



Reed Smith 2025 Los Angeles Wildfires Insurance Claims FAQs

We at Reed Smith are closely following the progression of the devastating and costly wildfires ravaging Southern California. Of paramount concern is the health, safety and well-being of loved ones. However, once the fires have been fully contained and people are allowed back in their homes to try to recover and rebuild, they will likely have many questions while pursuing insurance for their losses. The information in this document is intended to help answer some of those questions.

1. When can I expect to be paid?

Some payments will be quick. If you lost your home, California law requires insurers to pay an advance payment of no less than four months of additional living expenses ALE. (Cal. Ins. Code section 2061(a)(1)). California law also requires insurers to pay at least two weeks of ALE benefits to evacuees, with additional two-week extensions for good cause (Cal. Ins. Code section 2061(a)).

With wildfires being a declared disaster, however, expect delays in claim investigations. The time-period for you to collect the full replacement cost of the loss, subject to the policy limit, is 36 months (from the date that the first payment toward the actual cash value is made). Additional extensions of six months will be provided for good cause. (Cal. Ins. Code sections 2051.5(b)(1) and (2)).

2. How much will I be paid?

The amount you will be paid depends on your policy's coverage limits and whether your policy provides for actual cash value (ACV) or replacement cost value (RCV). For actual cash value (ACV), the payment is the cost to repair, rebuild, or replace the lost item minus depreciation (Cal. Ins. Code section 2051). For replacement cost value (RCV), the payment is the cost to repair, rebuild or replace without depreciation (Cal. Ins. Code section 2051.5(a)). In a total loss, insurers must offer at least 30% of the policy limit for contents without an itemized claim, up to \$250,000. (Cal. Ins. Code section 10103.7(b)).

3. Do I need to itemize my personal property losses on an insurer-provided form?

No. If your home is a total loss, California Insurance Code section 2061 allows individuals to itemize personal property by category, even if it is not on the insurer's form. Note, however, that in a total loss, insurers must offer at least 30% of the policy limit for contents without an itemized claim, up to \$250,000. (Cal. Ins. Code section 10103.7(b)).

4. Can I still have a "total loss" if my home is still standing?

It depends on whether your home is deemed uninhabitable. Several factors are considered when assessing whether a home is uninhabitable, including without limitation whether the roof, walls, windows, and doors protect against the weather and are structurally sound; whether smoke and ash damage is so prevalent that it is unsafe to live in the

home; whether proper plumbing facilities are in good working condition; whether the electrical systems are safe and functional; and whether other utilities are functional.

5. Should I sign on with a public adjuster to help me process my claim?

Public adjusters can help take the burden off a homeowner by handling some of the claims process, but they come at a cost and will charge somewhere in the neighborhood of 5% to 20% of your recovery. At the early stages, we caution against signing on with a public adjuster until you have a sense of what your insurance company is willing to pay. If your home is a total loss, many of the insurance companies will pay full policy limits, and there will be little benefit to having a public adjuster.

This [link](#) to the United Policyholders website provides useful information about public adjusters.

6. Can I hire my own independent professionals or do I have to use the insurer's?

Policyholders are generally entitled to hire independent professionals, such as remediation specialists, contractors, engineers, forensic experts and public adjusters (discussed further in #5 above) to help you with your claim. For example, if you do not want to use the insurer's remediation specialist to test the environmental impacts and determine whether it is safe to return to your home, you can hire your own independent specialist to test. We recommend saving all receipts and submitting them to your insurer as part of your claim.

7. Who gets paid first – me or my mortgage lender?

If your home is mortgaged, the check for home repairs will generally be made out to you and the mortgage lender. The lender has equal rights to the insurance check to ensure necessary repairs are made.

8. Who gets paid for personal property and ALE – me or my mortgage lender?

Payments for ALE and contents coverage are typically sent directly to the policyholder. It is important that the policyholder works with the insurance company to make sure that any insurance payments are specifically allocated so that ALE and contents coverage go to the policyholder and are separated out from home repairs, which will likely go to the policyholder and the mortgage lender.

9. If my home is gone, what happens to the land?

Your insurance typically covers the structure and contents, not the land. The land remains yours even if the home is destroyed. You can decide to rebuild at a new location or purchase an already built home at a new location. California law prohibits insurance policies from limiting or denying payment for building-code upgrades or replacement costs if the insured chooses to rebuild or purchase a home at a new location, as long as these costs are covered by the policy. The total payment, however, cannot exceed the cost to repair, rebuild or replace the structure at its original location. (Cal. Ins. Code section 2051.5[c]).

10. Do I have to rebuild to get the full amount?

Some policies require rebuilding to receive the full replacement cost. If you choose not to rebuild, you may receive only the ACV of the property. California law, however, prohibits policies from limiting or denying payment of building-code upgrade costs or replacement costs if you decide to rebuild or purchase a home at a new location (Cal. Ins. Code section 2051.5[c]).

This [link](#) to United Policyholders provides useful information that may provide you with some guidance in your decision on whether you should buy or rebuild.

