CALIFORNIA DEPARTMENT OF INSURANCE

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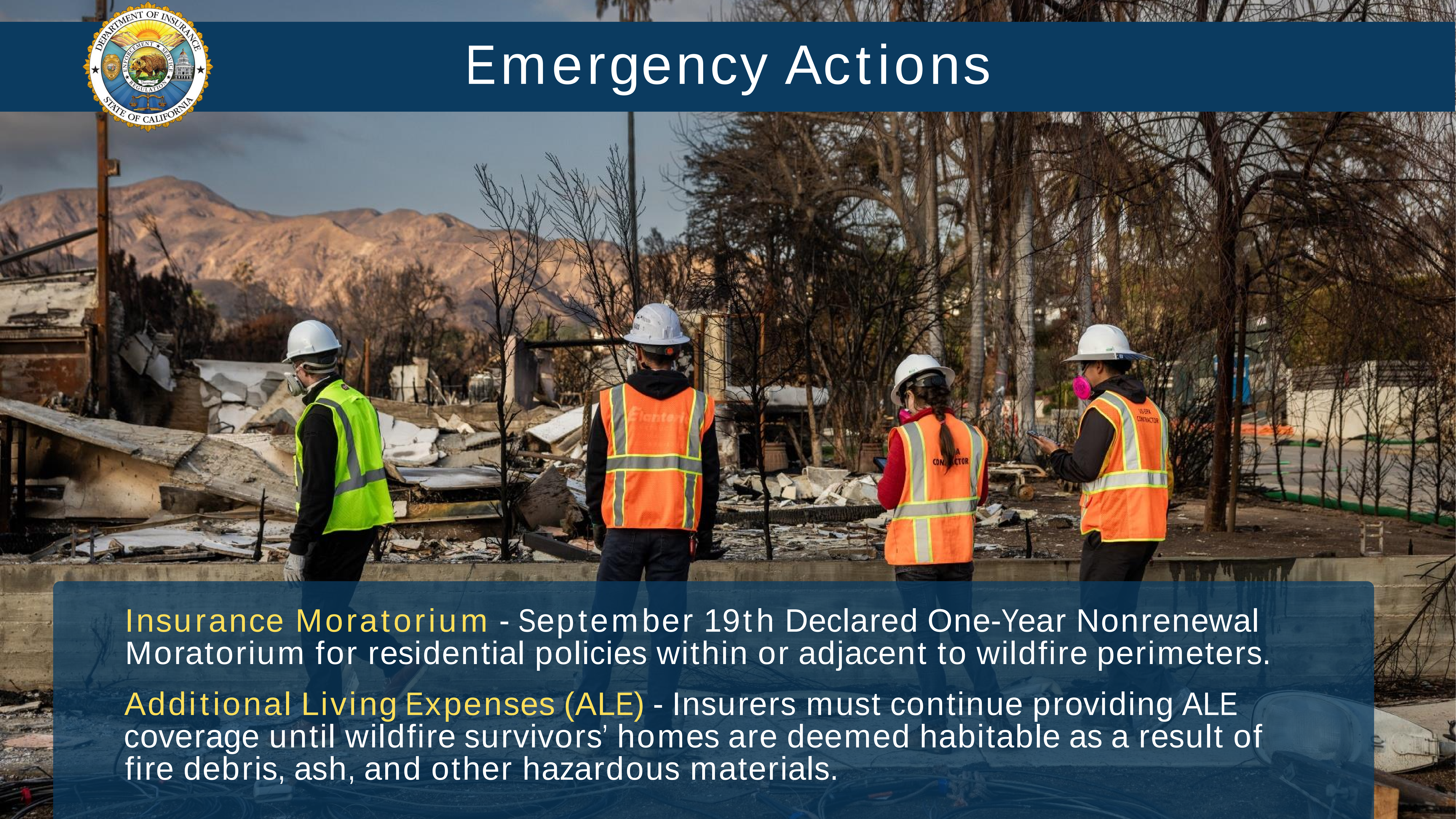
Community Relations & Outreach Branch

Emergency Actions



Insurance Moratorium - September 19th Declared One-Year Nonrenewal Moratorium for residential policies within or adjacent to wildfire perimeters.

