



PRO BONO
TRAINING
INSTITUTE

Pro Bono Training Online, On Your Time.



Best Practices for Assisting Disaster-Impacted Clients with Insurance Matters – Part 1

Presented by:
Amy Bach, Esq
United Policyholders



United Policyholders (UP)

- Reputable, established 501(c)3 not-for-profit charitable organization, Platinum Guide Star rating
- A trusted information resource and respected voice for insurance consumers in all 50 states
- 30 year track record and expertise in disaster recovery
- Not for profit...not for sale
- Funded by donations and grants





United Policyholders (UP)

Professional staff

Government and nonprofit partners

Volunteers

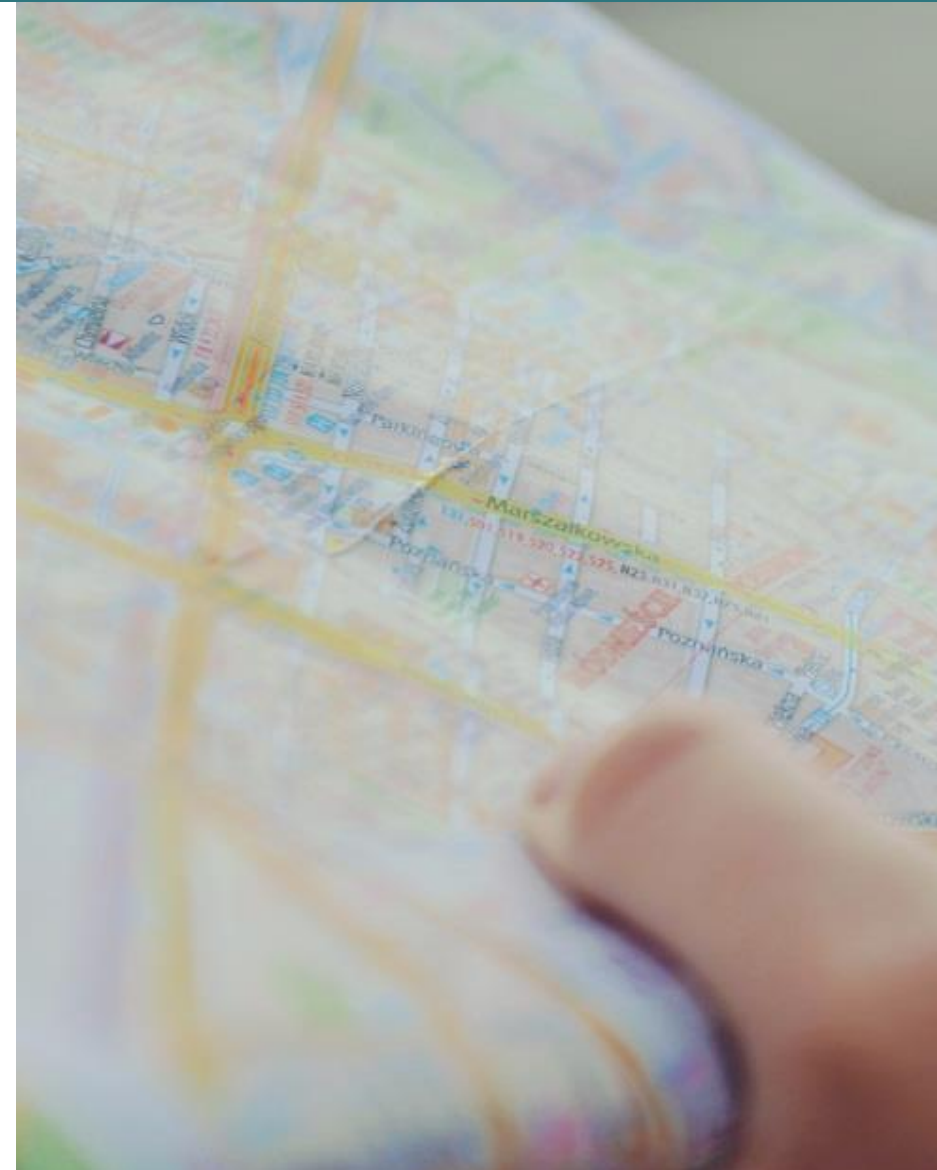
- Survivor to Survivor - previous catastrophic loss survivors paying it forward
- Consumer oriented professionals
 - Damage and repair/rebuild cost estimators
 - Lawyers
 - Public Adjusters
 - Tax and Financial Planning experts
 - Construction and Real Estate professionals

