

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: All Property/Casualty Insurance Companies and Other Interested Parties

SUBJECT: VOLUNTARY CLAIMS HANDLING REFORMS FOR RECENT WILDFIRES

DATE: October 13, 2017

In an effort to assist victims of the recent wildfires, Insurance Commissioner Dave Jones is calling on all property insurance companies to implement emergency voluntary claims reforms to help victims begin their recovery more quickly.

1. **Additional Living Expenses (ALE):** Insurers should adopt a standard ALE advance payment of at least 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.
2. **Personal Property (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. The Department of Insurance is not specifying precisely how much these claims should be expedited.
4. **Billing:** All insurers should grant billing leniency for at least 30 days for customers in designate wildfire disaster areas. Whenever there is widespread wildfire loss, some victims lose their insurance renewal notices or may not have the ability to have mail forwarded. 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, health insurance, or life insurance is as likely to be destroyed as is a bill for homeowners insurance.
5. **Debris Removal:** Insurers should cooperate with an expedited debris removal process coordinated through city, county and state agencies, with master debris removal vendor contracts unless the insurer can provide more rapid debris removal outside of the state and local government coordinated effort. Insureds and insurers would not be obligated for more than the reasonable expenses for debris removal. Insurers would assist their insureds in providing policy and payment information to the responsible county in order for the county to fulfil its due diligence requirements. Insurers would not be required to provide any information to the county that would be in conflict with its obligation to protect their insured's personal information without express permission of their insureds.
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 other reasonable forms), without a requirement of using company-specific inventory forms. Insurers would not be required to waive their rights to seek additional information upon receipt of an inventory form from an insured.
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.