Additional Living Expenses (ALE) - Insurers must continue providing ALE coverage until wildfire survivors' homes are deemed habitable as a result of fire debris, ash, and other hazardous materials.

Emergency Actions

Contents Coverage - Insurance companies must pay more than the required 30% of contents coverage without requiring a detailed inventory.

Smoke Damage - Insurance companies must properly and promptly investigate all consumers’ smoke damage claims and ensure fair payments under the law.

The CA FAIR Plan

- The FAIR Plan must follow all the laws and regulations like every other insurance company.
- Ordered to properly investigate smoke damage, provide Fair Rental Value, and pay out claims in a timely manner.
- If you are having trouble getting in touch with the FAIR Plan, contact us.

Dealing With Adjusters

- Make sure that every adjuster you work with is properly licensed.
- Keep a documentation trail.
- Ask questions. Ask why something may not be covered. Ask for it in writing.
- If company changes adjusters, make sure to keep documentation.
- Document agreeements that are made to hold insurance company accountable to those agreements through adjusters.

Smoke Damage

- The type and extent of remediation insurance companies are expected to cover will depend on the degree of smoke damage the home suffers.
- There is no law in effect as to what specific actions/tests/remediation must be done.
- All insurance companies are required by law to adopt and implement reasonable standards for processing smoke damage claims.
- It is not reasonable to deny a smoke damage claim without conducting an appropriate investigation.
- If your insurance company delays or denies your smoke claims, we encourage you to file a complaint with us.
- Can possibly go to mediation.
- If insurance company is providing limited services or limited payments, you can get an estimate from another contractor or cleaning service and send to insurance company.

Continuing Insurance Coverage

- In a total loss, law guarantees two automatic renewals.
- If you have a lender, you are required to have no gap in coverage.
    - Lender may end up choosing one that is more expensive with less coverage.
- In a total loss, insurance company is required to work with you to determine any adjustments in your coverage.
- Important to keep coverage in current market.
    - Could be harder to get insurance in the future with a one or two year gap in coverage.

Rebuild vs Build/Buy Elsewhere

- After a total loss, the insurance company is required to pay the full replacement cost benefits (which must include any building code upgrade and extended replacement costs associated with rebuilding the insured property) even if you decide to rebuild or buy a property in another location.
- Value of land cannot be deducted from this settlement. Make sure you advise the insurance (and your lender, if any) if you are considering this. Generally, once you identify the property and go into escrow, the insurance company will pay the amount it owes.
- You would only be eligible up to the full replacement costs owed if you actually spend that amount in rebuilding or buying a property in another location.
- If you have a mortgage, talk to your lender about how payment, escrow, etc. works.

If an ALE/FRV has a fixed dollar limit instead of a time limit, does California's three-year extension apply if the funds run out in under two years?

- The 36 month extension of ALE after a declared disaster <u>does not</u> change your ALE policy limits.
- Depending on your ALE policy limits, it is probable that these limits will be exhausted before the 36 months.
- Budget as much as possible during the rebuild process.
- If you are expected to exhaust your ALE limits, make sure you have registered with FEMA and other programs at the Disaster Recovery Centers to be eligible for any financial assistance that may be available.

If a rebuild takes over 2 years, can ALE be paid upfront for a temporary home purchase instead of rent?

- Current law does not require the insurance company to pay the full two-years of ALE upfront, only an advance of 4 months after a total loss.
- It is a perfectly reasonable request that you should discuss with your insurance company.
- We have seen these types of accommodations made after prior wildfires in Paradise, Santa Rosa, etc.
- Would have to be negotiated between you and your insurance company.