After this learning experience, trainees will:

- Be familiar with the legal, insurance and personal finance issues that disaster-impacted clients typically seek assistance with.
- Be familiar with insurance contract, regulatory and law basics.



- Basics
- Analyzing Policy Forms
- Common Coverage/Claim Issues





The Basics

Obtaining and Analyzing Client Policies

- Endorsements, coverage extensions, limits, exclusions, deductible application

Setting Reasonable Expectations

- Attorney as claim adjuster
- Consultations vs. representing clients
- Knowing your limits

The Claim Adjustment Process

Meeting Client Needs

- Common legal issues
- Loss valuation challenges
- Expert costs/proof of loss challenges

The Duty of Cooperation



Recorded Statements/Examinations under oath/Appraisal

Referrals to DOIs, experts, public adjusters, private attorneys

Filing suit against an insurance company, agent or broker



Analyzing Policy Forms



Home Insurance Policy Forms: Coverage

SAMPLE HOMEOWNER POLICY DECLARATION PAGE ¹

Policy Number:

Policy Period: 03/10/2007 to 03/10/2008 12:01 AM Local Time

NAME AND MAILING ADDRESS OF INSURED				AGENT NAME AND ADDRESS	
A	B	C	D	E	F
DWELLING	SEPARATE STUCTURES	PERSONAL PROPERTY	LOSS OF USE	PERSONAL LIABILITY	MEDICAL PAYMENTS TO OTHERS
\$500,000	\$50,000	\$350,000	12 Months	\$XXX,XXX	\$X,XXX

Loss Deductible for Section 1: \$1,000

Earthquake Deductible: See Message Below

<u>COVERAGE FORMS</u>	<u>FORM NUMBERS</u>	<u>PREMIUMS</u>
Special Form – Homeowners Policy	WG HO 300 (7/91)	\$x,xxx
Replacement Cost Composite	WG HO 301(7/91)	Incl.
Increased Limit for Coverage E & F	Section II	Incl.
Mold, Fungus, Wet Rot, Dry Rot, or Bacteria	WG HO 303 (05/02)	Incl.
Premises Alarm or Fire Prot. System	HO-216 (4/84)	Incl.
Mortgage Payment Supplement	MP 606 (3/84)	Incl.
Lender’s Loss Payment Endorsement	4388FU NS (5/42)	

Important – Earthquake Coverage is Not Included – Contact Your Agent For Further Information.
 The Policy Does Not Include **Building Code Upgrade** Coverage.
Extended Replacement Cost Coverage Does Not Exceed 200% of Limit “A” – Dwelling.²
 Coverage Includes **Personal Property Replacement Cost**.³

Check out: “UP’s Guide to your Declarations Page”

