

Insurance Information:

Dear 2007 Firestorm Survivors,

Earlier this week, the California Department of Insurance announced a variety of proposed "voluntary" claims handling reforms that would apply to 2007 Firestorm Survivors. The reforms were the result of a roundtable discussion held between the Commissioner and insurance industry representatives. Notwithstanding that the insurance companies should already have been doing these things anyway, the proposed voluntary reforms will likely be helpful to many of you. I am attaching both the text of the Claims Handling Reforms, as well as the Commissioner's Press Release to this e-mail. I have also cut/pasted the reforms into the e-mail below for ease of reference.

The Commissioner's press release indicated that the following insurance companies have voluntarily complied with his proposed reforms:

American International Group, Inc.
Allied Insurance /Nationwide
Allstate Insurance Company
Automobile Club of Southern California,
Chubb Group
Farmers Insurance Group
Fireman's Fund Insurance Company
Liberty Mutual Group
The Progressive Group of Insurance Companies
Safeco
State Farm Insurance Company
Travelers

CALIFORNIA DEPARTMENT OF INSURANCE CLAIMS HANDLING REFORMS FOR WILDFIRE DISASTERS

1) **Additional Living Expenses:** Insurers should adopt a standard ALE advance payment of 4 months for a total loss, upon request. Additional ALE should be available upon proper proof following the advance period, upon request.

1. Current law imposes no requirement for advance payment of ALE.
2. This practice would recognize the reality that following a total loss in a wildfire disaster, consumers need support immediately and it is not conceivable that a destroyed residence in a wildfire disaster will be replaced within 4 months.

2) **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.

1. 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.

1. Under current law acceptance or denial of a claim must happen within 40 days following proof of claim [10 CCR 2695.7(b)], and payment must be made within 30 days after proof of claim [10 CCR 2695.7(h)]. It can be as much as 70 days from proof of claim to payment.
2. The Department of Insurance is not specifying precisely how much these claims should be expedited. Competition among insurers on this matter will probably result in a payment standard even shorter than anything we would set for the entire industry.

4) **Billing:** All insurers should grant billing leniency for 30 days for customers in designated wildfire disaster areas.

1. Whenever there is widespread wildfire loss, some victims lose their insurance renewal notices. This can result in victims losing their insurance coverage for nonpayment of premium.
2. Many insurers already voluntarily grant payment leniency for wildfire victims.
3. This is not limited to homeowners insurance. A renewal bill for auto insurance or life insurance is as likely to burn as is a bill for homeowners insurance.

5) **Debris removal:** Insurers should accept an expedited debris removal process coordinated through city, county and state agencies, with master debris removal vendor contracts under pre-negotiated conditions unless the insurer can provide more rapid debris removal outside of the state and local government coordinated effort.

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 others), without a requirement of using company-specific inventory forms.

7) **Inventory Itemization:** Insurers should agree to accept reduced itemization of contents in wildfire total losses.

1. 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.