Expanding Coverage For Californians

CDI is expanding insurance access in high-risk areas by approving new wildfire risk models and securing committments from insurers to cover communities in high risk areas

Modern Wildfire Risk Models

- Verisk, Moody’s, KC&C risk models all approved.
- Reflects mitigation, climate risk, vegetation, terrain, and other wildfire factors.
- Lays groundwork for more stable, long-term insurance options.

Insurers Commit To More Coverage

- Insurers must write policies in high-risk areas.
- Mercury, Allstate, and AAA have filed early plans to expand access.
- Restores private market options and reduces FAIR Plan dependence.

Expanding Availability & Affordability

- More insurers returning to high-risk areas.
- Increased access gives consumers more coverage options.
- Rates reflect homeowner mitigation efforts, helping lower costs over time.

Companies will be driven to write new policies

Residential

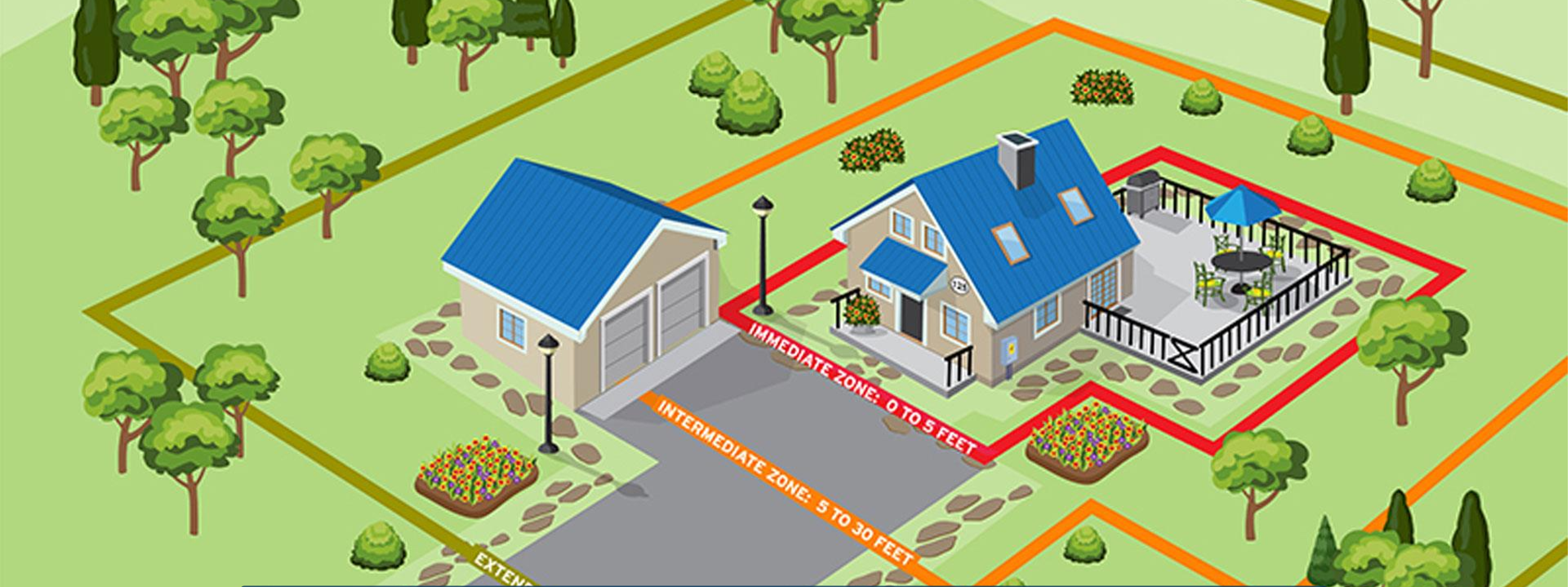
85% minimum

in wildfire distressed areas

5% growth

for small or regional insurance companies

Commercial: **5% growth** for all companies



The California Safe Homes Act

AB 888 - Asm. Lisa Calderon

Establishes a grant program within the Department of Insurance to support qualifying residents in obtaining new or replacement fire-safe roofs, and other fire-safe actions within 5 feet of the structure, covering part or all of the costs.


