can result in victims losing their insurance coverage for nonpayment of premium. Many insurers already voluntarily grant payment leniency for wildfire victims. This is not limited to homeowners insurance. A renewal bill for auto insurance, health insurance, or life insurance is as likely to be destroyed as is a bill for homeowners insurance.

Debris Removal: Insurers should cooperate with an expedited debris removal process coordinated through city, county and state agencies, with master debris removal vendor contracts unless the insurer can provide more rapid debris removal outside of the state and local government coordinated effort. Insureds and insurers would not be obligated for more than the reasonable expenses for debris removal. Insurers would assist their insureds in providing policy and payment information to the responsible county in order for the county to fulfil its due diligence requirements. Insurers would not be required to provide any information to the county that would be in conflict with its obligation to protect their insured's personal information without express permission of their insureds.

Inventory Forms: Insurers should agree to accept home inventory software (or paper alternative) currently available to the public by IINC or the CDI (or other reasonable forms), without a requirement of using company-specific inventory forms. Insurers would not be required to waive their rights to seek additional information upon receipt of an inventory form from an insured.

Inventory Itemization: Insurers should agree to accept reduced itemization of contents in wildfire total losses. In some cases it is appropriate for inventories to allow grouping of categories of personal property, such as allowing a listing of "100 DVDs" instead of requiring a list of specific titles.

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**NOTICE**

TO: All Admitted Property & Casualty Insurers, Licensed Independent Insurance Adjusters, Insurance Agent/Brokers, and other Interested Parties

SUBJECT: Important California Laws that Pertain to Property Insurance Policies after a Declared Disaster

DATE: August 1, 2018

On July 26-28, 2018, California Governor Jerry Brown proclaimed a state of emergency in several counties in California due to the numerous wildfires that began in July 2018, and that continue to impact the state. On August 1, 2018, California Insurance Commissioner Dave Jones declared an emergency situation in connection with those wildfires. He therein authorized out-of-state non-California licensed claims adjusters to adjust claims in the fire areas as reasonably necessary and in conformity with the requirements of California Insurance Code section 14022.5 and all other insurance laws. Permitting out-of-state non-California licensed claims adjusters to adjust claims results in a more effective response by insurers to expedite initial payments to those impacted by the wildfires.

Notice is hereby given that all claims adjusters, whether California-licensed or not, who are assigned to wildfire claims must be properly trained on the California Unfair Practices Act, Fair Claims Settlement Practices Regulations, and all laws relating to property and casualty insurance claims handling. Some insurance laws are specifically triggered by a declared disaster and impact how claims are paid and the various timeframes for payment of claims that supersede policy provisions to the contrary. Further, insurance companies and agent-brokers should also take steps to ensure that underwriting transactions (i.e. cancellations, non-renewals), and representations made on underwriting issues, comply with laws in place to protect insureds after a total loss or declared disaster. All property and casualty licensees must be knowledgeable about these laws and provide guidance to insureds that is consistent with these laws. The laws referenced include but are not limited to the following:

CLAIMS AND COVERAGE RELATED LAWS

ISSUE	INSURANCE CODE SECTION	SUMMARY
Time Limit to Collect Full	§2051.5 (b)(1)	No time limit of less than 12 months from the date that the first payment toward the actual cash value is made shall be placed

Replacement Cost		upon an insured in order to collect the full replacement cost of the loss, subject to the policy limit. Additional extensions of six months shall be provided to policyholders for good cause. In the event of a loss relating to a "state of emergency," as defined in Section 8558 of the Government Code, no time limit of less than 24 months from the date that the first payment toward the actual cash value is made shall be placed upon the insured in order to collect the full replacement cost of the loss, subject to the policy limit. Nothing in this section shall prohibit the insurer from allowing the insured additional time to collect the full replacement cost.
Time Limit to Collect Additional Living Expenses (ALE)	§2051.5 (b)(2)	In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, coverage for additional living expenses shall be for a period of 24 months, but shall be subject to other policy provisions, provided that any extension of time required by this paragraph beyond the period provided in the policy shall not act to increase the additional living expense policy limit in force at the time of the loss.
Rebuilding in Current Location or Rebuilding or Replacing in a New Location	§2051.5 (c)	<p>Homeowners may use their replacement cost insurance coverage to (1) rebuild at the current location, (2) rebuild on a new location, or (3) purchase an already built home at a new location.</p> <p>In the event of a total loss of the insured structure, no policy issued or delivered in this state may contain a provision that limits or denies payment of the replacement cost in the event the insured decides to rebuild or replace the property at a location other than the insured premises. However, the measure of indemnity shall be based upon the replacement cost of the insured property and shall not be based upon the cost to repair, rebuild, or replace at a location other than the insured premises.</p> <p>Homeowners are entitled to the "extended" or "guaranteed" portion of their replacement cost policies (if applicable) even if they rebuild or replace in a new location.</p>

Changing Claims Adjusters	§2071	If, within a six-month period, the company assigns a third or subsequent adjuster to be primarily responsible for a claim, the insurer shall provide the insured with a written status report. The written status report must include a summary of any decisions or actions that are substantially related to the disposition of a claim, including, but not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents and all items of dispute.
Appraisal	§2071	In the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either the insured or the insurance company but shall not be compelled.
Copy of Complete Policy After a Loss	§2084	After a covered loss under a policy covered by Section 2071, an insurer shall provide to the insured, free of charge, a complete, current copy of his or her policy within 30 calendar days of receipt of a request from the insured.

UNDERWRITING RELATED LAWS

ISSUE	INSURANCE CODE SECTION	SUMMARY
Cancellation after Total Loss to Primary Structure	§675.1(b)	The insurer shall not cancel coverage while the primary insured structure is being rebuilt, except for the reasons specified in subdivisions (a) to (e), inclusive, of Section 676. The insurer shall not use the fact that the primary insured structure is in damaged condition as a result of the total loss as the sole basis for a decision to cancel the policy pursuant to subdivision (e) of that section.
Adjustment of Policy Limits on Renewal	§675.1(a)	If reconstruction of the primary insured structure has not been completed by the time of policy renewal, the insurer, prior to or at the time of renewal, and after consultation by the insurer or its representative with the insured as to what limits and coverages might or might not be needed, shall adjust the limits and coverages, write an additional policy, or attach an endorsement to the policy that reflects the change, if any, in the insured's exposure to loss. The insurer shall adjust the premium charged to reflect any change in coverage.
Non-Renewal After a	§675.1(c)	Except for the reasons specified in subdivisions (a) to (e), inclusive, of Section 676, the insurer shall offer to,

Declared Disaster		at least once, renew the policy in accordance with the provisions of subdivision (a) if the total loss to the primary insured structure was caused by a disaster, as defined in subdivision (b) of Section 1689.14 of the Civil Code, and the loss was not also due to the negligence of the insured.
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Questions regarding this Notice should be directed to:

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