Link in Resources



Understanding a Home Insurance Policy

Declarations page plus policy wording = max available benefits

AMCO INSURANCE COMPANY 50391-1100				HOMEOWNERS POLICY		
AGENCY INSURANCE SVCS CA				POLICY NUMBER: HA 00111111-111 ACCOUNT NUMBER:		
CONTINUATION DECLARATIONS				Policy Period From: 05-14-18 To: 05-14-19 12:01 A.M. Standard Time		
The limit of liability for the structure (Coverage A) is based on the estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.				Effective Date of Change		
NAME INSURED AND ADDRESS HOMEOWNER, JOE 1234 CREEK ROAD ANYTOWN, CA 23456				PREVIOUS POLICY NUMBER HA 00122222-222		
The described residence premises covered hereunder is located at the above address, unless otherwise stated herein. (No., Street, City, State, Zip Code)				JOE'S MORTGAGE LLC ISAOA 11501-772		
COVERAGE AND LIMITS OF LIABILITY						
SECTION I			SECTION II			
A. DWELLING	B. OTHER STRUCTURES	C. PERSONAL PROPERTY	D. LOSS OF USE <small>ACTUAL LOSSES SUSTAINED</small>	E. PERSONAL LIABILITY	F. MEDICAL PAY EACH PERSON	
210,500	21,060	147,420	18 12 MOS.	300,000	1,000	
FOR LOSSES ARISING UNDER SECTION I, WE WILL PAY ONLY THAT PART OF THE LOSS IN EXCESS OF \$500.						
COVERAGE		DESCRIPTION	PREMIUM	COVERAGES	DESCRIPTION	PREMIUM
<small>BASIC COVERAGE</small>						
HO3	01/00	Special Form	1,097.00	12747	12/01	Fungus/Bacteria
HO90	05/02	Call Work Comp		HO48	01/00	Oth Str Incr Lim
12529	02/07	Per Prop Repl		12567P	02/07	Replacement Cost
HO216	01/00	Prem Alarm Prot	22.00CR	11796	07/11	CA Res Prop Dis
438BFUN	05/42	Lenders Loss Pay		10940	07/89	CA Ins Guarantee
IN2004	03/04	Consumer Info		IN2264	03/06	Merit Rating
IN2499	10/08	Important Notice		IN0000	04/09	Privacy Stmt
IN0100	01/10	Important Notice		HO300CA	10/14	Spec Provisions
IN2709	12/15	Important Notice		IN2710	01/16	Third Party Damage
IN2722	02/17	Important Notice				
				TOTAL PREMIUM		1,155.00
Additional Residence Occupied By Insured			RETENTION CREDIT			
Mortgage Loss Payee or Other Interest						
Loan Number 999996778						
STAR MORTGAGE LLC PO BOX 111			1ST MORT			
4601-772						
AMCO INSURANCE COMPANY Authorized Representative 7291717346 47						
DIRECT BILL 0000 10001 00473 INSURED COPY						



Understanding a Home Insurance Policy

AMCO INSURANCE COMPANY

50391-1100

AGENCY **INSURANCE SVCS CA**

HOMEOWNERS POLICY

POLICY NUMBER: **HA 00111111-111**
ACCOUNT NUMBER:

Policy Period
From: **05-14-18** To: **05-14-19**
12:01 A.M. Standard Time

Effective Date of Change

CONTINUATION DECLARATIONS

The limit of liability for the structure (Coverage A) is based on the estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.

NAME INSURED AND ADDRESS
HOMEOWNER, JOE

1234 CREEK ROAD
ANYTOWN, CA 23456



Understanding a Home Insurance Policy

Not all declarations pages look the same

The described residence premises covered hereunder is located at the above address, unless otherwise stated herein. (No., Street, City, State, Zip Code)	PREVIOUS POLICY NUMBER HA 00122222-222
	JOE'S MORTGAGE LLC ISAOA 11501-7729

COVERAGE AND LIMITS OF LIABILITY


SECTION I			SECTION II		
A. DWELLING	B. OTHER STRUCTURES	C. PERSONAL PROPERTY	D. LOSS OF USE <small>ACTUAL LOSSES SUSTAINED</small>	E. PERSONAL LIABILITY	F. MEDICAL PAY EACH PERSON
210,600	21,060	147,420	IN 12 MOS.	300,000	1,000

FOR LOSSES ARISING UNDER SECTION I, WE WILL PAY ONLY THAT PART OF THE LOSS IN EXCESS OF **\$500.**



Understanding a Home Insurance Policy

- Should set forth:
 - Name of Insured
 - Location of insured property
 - Policy period
 - Major coverages and limits of liability
 - Endorsement/Riders
 - Deductible(s)
 - Lender information
 - Additional insureds

