

These materials are from United Policyholders.

Their website, at www.uphelp.org, is full of helpful information. We recommend you to that site and explore it. In particular we recommend:

1. Try clicking on “Disaster Recovery Help” on the left side, and click on Northern California Fires (the photo of the orange sky over the hills), and watch the brief video “Roadmap to Recovery.”
2. Click on “Claim Guidance Library” on the left side, and scroll down to “Fire” or “Smoke” – there you will see all of their materials available for download.

United Policyholders is also staffing the resource center in Santa Rosa – check their website for an update on that.

United Policyholders

Sample Letter Asking for a Waiver of the Contents Itemization Requirement

NOTE: Use this letter to request that your insurance company relax or waive (agree not to enforce) their requirement that you itemize and value each personal property item that was lost. This letter is a sample that must be customized to fit the facts of your personal situation. Make sure you fill in the blanks and fix the formatting before you send the letter so its in your own words.

Please note there is no guarantee your insurer will grant your request. Insurance companies generally will enforce policy requirements unless you give them a good business reason not to. Getting the itemization requirement waived is a long shot but UP surveys show it can be done especially after natural disasters. You have nothing to lose by making the request and a good case to support it. Factors that have helped in the past include medical conditions, family circumstances and examples of unreasonable conduct by the insurer and/or adjuster.

(Date)

(Name of adjuster or highest ranking ins. co. employee)

(Name of Insurance Co.)

(Address)

Re: Claim Number: _____

Date of Loss: _____

Name of Insured: _____

Address of Insured Property: _____

Dear _____,

[I/we] are writing to ask your company for a courtesy in connection with the Contents portion of our insurance claim.

As you know, [my/our] home and a lifetime of memories and possessions were destroyed in a fire on _____ . [I/We] [am/are] cooperating fully with your company and have provided all the information you've asked for so far.

Every single item that was in [my/our] home – from the smallest (spice jars, band-aids) to the largest (big screen t.v., our piano) is gone. [I/We] lived in [my/our] home for _____ years. [I/We] had _____ children, so their possessions were in the home and destroyed as well. (insert a sentence or two that helps the reader understand just how many different items were in the home). The experience [I/we] [am/are] going through is emotionally and financially devastating.

Your company placed a total insured value on the contents of [my/our] home of \$ _____ . [I/We] realize your company has loss documentation procedures that are designed to deter fraud. [I/We] understand you generally require claimants to submit a detailed inventory and valuation of each

individual item that was damaged or destroyed. In light of [my/our] circumstances, [I/we] [am/are] asking you to waive that requirement here.

The fire that took [my/our] home was sudden and accidental. [I/We] clearly did not burn down our own home. Everything you insured is now gone and needs to be replaced, so in theory, [I/we] [am/are] owed the full amount of [my/our] Contents insurance limits.

[I/We] [am/are] writing to ask that you waive the requirement that [I/we] itemize and value each individual item, and that you settle [my/our] contents claim in full without delay. The time and struggle of recalling all the thousands of items [I/we] lost is challenging enough, but the emotions [I/we] experience every time [I/we] recall a treasured item that's gone is acutely painful and seems unnecessary.

Surveys of previous disaster survivors confirm that many insurers have waived this itemization requirement in the past. [I/We] are asking for that same courtesy here.

Sincerely,

YOUR NAME

YOUR ADDRESS

United Policyholders

Sample Letter Protecting Your Legal Rights

NOTE: This letter is a sample that must be customized to fit the facts of your individual situation and claim. All bracketed and underlined portions must be completed or revised before sending. Use this letter to preserve your legal rights. The one year anniversary of the date of loss is significant because most policies have a provision called "Suit Against Us" which gives the insured one year to either settle their claim or file a lawsuit against their insurer.

The law in your state (called a "Statute of Limitations"), may override the policy's provision and give you more time, or the insurance company can extend the time upon your request. Discuss this with your insurer and follow up by sending a letter like this one to protect your legal right to a fair settlement. For more information on Statutes of Limitations, see our tip sheet, Protecting Your Legal Rights at the One Year Anniversary.

