



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted and Non-Admitted Insurance Companies and Other Interested Parties

FROM: Insurance Commissioner Ricardo Lara

DATE: September 3, 2020

RE: Continuation of Additional Living Expense (ALE) Benefits Due to Inaccessible/Uninhabitable Homes or Mandatory Evacuations Still in Effect as a Result of Wildfires

The recent and on-going statewide wildfires are causing significant damage, destruction, and loss of life which led Governor Gavin Newsom to declare a [state of emergency](#) on August 18, 2020. In an effort to assist survivors displaced by the current and recent wildfires throughout the state, I am calling on all residential property insurance companies to cover additional living expenses (ALE) for those policyholders who remain under mandatory evacuation or whose homes are otherwise inaccessible or uninhabitable due to the wildfires.

All homeowners' insurance policies provide benefits for Loss of Use or Additional Living Expenses (ALE) to cover the extra costs associated with temporary lodging, transportation, clothing, and other necessities caused by a covered peril, such as a wildfire, that renders the home uninhabitable or inaccessible. Homeowners' insurance policies also cover ALE if access to the home is restricted in cases where a civil authority has issued mandatory evacuation orders from the recent and ongoing wildfires impacting most of the state.

The Department of Insurance has received numerous complaints from policyholders who are being advised by their insurance company that ALE benefits are being terminated after the initial two weeks unless the insurance company can verify, or the policyholder can prove, that the policyholder's property suffered damage due to the fires and is still currently uninhabitable, even though mandatory evacuation orders are still in effect in some areas.

The Department has also received several related complaints involving homes that have lost power or water service due to the wildfire and are uninhabitable. We are being advised that some insurance companies are seeking to terminate ALE benefits until the

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insurance company can verify, or the policyholder can prove, that the policyholder's property suffered covered damage due to the fires and is still uninhabitable because of that condition.

I am calling on all residential property insurance companies to take these adverse circumstances into account and cease terminating ALE benefits while the policyholder's property remains uninhabitable due to damage caused by the wildfires. Insurance companies that terminate ALE benefits are forcing policyholders, who are still under mandatory evacuation orders or whose homes lack water, power, or are otherwise uninhabitable or inaccessible, to pay for these emergency necessary costs out-of-pocket. It is further requested that, in areas where access to homes is not restricted, insurance companies should not terminate ALE due to their own failure to timely inspect properties to verify covered damage.

*Consumer Hotline (800) 927-4357 *Producer Licensing (800) 967-9331