11. How can I obtain a copy of my insurance policy if my house is gone?

Your insurance agent or broker should be able to email you a complete copy of your entire insurance policy – including all terms, conditions, and endorsements (not just the declarations page, which typically shows just policy limits and policy period). Otherwise, insurers must provide a complete, current copy of the policy free of charge within 30 days of a request after a covered loss (Cal. Ins. Code section 2084). Be sure to provide the insurance agent with an updated address or email address if you cannot access your home.

12. Does Federal Emergency Management Agency ("FEMA") relief impact my insurance coverage (or vice versa)?

FEMA relief and insurance coverage are separate programs. Receiving FEMA assistance should not typically affect your insurance claim. FEMA, for example, can help with costs not covered by insurance, such as additional living expenses if your policy does not cover them. FEMA may also help fill in any coverage gaps if you are underinsured.

You cannot, however, receive duplicate benefits for the same loss (Cal. Ins. Code section 2060(b)(2)). For more guidance on FEMA relief, refer to #14.

13. What happens if an insurer runs out of money?

If an insurer runs out of money, consider turning to FEMA for relief. For more guidance on FEMA relief, please refer to #14.

Claims of insolvent insurers are transferred to the California Insurance Guaranty Association (CIGA). CIGA then handles the claims subject to certain limits and rules. Valid claims exceeding the \$500,000 statutory cap are administered by the Conservation & Liquidation Office (CLO) (Cal. Ins. Code section 1063). CIGA, however, does not step in for the California FAIR Plan when it comes to fire claims. This is because the California FAIR Plan is not a private insurance company; it is a legislatively established association of insurers designed to provide basic property insurance for high-risk areas. As such, the FAIR Plan is not subject to CIGA coverage.

14. What if I have no insurance?

You may be eligible for assistance from FEMA. FEMA can provide housing assistance, money to rent a home, reimbursement for emergency lodging expenses or they can provide a temporary housing unit. For rebuilding or replacing your home, FEMA can help with repairs, accessibility modifications, and rebuilding stronger, more durable homes. Individuals and business owners in the designated area who sustained losses can begin applying for assistance by registering online at the [Department of Homeland Security's Disaster Assistance website](#) or by calling: 1-800-621-FEMA (3362).

Note, however, that FEMA assistance is generally not available if any other funding source is available, including a Small Business Administration (SBA) loan or private or other charitable donations.

The SBA disaster loan program provides financial assistance to individuals and businesses affected by declared disasters. These low-interest loans aim to cover uninsured or underinsured losses, helping victims return to their pre-disaster conditions. Funding for SBA's disaster loan program was recently replenished through the American Relief Act of 2025, which was signed into law by former President Biden on December 21, 2024. For the Los Angeles wildfires, SBA has authorized financial support to impacted residents and businesses, offering loans for physical damage repairs and economic injury recovery. To determine if you are eligible to apply for an SBA Disaster Loan, visit [SBA's website](#).

15. My house is held in a trust – will this affect my insurance coverage?

Your insurance coverage should not be affected if your policy accurately reflects the legal owner of your property. Ensure that the trust's name is either the named insured or added as an insured on the policy. Insurers are familiar with trusts and can help update your policy (Cal. Ins. Code section 2071).

16. My house did not burn down, but it is in an evacuation zone – can I still get ALE coverage?

Yes. California law requires insurers to pay at least two weeks of ALE benefits to evacuees, with additional two-week extensions for good cause (Cal. Ins. Code section 2061(a)). You should also check the language of your insurance policy. But if you have ALE coverage, generally, you can still get ALE coverage even if your home did not burn down but did suffer some physical damage and you are displaced or cannot return home because your home is inaccessible (due to an evacuation order or other civil authority) or uninhabitable.

17. Do I need to have a lease to access the four months of ALE required by California law?

No, a lease is not explicitly required under California Ins. Code section 2060. However, insurers may ask for documentation in support of ALE relief. As such, be sure to keep all hotel or rental receipts, proof of efforts to secure housing and an explanation of rebuilding and replacement delays beyond your control.

18. Can I use ALE to pay my relatives if I am staying at their house?

Generally, you can use ALE to pay your relatives if you are staying at their house and you are paying them rent.

19. My house suffered damage from smoke and ash, will my homeowners policy cover the costs to clean it up?

Generally, first-party property insurance policies cover smoke and ash damage; courts have considered smoke and ash damage to be "physical loss or damage" to property. Your policy may also cover the costs for clean-up and debris removal. You should check the language of your insurance policy and look for coverage provisions that provide for clean-up costs or debris removal.

20. What should I do if received a notice of non-renewal before the fires?

Your insurer is required to give 75 days' notice of nonrenewal. If they did not, then your policy remains in effect for 75 days from the date the notice was sent. (Cal. Ins. Code section 678(c)). California Insurance Commissioner Lara has directed insurers to pause nonrenewals and cancellations issued in the 90 days before January 7, 2025, for policies set to expire after the start of the wildfires on January 7, 2025, for a period of at least six months.