(Date)

(Name of adjuster or highest ranking ins. co. employee)

(Name of Insurance Co.)

(Address)

Re: Claim Number _____

Date of Loss: _____

Name of Insured: _____

Address of Insured Property: _____

Dear _____,

We are continuing to do our best to document our loss and cooperate with your company to reach a fair and full settlement. As you know, the one-year anniversary of our loss is approaching.

We are looking forward to resolving our claim as quickly as possible, and it is important that we understand our options and our legal rights.

We are writing to confirm our understanding that:

- 1) Our claim is open and being processed.
- 2) You will not be enforcing the "Suit Against Us" or any lawsuit limitation provision in the policy until a year after you have completed the claim adjustment process and closed our claim.
- 3) When you complete the claim adjustment process, close our claim and/or pay all you intend to pay, you will let us know in writing.

Unless we hear otherwise, we will rely on our understanding of the above three points.

Sincerely,

YOUR NAME

MAILING ADDRESS

Sample Letter Requesting Extensions of Policy Deadlines

NOTE: The sample letter below must be customized to the facts of your individual situation and claim. All portions that are in parentheses and/or underlined must be completed or revised and anything in italics should be removed before you send it.

(Date)

(Name of adjuster or highest ranking ins. co. employee)

(Name of Insurance Co.)

(Address)

Re: Claim Number: _____

Date of Loss: _____

Name of Insured: _____

Address of Insured Property: _____

Dear _____,

We are continuing to do our best to document our loss and cooperate with your company to reach a fair and full settlement. We are writing to request the following extension(s):

1) The "Suit Against Us" clause: Please confirm that you will "toll" the "Suit Against Us" clause while our claim is open, and that you will not enforce the that clause until one year after you have informed us in writing that you have completed the claim adjustment process and/or closed our claim;

2) The (180 day) (one-year) deadline to repair/replace property in order to collect full replacement value. Please confirm that you will grant us an extension of time to make or complete replacement cost claims to at least two years from the date of loss;

3) ALE/Loss of Use benefits: Please extend our ALE/Loss of Use Benefits from one year to _____ (fill in the amount of time that you think it will reasonably take you to complete repair/replacement). We need additional time to rebuild and need an extension of our ALE/Loss of Use benefits to do so. (You can add in whatever facts support your assertion that you have moved the rebuild along as fast as possible, yet need additional time).

Thank you for providing a written response to the above request(s) within one week of the date of this letter.

Sincerely,

YOUR NAME

MAILING ADDRESS

Sample Letter Requesting Information About Insurance Benefits for Temporary Living Expenses (“ALE” or “Loss of Use”)

NOTE: This letter is a sample that must be customized to fit the facts of your individual situation and claim. All bracketed and underlined portions must be completed or revised before sending. Use this letter to request information about what temporary living expenses the insurance company will pay for under your policy. In California, insurance companies are required to provide you with a list of allowable living expenses upon request. Not all states have this requirement.

(Date)

(Name of adjuster or highest ranking ins. co. employee)

(Name of Insurance Co.)

(Address)

Re: Claim Number: _____
Date of Loss: _____
Name of Insured: _____
Address of Insured Property: _____

Dear _____,

Please provide [me/us] with a list of the expenses that are typically reimbursable under the Additional/ Temporary Living Expenses portion of [my/our] homeowner’s policy.

Please send this list within fifteen (15) calendar days to the mailing address below, along with any written procedures, explanation of other benefits, and instructions on how to submit a claim for reimbursement related to Additional Living Expenses.

Thank you, in advance, for your prompt handling of this request.

Sincerely,

YOUR NAME

MAILING ADDRESS

The information presented in this publication is for general informational purposes, and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website.

© 2016 United Policyholders, All rights reserved.

www.uphelp.org | 381 Bush Street, 8th Floor, San Francisco, CA. 94104

Tel.: (415) 393-9990 | Fax: (415) 677-4170 | Email: info@uphelp.org | Federal Tax ID: 94-3162024

Sample Letter for Requesting Copies of Claim-Related Documents

- Use this letter to request copies of documents related to your insurance claim such as inspection reports, estimates, measurements, notes, and damage assessments.
- Use this letter to request a complete copy of your claim file from your insurance company.

