



Insurance-related legislative reforms that are improving wildfire recovery

National Conference of Insurance Legislators
Property & Casualty Insurance Committee Interim Meeting
Virtual Event
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About United Policyholders (UP)

- A 501(c)3 national not-for-profit organization with a Platinum Guidestar rating
- 33+ year track-record helping solve insurance problems that impact consumers in coordination with insurance regulatory agencies, public officials and other non-profits
- A trusted information resource and respected voice for insurance consumers in all 50 states
- Not for profit...not for sale, funded by donations and grants

Our Three Programs

- Roadmap to Recovery®
 - *Helping individuals and businesses solve insurance coverage and claim problems.*
- Roadmap to Preparedness®
 - *Increasing disaster preparedness by promoting savvy shopping, inventorying and insuring property to value, and mitigation*
- Advocacy and Action
 - *Standing up for consumers in courts of law, legislative and other public policy forums, and in the media.*

Highlights of legislative reforms adopted in CA, OR, CO

- Additional/temporary living expense *and* replacement cost benefits must be available for at least 24 months, plus two 6 month extensions where warranted
- An underinsured disaster victim can use their combined *Dwelling* and *Other Structures* benefits toward the cost of rebuilding. Other Structures benefits are normally available for garages and outbuildings, retaining walls, etc.
- A disaster victim can opt to move to a less vulnerable location and/or avoid diving into a major construction project by using their dwelling insurance benefits to buy a replacement home or rebuild in another location.
- Insurers must advance a percentage of policy benefits toward replacing contents w/out requiring an itemized inventory, and 4 months of temporary rent benefits/ALE
- Homeowners can avoid being underinsured by accessing their insurer's construction cost expertise and obtaining an estimate for insuring their home to its current replacement cost every other year or at inception

Additional Living Expenses (Loss of Use)

- 12 months was standard but is unrealistic after a total loss in today's conditions
- 24 months has also proven to be inadequate for many households after large events
- Supply chain, debris removal, permitting process, lack of construction resources are hindrances
- Insurers are being more flexible with alternatives (purchasing an RV, 5th wheel, tiny home, condo)

Right to Replace By Buying

- Formerly, insureds had to leave \$ on the table if they bought elsewhere rather than rebuilding
- Allowing people to replace by buying reduces WUI rebuilding
- Hot spots continue to be:
 - Land value
 - Code upgrades
 - Availability of extended coverages

Reducing the trauma of itemized inventory requirements

- Painful, challenging, time-consuming for victims to be forced to remember every item they lost
- PH paid a premium for contents coverage, everything's gone – why not max them out?
- CA requires insurer to allow bulk listing (25 hardcover books – not every title), and ph can use their own format
- Eliminate cost and hours for adjusters to pick through every item on an inventory list

Other items

- Mandated advances toward ALE (CA)
- % of benefits advanced w/out an itemized inventory
- (CA - 30% of dwelling limit, CO 65% of contents limit)
- Mandated minimum extended replacement and building code upgrade coverage (CA, CO)
- Extended time to collect full Replacement Cost Value (Contents and Dwelling)

References

CA: Ins. Code 2051.5(b)(2), 2051.5(c), 10103.7, 10
CCR § 2695.183

OR:

<https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/HB3272>

CO: <https://leg.colorado.gov/bills/hb22-1111>

Questions?

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