



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

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

FROM: Insurance Commissioner Ricardo Lara

DATE: October 2, 2020

RE: Personal Property (Contents) Coverage for Wildfire Claims

Due to the large scale of the 2020 California wildfires, many policyholders are overwhelmed by challenging personal matters ranging from seeking temporary housing, focusing on family and health issues, and addressing reconstruction of their replacement house, among other major adverse changes in their daily lives.

The recent California wildfires, taken together, are the largest and most destructive fires in California history and have destroyed entire neighborhoods and devastated several communities. The California Department of Insurance (Department) has received numerous complaints from policyholders about the monumental task of identifying every item of personal property they may have lost in the recent wildfires to collect the replacement cost of such items.

In an effort to assist survivors of the 2020 California wildfires, I request all admitted and non-admitted residential property insurers to, consistent with past practice, provide relief to policyholders who suffered a total loss in the recent California wildfires by waiving the requirement of completing a personal property inventory to collect all or a significant portion of their personal property (or contents) policy coverage limits. In the past few years, the Department has sent similar requests and most residential property insurance companies provided at least 75%, and up to 100%, of Contents (Personal Property) coverage limits without requiring the policyholder to complete the onerous task of preparing a detailed personal property inventory.

On September 29, 2020, Governor Gavin Newsom signed SB 872 and AB 3012 that provide, among other things, protections for policyholders who suffered a covered total loss resulting from a wildfire state of emergency. Portions of AB 3012 will be effective on July 1, 2021 and will require residential property insurance companies to offer a payment

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under the Contents (personal property) coverage in an amount no less than 30% of the policy limit applicable to the covered dwelling structure, up to a maximum of two hundred fifty thousand dollars (\$250,000), without requiring the policyholder to file an itemized personal property inventory. Although this provision in AB 3012 will not become effective until July 1, 2021, I request all residential property insurers, at a minimum, to offer current wildfire claimants this same option.

I recognize and appreciate that many residential property insurers have already agreed to the Voluntary Expedited Claims Handling Procedures requested in my August 26, 2020 [Notice](#). These expedited procedures include a request for an initial advance payment for personal property of at least 25% of contents policy limits when there is a total loss of the primary residence in a wildfire disaster, and a request to forgo requiring a detailed inventory of personal property.

For past major wildfires, many insurers went beyond the Voluntary Expedited Claims Handling Procedures and made significant efforts to accommodate their policyholders by offering 75%, 80%, or, in some cases, 100% of Contents limits without an inventory, with the ability to recover additional benefits if the policyholder subsequently completes a full inventory.

I applaud the insurers that previously provided accommodations to their policyholders by providing the requested relief and request all other insurers to provide a similar accommodation or, at a minimum, the amount that will be required to be paid under AB 3012. This request applies to all policyholder homes that suffered a total loss, unless the insurer has reason to believe the home was not furnished.

All residential property insurers are requested to advise the Department by October 23, 2020 regarding whether they will comply with the requests in this Notice and what percentage of total contents coverage they will provide without requiring a detailed personal property inventory.

Residential property insurance companies should send their responses to the attention of Senior Compliance Officer, Patrick Scott, via email to: Patrick.Scott@insurance.ca.gov