NOTE: This letter is a sample that must be customized to fit the facts of your individual situation and claim. All bracketed and underlined portions must be completed or revised before sending.

(Date)

(Name of adjuster or highest-ranking ins. co. employee you can identify)

(Name of Insurance Co.)

(Address)

Re: Claim Number _____

Date of Loss: _____

Name of Insured: _____

Address of Insured Property: _____

Dear [INSURANCE COMPANY],

As part of your investigation of our claim, your adjuster and people associated with or hired by your company may have inspected our property, taken notes and written or obtained reports and estimates on the damage. We need to see those reports and estimates so we can be informed and continue cooperating with you on our claim. Thank you in advance for your return cooperation.

Please provide complete copies of our claim file and/or all claim-related documents. For purposes of this request, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs.

[NOTE: If you live in California, your insurance company is *legally required* to comply with this request by Cal. Ins. Code section 2071 – Requirements in Case Loss Occurs]

Please send these documents to the mailing address listed below within fifteen (15) calendar days of the date of this letter. Thank you in advance for your prompt handling of this request. I look forward to receiving the above-requested documents and working with [INSURANCE COMPANY] to reach a full, fair and timely settlement.

Sincerely,

YOUR NAME

MAILING ADDRESS

The information in this publication is for general informational purposes, and is not a substitute for legal advice. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website or in our publications.

© 2016 United Policyholders, All rights reserved.

Website: www.uphelp.org | Email: info@uphelp.org | Federal Tax ID: 94-3162024

Address Block

RE: Claim Number:
Insured: (Your Name)
Date of Loss:

Re: Request for information about claim denial

Dear (insert name of Insurance Adjuster/Insurance Company Representative),

The purpose of this letter is to request that you keep us informed on our claim by giving us the following information at your earliest convenience, and no later than one week from today. (Optional: As you know, we have suffered a major loss that is having a big impact on our lives and we are struggling to recover). Please (email, call or mail) us with:

- 1) The exact wording of the policy language you are relying on to reject our claim.**
- 2) Complete copies of all evaluations, reports, estimates you have prepared or caused to be prepared that relate to our property and the claim referenced in this letter.**

Thank you in advance for your prompt and complete reply. As you can imagine, this matter is extremely important to us.

I look forward to (insert name of insurance company)'s response by (insert a date that's a week from the date of the letter). Thank you for your anticipated cooperation in this matter.

Sincerely,



DEPRECIATION BASICS

Here are three terms that will help you understand how depreciation works in connection with insurance claims. Your insurer may depreciate both your “stuff” and your dwelling. The most important thing to understand about depreciation is that **it is subjective and you can refuse to accept excessive depreciation**. To recover the full benefits you’re entitled to under your policy, negotiation is the name of the game.

Depreciation: The loss in value from all causes, including age, wear and tear.

Replacement cost: The “new” price of what it would cost to actually repair or replace a damaged or destroyed item. Most policies these days are “REPLACEMENT COST” (“RC”) policies because they’re supposed to cover the cost of replacing what you have lost. To collect the full amount you’re entitled to under an RC policy, you have to actually replace the items and send the receipts to the insurer with a demand for the balance they owe you. Insurers don’t volunteer to pay – you insist.

ACV (Actual Cash Value): The “old” price of an item as it was pre-loss, sometimes explained as the price a willing buyer would have paid you immediately before the event that caused your loss. Some policies limit payouts to “ACV” and that’s all they pay. If you’ve got an ACV policy, you’ll probably need to argue for less depreciation to be taken on major items, but once the check is cut, that’s all you will get, regardless of what it costs to actually replace what you had.

THE DEPRECIATION PROCESS

The “normal” contents claim process is: the claimant (with help from an adjuster) prepares a detailed list of every single damaged or destroyed item noting approximate age, value, and replacement cost. The adjuster/insurer depreciates certain items to account for their age and wear and tear, and cuts a check for what’s called “ACTUAL CASH VALUE” (“ACV”) of the entire inventory. (Often the depreciation that the adjuster/insurer applies to your item is excessive). Once you replace items your insurer generally owes you the balance between the ACV and what it actually cost you to replace or repair (subject always to your individual policy’s wording and limits.)

