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Navigating Insurance Claims for Wildfire Losses

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1. Review your policy

Your policy will detail what you are entitled to and will set forth many of your insurer's obligations. Ask your broker or insurer for a complete copy of the policy, including all forms, schedules, and endorsements. Review the declarations page to verify coverages, policy limits, and sublimits. Make sure your policy is consistent with what your insurer or broker told you the policy would cover when you purchased it. Finally, be mindful of any policy-based deadlines. Although the Department of Consumer and Business Services has ordered insurers to waive all deadlines, it is safest to submit your proof of loss claim before any stated deadlines expire or, if necessary, get a written extension from the insurer.

2. Be proactive, document everything

Organization is key to recovering your losses. Document and photograph all damaged property before any clean up. Gather photos of your damaged property and personal possessions. Keep all receipts for any costs resulting from your losses. Keep detailed records of all communications with your insurer.

3. Understanding the types of coverage

- (1) **Dwelling Coverage:** the value of the dwelling structure. If you have suffered a total loss, you typically get the market value of the property minus the remaining value of the land.
- (2) **Other Structures:** the value of detached structures, such as garages, barns, retaining walls, fencing, walkways, driveways, pools, etc.
- (3) **Contents Coverage:** the value of personal property, including household and personal items.
- (4) **Additional Living Expenses:** all added expenses associated with loss of use of your dwelling resulting from a covered loss.

4. Temporary housing and living expenses

Your primary consideration after a disaster likely is securing temporary housing. This expense can be covered as Additional Living Expenses (ALE). You may also be entitled to advances for living expenses without having to fully substantiate a claim, so be sure to ask. ALE coverage entitles you to maintain your standard of living in a place of similar size and quality. You are also entitled to any incidental expenses incurred as a result of your temporary housing, such as purchasing rental insurance, credit check fees charged for renting, additional cell phone charges due to loss of a land line, and mileage for increased commuting distances.

5. Valuing losses

Be Honest: Don't exaggerate your claim, but don't undervalue it either. You are entitled to whatever it takes to return your home and property to pre-loss condition.

Contents Coverage: The starting point for valuing your damaged contents is today's cost to replace the damaged item with an item of like kind and quality, not what you paid for the item when purchased. The average household can consist of 2,500 to 4,000 items. Go room by room to visualize everything. Review old photos of every room in the house. Past credit card statements can help identify purchased items, but remember to value the items based on today's replacement cost. Consider using a wedding registry scanner at a retail store to create a list of all items lost. **Your insurer is betting that you will not do the work to obtain full recovery for the loss of your personal property, don't let the insurer win that bet.**

Depreciation: Your insurer will depreciate the value of the lost property based on age and condition, and only pay you the depreciated value (actual cash value) until the item is replaced (replacement value). Depreciation is not an exact science, and should be addressed item by item. Challenge any attempt by your insurer to apply a flat rate of depreciation and demand the insurer consider the condition, age, and useful life of each piece of personal property. Not all property is subject to depreciation and such property should not be valued lower than the replacement cost. Challenge anything that does not seem accurate.

6. Buy or rebuild?

If your property is a total loss, you may need to decide whether to rebuild the property or buy a replacement home elsewhere. A rebuild requires your insurer to pay for the replacement cost of the property to pre-loss condition. However, choosing to buy allows you apply the theoretical rebuild cost to the purchase of a separate home. Determining that scope of loss may require getting a detailed estimate from a professional with construction estimating expertise.

7. Your insurance adjuster: friend or foe?

Your insurer will send an adjuster to assess the damage and value your losses. This adjuster may be friendly, but remember that he or she works for the insurer. Don't assume an adjuster is trying to underpay you, but understand that insurers exist to make a profit. They often interpret any ambiguities in your policy in the insurer's favor. Be wary of quick, on-the-spot settlement offers. Get a second opinion. Always follow up in writing with the insurer's adjuster. You may deal with multiple adjusters throughout the life of your claim. A written record will help ensure that prior requests or negotiations are honored with a different adjuster.

8. Stay strong

Be prepared for a long process. Reaching settlement with your insurer and repairing, rebuilding, and replacing all lost property can take between 18 and 24 months. Your insurer will want you to settle for less. Full recovery for your losses will take patience and perseverance.

9. Don't go it alone

Be sure to reach out for help when you need it. You are entitled to retain your own adjusters, experts, and attorneys to help document your claim and advocate on your behalf.