

DEPARTMENT OF INSURANCE

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**CALIFORNIA DEPARTMENT OF INSURANCE
CLAIMS HANDLING REFORMS FOR WILDFIRE DISASTERS**

- 1) **Additional Living Expenses**: Insurers should adopt a standard ALE advance payment of 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 and it is not conceivable that a destroyed residence in a wildfire disaster will be replaced within 4 months.
- 2) **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.
- 3) **Vehicle claims**: Upon satisfaction of proof of claim, insurance companies should expedite payment of automobile property damage claims under comprehensive loss coverage.
 - Under current law acceptance or denial of a claim must happen within 40 days following proof of claim [10 CCR 2695.7(b)], and payment must be made within 30 days after proof of claim [10 CCR 2695.7(h)]. It can be as much as 70 days from proof of claim to payment.
 - The Department of Insurance is not specifying precisely how much these claims should be expedited. Competition among insurers on this matter will probably result in a payment standard even shorter than anything we would set for the entire industry.
- 4) **Billing**: All insurers should grant billing leniency for 30 days for customers in designated wildfire disaster areas.
 - Whenever there is widespread wildfire loss, some victims lose their insurance renewal notices. 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 or life insurance is as likely to burn as is a bill for homeowners insurance.
- 5) **Debris removal**: Insurers should accept an expedited debris removal process coordinated through city, county and state agencies, with master debris removal vendor contracts under pre-negotiated conditions unless the insurer can provide more rapid debris removal outside of the state and local government coordinated effort.

- 6) Inventory Forms: Insurers should agree to accept home inventory software (or paper alternative) currently available to the public by IINC or the CDI (or others), without a requirement of using company-specific inventory forms.
- 7) 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.