If you replace everything you lost and submit receipts to your insurer with a demand for the balance due, you’ll be fully reimbursed and the excessive depreciation won’t matter. But most people can’t and don’t replace everything they lost, so depreciation does matter.

Frequently Asked Questions:

Q: Why is my insurance adjuster depreciating my contents items when I have a replacement cost policy?

A: Because there is language in your policy that lets them do that. For most items, once you replace and submit proof, they must pay you the difference between the depreciated amount they paid and what you spent.

Q: You mean I have to pay out of pocket before I get reimbursed?

A: That's right.

Q: Why such a complicated process?

A: The process deters fraud and allows your insurer to pay out less than they really owe. Most people don't end up replacing everything lost so it works to the insurer's advantage.

Q: What are the rules for how much and which things get depreciated?

A: Depreciation should be reasonable, not excessive. Depreciation is subjective. The IRS publishes depreciation guides; United Policyholders publishes a depreciation guide, and industry publications offer depreciation guides. The bottom line is you need to resist excessive depreciation by arguing back and providing proof of the value and condition of your lost or damaged items.

Q: Are there laws or regulations that relate to depreciation?

A: This varies state by state. Visit the State by State section for more information:
www.uphelp.org/library/statebystate

Q: How do I resolve a dispute between me and the adjuster/insurer over depreciation?

A: The same way you resolve any claim-related dispute:

1. Make a specific request for what you feel is a fair resolution and back it up with documentation and your best arguments to support your position.
2. Go up the chain of command at the insurance company, (See UP's tips titled; "Speak UP")
3. File a complaint with your state Insurance Department.
4. If there's enough money at stake, hire professional help. Start at the "Find Help" section of www.uphelp.org
5. Mediation and/or Litigation.

TIPS AND RESOURCES

Tip #1: Depreciation is negotiable. The lower the value an adjuster puts on your property – the less you will be reimbursed by your insurer. There is no agreed-upon schedule or set standard for how much insurers can depreciate your personal property. Insurance adjusters use their own personal views on the value of items plus guidelines on depreciation provided by their employer. It is hard to pin down an adjuster on how they valued your damaged or destroyed items. But these values impact your pocketbook so they are important to challenge if they are unfairly low.

Tip #2: Age isn't everything. Even if an item was old, it may be in good to excellent condition.

Be prepared to fight to collect the full value of your possessions, particularly major items, and don't forget to submit receipts and collect full value after you replace items. Although this is no "official" depreciation schedule in common use across the United States, there are resources you can consult. United Policyholders offers a Depreciation Guide that gives you a general idea of the useful life of common household items. Remember – it's only a guide. Your items may be more or less valuable depending on their condition. Another resource is a website designed for insurance company use: www.claimspages.com. This site features a depreciation calculator <http://www.claimspages.com/tools/depreciation>. Again, this is only a tool.

Tip #3: Negotiate ACV deductions on a case-by-case basis to reflect how worn the items really were.

The furniture in your guest room should be depreciated less than the furniture in your master bedroom because it was used less and was in better shape. – The Replacement Cost and the Actual Cash Value of some items are the same.

Tip #4: Many items should not be subject to *any* depreciation. Examples are: antiques, fine art and jewelry, computer media (CD's, etc.), software, framing, masonry, concrete, insulation, light fixtures. – Some items depreciate faster than others. Examples: electronics, soft furniture, clothes and shoes depreciate faster than hard furniture, washer/dryers, etc.

Tip #5: If an insurer applies a fixed percentage across all items, challenge them! Since every item is unique, an insurer must apply a percentage of depreciation specific to each item. This is very time consuming so some adjusters will try to depreciate all items across the board by a set percentage (30-50% is common) You can either negotiate a much lower percentage (3-5%, for example) or insist that items be depreciated individually.