PERSONAL PROPERTY INVENTORY
LIVING ROOM
VALUE
KITCHEN
OTHER BEDROOMS
VALUE
Sofa
Loveseat
Coffee Table
End Table(s)
Lamps
Artwork/Misc.
Mirrors
Bed, Dressers, Nightstands
Mattresses
Linens
Mirrors/Lamps
Jewelry Chest/Armoire
Dishwasher
Dishes/Glasses
Linens
Stereo, etc.
FAMILY ROOM
WOMAN'S WARDROBE
BATHROOMS
Sofa
Clothing
Linens/Rugs
Eliminate "The List" Act
SB 495 - Sen. Ben Allen
Requires insurance companies to pay wildfire survivors 60% of their contents coverage without needing a detailed inventory list.

Safer From Wildfires

PROTECT YOUR HOME OR BUSINESS

- Class-A Fire-rated roof
- 5-foot ember-resistant zone
- Noncombustible 6 inches at the bottom of exterior walls
- Ember and fire-resistant vents
- Upgraded windows (Double-paned or added shutters)
- Enclosed eaves

PROTECT IMMEDIATE SURROUNDINGS

- Cleared vegetation and debris from under decks
- Remove combustible sheds and other outbuildings
- Defensible space compliance (trimming trees, remove brush and debris from yard)

PROTECT THE WHOLE COMMUNITY

- Achieve community-wide risk mitigation recognition as a Firewise or Fire Risk Reduction Community.

SUCCESS STORY: CARRIE & FORREST

One families win with insurance, thanks to Rebuild Paradise Foundation

- 2018- lost home in Camp Fire

2019 to 2022- built new home to latest WUI building codes and maintain defensible space, including 5' noncombustible zone

2022
$4,663
Farmer's Policy

2023
Farmer's Renewal
$21,642
364% increase
Did not qualify for IBHS Wildfire Prepared Home because 8"x8" posts in front not wrapped

2023
Carrie created the "Lower Clark" Firewise USA Community
$9,130
Revised Farmer's Policy
$40,000 deductible, + additional changes morgage company very unhappy

2024
CA FAIR Plan $7,460
$528 AAA DIC
$7,500 deductible
Farmer's renewal
$21,000

Rebuild Paradise Foundation gives Mercury COO tour of Paradise

2025
Almost a $7,000 annual savings
$993
Mercury Policy
$5,000 deductible

Tips To Find Residential Insurance

- After a nonrenewal notice, contact your insurer to discuss actions that may help you retain coverage.
- File a complaint with CDI if you believe your nonrenewal was unfair.
- Mitigate fire risk on your property and promptly begin searching for new coverage.
- Use CDI's Residential Insurance Company Contact List to find licensed insurers and obtain quotes.
- Find agents who speak your preferred language using CDI's Find an Agent or Broker tool.
- Compare premiums and coverages with CDI's Homeowner Premium Comparison and Coverage Comparison tools.
- If your agent can't find coverage beyond the FAIR Plan, contact other agents using CDI's Home Insurance Finder tool.
- Understand that the FAIR Plan is a last-resort option with limited coverage; consider supplementing it with a Difference in Conditions policy.
- Explore the non-admitted/surplus lines market if other options fail

Contact Us

- Phone: 1-800-927-4357 (Consumer hotline for insurance complaints, questions, and assistance)
- Website: insurance.ca.gov
- Disaster Recovery Centers
- Facebook: @insurancecagov
- Twitter/X: @CDInews
- Instagram: @cadeptofinsurance
- CDI Consumer Alerts