COVERAGE	DESCRIPTION	PREMIUM	COVERAGES	DESCRIPTION	PREMIUM
BASIC COVERAGE					
HO3 01/00	Special Form	1,097.00	12747 12/01	Fungi/Bacteria	
HO90 05/02	Calif Work Comp		HO48 01/00	Oth Str Incr Lim	58.00
12559 02/07	Per Prop Repl		12567P 02/07	Replacement Cost	22.00
HO216 01/00	Prem Alarm Prot	22.00CR	11796 07/11	CA Res Prop Dis	
438BFUN 05/42	Lenders Loss Pay		10940 07/89	CA Ins Guarantee	
IN2004 03/04	Consumer Info		IN2264 03/06	Merit Rating	
IN2499 10/08	Important Notice		IN0000 04/09	Privacy Stmt	
IN0100 01/10	Important Notice		HO300CA 10/14	Spec Provisions	
IN2709 12/15	Important Notice		IN2710 01/16	Thrd Prty Dsgnee	
IN2722 02/17	Important Notice				
TOTAL PREMIUM					1,155.00
Additional Residence Occupied By Insured				RETENTION CREDIT	
Mortgage Loss Payee or Other Interest					
Loan Number	9999967718				
			1ST MORT 45501-7729		
AMCO INSURANCE COMPANY					
Authorized Representative 7291717346 47					
DIRECT BILL 0000 18081		004743		INSURED COPY	

12561 (02-07) 01

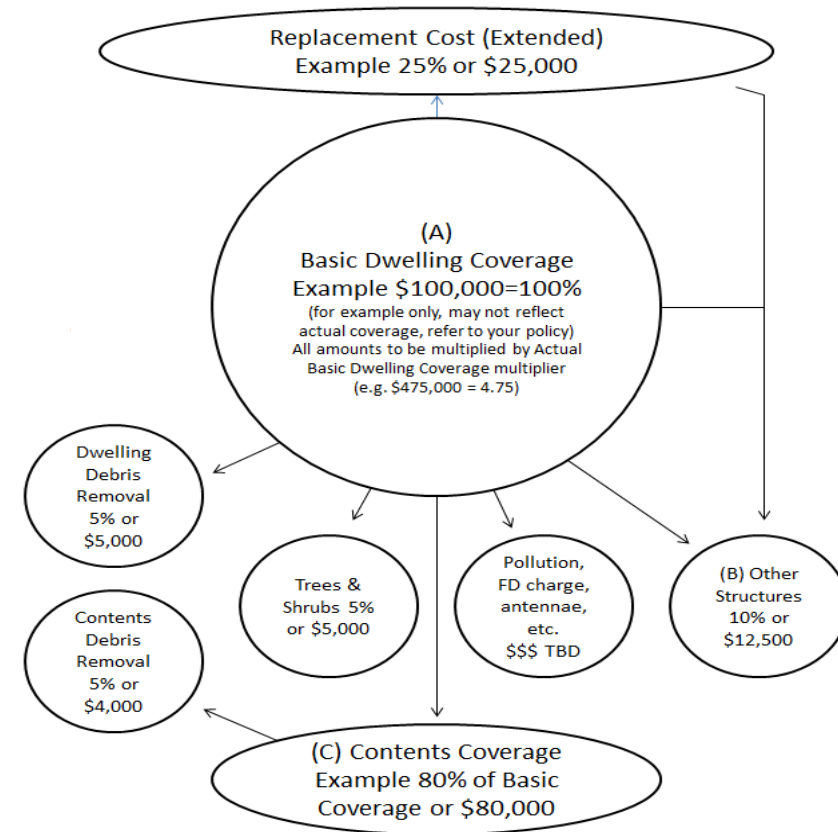


Other Coverages

Example:

Dwelling	100% = \$100,000
Extended	\$25,000
Dwelling Debris	\$5,000
Trees & Shrubs	\$5,000
Pollution, etc.	TBD
Other Structures	\$12,500
Contents	<u>\$80,000</u>
	>\$227,500