Tip #6: Depreciation should be based upon the "Remaining Life Expectancy" of an item – not necessarily the age of the item. You may have had a guest room in your house with beautiful green shag carpet from 1970. According to the insurer's depreciation schedule, the carpet should have only lasted 5 years. However, in your case, since the room is rarely used, the carpet is in like-new condition. It would be advisable to argue the remaining life expectancy of the carpet is still 5 years and no depreciation should be taken at all. Under the insurer's argument, the carpet wore out 28 years ago and according to their schedule – you would owe them money!

Tip # 7: Don't accept excessive depreciation of items that are missing or totally destroyed where it's hard to determine the remaining life expectancy. There have been many cases where items have been stolen and an insurer applies a large percentage – say 75% depreciation on those items. The insurer should be asked how they arrived at their percentage if they did not see the items. How do they know how much life is left in them? Does the insurer really believe that a thief is going to steal an item that only has 25% of its life left? That does not make sense and the insurer should be challenged on that.

The information presented in this publication is for general informational purposes, and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the "Find Help" section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website.

Personal Property Depreciation Guide

The following are “useful life” estimates for common household items:

ITEM	DEPRECIATION	ITEM	DEPRECIATION
Antiques & Collectibles	no depreciation	Games	5 years
Apparel	4 years	Hobbies, arts & crafts	10 years
Underwear/socks	2 years	Housewares – misc.	5 years
Leather jackets	7 years	Turn over items	No depreciation
Ball gowns	7 years	Jewelry – fine	No depreciation
Appliances	10 years	Jewelry – costume	10 years
Auto supplies	5 years	Kitchenware	20 years
Basic baby gear	5 years	Kitchen utensils	10 years
Baby clothes	1 year	Luggage	20 years
Beauty & Health	no depreciation	DVD Movie	6 years
Books, hardback	10 years	VHS Movie	6 years
Books, softback	2 years	Music CD	6 years
Books, Reference	25 years	Music cassette	2 years
Magazines	2 years	33 LP record	2 years
Cameras & Accessories	20 years	Musical Instruments	20 years
Cash and Stamps	No depreciation	Piano	25 years
China –fine	No depreciation	Office supplies & Equip.	20 years
Computing	5 years	Pet supplies	10 years
Crystal	No depreciation	Sporting goods	10 years
Electronics	10 years	Sunglasses/eyewear	10 years
Food & Beverage	no depreciation	Hand tools	20 years
Footwear, Adults	3 years	Power tools	10 years
Footwear, Children	1 year	Toys	2 years
Furniture, Fine	20 years	Video game players, etc.	5 years
Furniture, Good	15 years		
Furniture, Average	10 years		



Tax Tips for Disaster Survivors

Income Tax reporting may not be high on your priority list right after a disaster, but we strongly suggest you get a basic understanding of the relevant rules as part of your financial decision-making process on the road to recovery.

Regardless of whether you prepared your own taxes before your loss or used a Certified Public Accountant (CPA) or Enrolled Agent (EA), now is the time to consult with an experienced professional. Casualty loss rules are a particularly complex part of the Internal Revenue Code, and it's hard enough for the average person to understand them, let alone use take full advantage of them. We recommend contacting a CPA or EA that has worked with disaster survivors in the past. Discuss with them how they developed their skills in this area of the tax law. Or, if you have a tax professional you trust but this is their first time preparing a casualty loss return; ask him or her to consult with a colleague who has the necessary experience.

While there is no substitute for having an experienced professional evaluate your tax situation, here are ten tips to consider as soon as possible after your loss and before making major decisions about rebuilding your home, replacing property and filing your tax return. This not a complete list of all the issues and details you will need to address when reporting your situation on a tax return.

1. Find out whether the event that damaged or destroyed your property was a Federally Declared Disaster. A federal disaster declaration is an official ruling that triggers special tax rules. You can find a list of past events that have been formally declared at www.FEMA.gov/Disasters. Special tax rules of for federally declared disaster, include:

- Insurance proceeds and grants or gifts specifically designated for “contents or personal property” losses related to a primary residence are not subject to taxation, even if they cause a gain or potential gain. These proceeds must still be considered when calculating deductions for losses, similar to computing a loss on your real property.
- You *may* be able to amend the return you filed the year before the catastrophe if the amendment will be advantageous to you.

