



California Department of Insurance

Steve Poizner, Insurance Commissioner

ATTENTION: SAYRE FIRE SURVIVORS

NEW HAMPSHIRE INSURANCE COMPANY(AIG) AGREEMENT

FACT SHEET

(April 24, 2009)

Insurance Commissioner Steve Poizner announced that the California Department of Insurance (CDI) has reached an agreement with New Hampshire Insurance Company (an AIG company) to secure additional coverage for Sayre Fire survivors in Sylmar. While CDI and New Hampshire had different positions on how the policy should be interpreted, New Hampshire has agreed to offer its insureds the additional 110 percent or 125 percent of coverage in accordance with the CDI's interpretation of the pertinent policy provision.

1. Who is eligible for this additional coverage? Any Sayre fire survivor that has a Specified Additional Amount of Insurance for Coverage A endorsement under a Mobile Home owners Policy with New Hampshire is eligible for this additional coverage.

2. How much additional coverage will I receive? It depends on the exact language in the policy and the endorsement identified on your policy. There are three levels of coverage:

(a) Replacement Cost Coverage: Those with Replacement Cost Coverage noted on their declarations page that is not limited by a percentage do not need this additional coverage as they already are being afforded the full cost to replace the home, regardless of policy limits. This coverage is often referred to as Guaranteed Replacement Cost coverage.

(b) 125% Additional Coverage: Those with the Specified Additional Amount of Insurance for Coverage A endorsement with 125%, will be afforded the full amount of their coverage A limit, plus an amount equal to 125% of that coverage limit. For example, if the Coverage A limit is \$100,000, the additional amount of available coverage is \$125,000, and the total amount of available coverage for the dwelling will be \$225,000.

(c) 110% Additional Coverage: Those with the Specified Additional Amount of Insurance for Coverage A endorsement with 110%, will be afforded the full amount of their coverage A limit, plus an amount equal to 110% of that coverage limit. For example, if the Coverage A limit is \$100,000, the additional amount of available coverage is \$110,000, and the total amount of available coverage for the dwelling will be \$210,000.

3. Do I automatically get a check for the full higher policy limits? No. The amount you are eligible to receive will be the lesser of the cost to replace the same size, model and quality of coach that was destroyed in the fire or the policy limits. For example, if the cost to replace the destroyed coach is \$185,000 but your available amount of insurance is \$225,000, you will only receive \$185,000.

4. Will I still be eligible to receive my full higher policy limit even if I decide to replace my destroyed home with a mobile home on another location or with a single family home or condominium on another location? Yes. The Department's position is that California Insurance Code section 2051.5(c) requires the insurance company to pay the full replacement cost of the lost or destroyed mobile home up to the policy limits, even if you replace it in another location and even if you replace it with a traditional home (i.e. single family home or condominium). However, the amount to which you will be eligible to receive will still be the lesser of the cost to replace the same size, model and quality of mobile home that was destroyed in the fire or the available amount of insurance.

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5. If I decide not to replace my destroyed home in any location, am I still eligible for full replacement cost? No. If you decide not to replace the home by, for example, deciding to rent a home instead, you will only be entitled to the Actual Cash Value of the destroyed home, which can be much less than the cost to replace.

6. What do I have to do to obtain this additional coverage? While your insurance adjuster should be contacting you to assist you with obtaining this coverage, you should make contact with your adjuster as soon as possible.

7. If I received disaster grant funds or a loan from FEMA, SBA, the California Department of Social Services, CalEMA or other government agencies, does this agreement impact those funds? Possibly. If you received one or more of these types of assistance, you may be required to return some or all of the money to avoid a duplication of benefits. If you received an SBA disaster loan, the law prohibits SBA from lending disaster loan funds that duplicate other recoveries such as grants, insurance recoveries, etc. Therefore, SBA may apply some or all of the insurance proceeds to pay off all or a portion of that loan. You should contact FEMA, SBA, the California Department of Social Services, CalEMA or others to discuss how receipt of these additional funds may impact any assistance you may have received.

8. Who do I contact if I have questions or feel that the insurance company is delaying or denying my claim for these additional funds? If, after you have attempted to work this out with the insurance company, you have questions that are not satisfied, please contact the Department of Insurance at once at (800) 927-HELP(4357). The Department will review your case and provide you with assistance.