Sample Insurance Coverage Summary w/o Inflation or Miscellaneous TBD Items:



- Endorsements, coverage extensions
- Limits/Exclusions
- Deductibles
- ACV vs. RCV
 - Recoverable/non recoverable depreciation
- Advances
- Time limits
 - ALE, collecting RCV, Rebuilding, Replacing





Extended Replacement (ERC) & Code Upgrade Coverage

How to tell if there is an ERC:

Loss Settlement Provision (See Policy)
 A1 Replacement Cost - Similar Construction
 B1 Limited Replacement Cost - Coverage B

Forms, Options, & Endorsements
 Homeowners Policy FP-7955.CA
 Homeowners Policy Endorsement FE-3422
 Amendatory Endorsement FE-3247
 Jewelry and Furs \$1,500 Each
 Article/\$2,500 Aggregate Option JF
 Firearms \$2,500 Each Article/
 \$5,000 Aggregate Option FA
 Increase Dwig Up to \$ 93,900 Option ID
 Ordinance/Law 25%/\$ 117,375 Option OL

Yes

Policy Forms and Endorsements: The following forms and endorsements are applicable to your policy

LibertyGuard® Deluxe Homeowner Policy (HO 00 03 04 91)	Home Protector Plus (FMHO 2147 R3)
Backup of Sewer and Sump Pump Overflow Coverage (FMHO 2062 R1)	Green Upgrade and Recycling Coverage (FMHO 3353 1113)
Loss Assessment Coverage (FMHO 2516 1113)	Additional Residence Rented To Others (HO 24 70 04 91)
Credit Card, Fund Transfer Card, Forgery (HO 04 53 04 91)	Protective Devices (HO 04 16 04 91)
Amendmt Pol Definitions (FMHO-2934 7/04)	Amendatory Endorsement (FMHO-2510 5/03)
Amendatory Mold End (FMHO 3370 1112)	Seepage Exclusion End (FMHO 3391 1112)
No Secll/Limit I-Daycare (HO 04 96 04 91)	Special Provisions - CA (FMHO 3430 1113)
Workers Compensation Coverage (HO 24 90 01 93)	CA Prop Bill of Rights (FMHO 2942 0711)
CA Res Prop Disclosure (FMHO 4152 1112)	Inflation Protection (FMHO-2936 9/04)
Amendatory Endorsement (HO 04 01 06 93)	Lead Poisoning Exclusion (FMHO-2145 R1)
Education Coverage Endorsement (FMHO-2357)	

No Idea

COVERAGE AND LIMITS OF LIABILITY					
SECTION I			SECTION II		
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IN0100 01/10	Important Notice		HO300CA 10/14	Spec Provisions	
IN2709 12/15	Important Notice		IN2710 01/16	Thrd Prty Dsgnee	
IN2722 02/17	Important Notice				

Maybe



Extended Replacement (ERC) & Code Upgrade Coverage

11. Building Code Upgrade Coverage

- a. You may use up to 25% of the limit of liability that applies to Coverage **A**, excluding any increase in the Coverage **A** limit of liability contained in the HO-28 Limited Home Replacement Cost Endorsement, for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

Any reimbursement we make under this additional coverage is subject to and included in the limit of liability stated in the Declarations and does not increase that limit.



When ACV with RC Payment

ACV with RC paid when repairs completed – Most common

5. How We Settle Covered Loss.

Covered accidental direct physical loss or damage will be settled as follows.

a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to a specific **component part(s)** of the **dwelling** or **separate structures**, except for **roof materials** and fences, will be settled at reasonable and necessary **replacement cost**, without deduction for depreciation, for the lesser of the costs to repair or to replace the specific damaged **component part(s)**, but for no more than the lesser of the following:

- i. the applicable **stated limit** or other limit of insurance in this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the reasonable repair or **replacement cost** of that specific **component part(s)** damaged for equivalent construction with materials of like

- kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable and necessary amount actually spent to repair or replace the specifically damaged **component part(s)** of the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the damaged specific **component part(s)** of property until actual repair or replacement is completed. If the damage to the **dwelling** should be a total loss, then the **actual cash value** payment will be no more than the lesser of the **stated limit** or the fair market value of the **dwelling** until actual repair or replacement of the **dwelling** is completed.