2. Pictures are worth a thousand words. Pre-loss photos of your home and personal property are often your best source for documenting important details of your losses. Ask friends, family and co-workers to share any pictures they may have from social events, meetings or holidays gatherings at your home. Post-loss photos of damaged and destroyed property are also extremely important. Take lots of pictures and detail shots before and during clean-up or debris removal. And make sure to take “before and after” photos of repairs, rebuilding, and/or restoration work.

3. Document, document, document. Create a system that works for you to copy, file, organize and keep track of all information related to:

a) The **cost basis**¹ of all property that was damaged or destroyed in the disaster.

b) Your insurance claim(s). This includes your policy and all related documents, checks, invoices, correspondence, reports, and estimates. We recommend separating these items into the categories of your insurance policy; Dwelling, Contents, Other Structures, Vehicles, Additional Living Expenses, Trees/Shrubs/Landscaping, items “scheduled” in the insurance policy with specific coverage amounts.

4. Consider setting up a separate checking account for disaster-related transactions. As soon as possible, do your best to keep good records of all post-event expenses. These expenses can include invoices and receipts for temporary housing, extra gas (log of miles post-disaster and comparative miles pre-disaster) and food, debris removal, cleaning, emergency as well as permanent repairs, items you buy to replace damaged or destroyed items, counseling and medical and professional fees. This account would be different from a construction account your lender might set up to dole out insurance funds as repairs/rebuilding progress if you have an outstanding home loan.

5. Do not rush to claim a loss on your past or current year’s tax return before there is a “Closed Transaction” and a settled outcome. You may not have received all the proceeds from insurance, government aid, or legal settlements and you may not have identified all of the damage so you will not know the true amount of your losses for a period of time.

6. Keep an eye on that April 15 deadline. While you certainly can get extensions, there is no special “disaster survivor” exception to the usual deadline for filing annual tax returns. It is imperative that you fulfill the normal tax return filing process. Whether your situation results in a deductible loss or a gain that you elect to defer, the tax calendar will demand your attention. Depending on your personal financial situation, you may elect to “note” that your gain or loss status is presently unknown. Wait until the year that the outcome is “settled” before you report a loss on your return.

7. Professional appraisals of your home and valuables are very useful. This is particularly true if you are underinsured and believe the amounts you will recover from your insurance will be less than the “cost basis” of your property. A qualified real estate appraiser can help you prove the pre and post-loss value of your home and help you make a decision on replacing it by buying elsewhere versus rebuilding. Appraisals of high value personal property items “just before” and “just after” the loss are also particularly helpful if you anticipate insurance shortfalls for those items.

8. If a Government agency issues an “Order to Demolish” your property within 120 days of the event, that order will be relevant to your casualty loss computations. The additional loss resulting from that order will be treated as if it were part of the original loss and not a separate event.

9. The IRS values a personal property/contents “casualty loss” using different methods/formulas than what most insurance companies use. There are special rules and formulas used to determine the decrease in value that was caused by the casualty for tax purposes. Inventories prepared for insurance

¹ For more information on **cost basis** read the “real property” section of IRS Publication 551.

purposes can be used as a tool in determining a “casualty loss” for tax purposes, but the values do not translate dollar for dollar.

10. Business and investment property losses are treated somewhat differently for tax purposes than personal use real estate and personal property losses. There are special IRS rules, restrictions and benefits that apply *only* to business and investment property disaster losses.

Survivors of past disasters and United Policyholders’ staff and volunteers have worked with the Internal Revenue Service and Congress to improve our tax laws to help smooth, not impede, the road to the recovery. Take advantage of those efforts.

The information presented in this publication is intended for general informational purposes, and is not a substitute for legal and tax advice. If you have a specific legal or income tax issue or problem, United Policyholders recommends that you consult with an attorney or tax professional as may be appropriate. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified on our website.

We thank and acknowledge the following contributors to this educational publication; John Trapani, CPA, Kerri Olivier, Emily Cabral, Amy Bach, Karen Reimus.