If the **dwelling** or a **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.



Common Coverage & Claim Issues

Dwelling underinsured:

- Insurance procured when home was purchased, annual increases not adequate
- Agent/insurer underestimated dwelling replacement value at point of sale
- PSF construction pricing is high in CA, plus post-disaster demand surge
- Client or agent lowballed dwelling valuation to keep premium down



Common Coverage Issues

Betterment not covered unless Building Code/Ordinance Compliance endorsement included (now required by CA law starting in 2021)

The application of depreciation, recoverable and not-recoverable, Actual Cash Value vs. Replacement value

- “Replacement cost value” (RCV)
- “Actual cash value” (ACV)



Inadequate Additional Living Expense (ALE)/ Loss of Use coverage (CA law requires 36 mos of payable benefits but doesn't specify \$ amount)

Inadequate coverage for Landscaping, Trees, Shrubs



Common Issues - Resources

We're proud to offer the following guidance to help you keep moving forward on your road to recovery:

Overcoming Obstacles:

- [Deadlines and Decisions: 2nd Anniversary Bulletin for 2017 North Bay Wildfire Survivors](#)
- [Tips and Sample Letter Asking for ALE/Loss of Use Benefits to be Extended](#)
- [A Guide to Your Insurance Legal Rights](#)
- [FAQs about Home Insurance Claims in California](#)
- [Insurance claim rules in California - English](#)
- [Insurance claim rules in California - Spanish](#)
- [The Find Help Directory \(professionals that support UP\)](#)
- [Debris Removal Decisions for 2017 North Bay Wildfire Survivors](#)
- [The "scoop" on "scope of loss"](#)
- [Getting Your Mortgage Company To Release Insurance Proceeds](#)
- [Tips on hiring a contractor](#)
- [Updating Your Home Insurance After a Loss](#)

Sample Letter Requesting Extension of Additional Living Expense/Loss of Use Coverage Deadlines

NOTE: The sample letter below must be customized to the facts of your individual situation and claim. **All portions that are in parentheses and/or underlined must be completed or revised and anything in italics should be removed before you send it.**

(Date)
(Name of adjuster or highest ranking ins. co. employee)
(Name of Insurance Co.)
(Address)

Re:
Claim Number: _____
Date of Loss: _____
Name of Insured: _____
Address of Insured Property: _____

Dear _____,

We are continuing to do our best to document our loss and cooperate with your company to reach a fair and full settlement. We are writing to request an extension of our ALE/Loss of Use benefits

Please extend our ALE/Loss of Use Benefits from two years to _____ (*fill in the amount of time that you think it will reasonably take you to complete repair/replacement*).

We need additional time to rebuild and need an extension of our ALE/Loss of Use benefits to do so. (*You can add in whatever facts support your request that you have moved the rebuild along as fast as possible, yet need additional time*).

Sample Letter Available at UP's website linked on the resource page.

- Errors in issuance of policy, named insured
- Communication delays and frustration
- Overloaded, rotating, adversarial adjusters
- Misinformation re: policy benefits/requirements
- Slow pay, low pay



- Contents inventory = torture
- Excessive or improper depreciation
- Rigid enforcement of unrealistic deadlines
 - Submission of Contents Inventory, Collecting RCV, ALE funds, Repairs/Rebuild



- Contents inventory = torture
- Excessive or improper depreciation
- Rigid enforcement of unrealistic deadlines
 - Submission of Contents Inventory, Collecting RCV, ALE funds, Repairs/Rebuild
- **All claim Regulations, Statues, Case Law, CDI Bulletins/Options on Resource Page**





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Thank you for joining us

Have a nice day!