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McGonigle Law

Trusted California Injury Attorneys



> *If you are a victim of a wildfire, as soon as you find a safe place to stay, contact your insurance agent or insurance company.*

McGONIGLE LAW

Trusted California InjuryAttorneys



GUIDE TO FIRE INSURANCE CLAIMS

Resource for Victims of the Eaton Wildfires

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INTRODUCTION

The Eaton Wildfires of 2025

If you've lived through the hallowing experience of outrunning a wildfire as it rips through your neighborhood and destroys and or damages your entire home and everything you own with it, then we want to take a moment and speak directly to you and say we are sorry you and your loved ones had to go through such an ordeal. Wildfires have become a sad fact of life up and down the West Coast. The wildfires that tore through LA County in January of 2025 have been documented as some of the fiercest and lethal in California's history. Twenty-nine fatalities have been reported, with over 18,000 homes and structures sustaining damage. This colossal damage has resulted in 200,000 individuals being displaced from their homes, the majority of whom are now faced with the overwhelming task of approaching their insurance company to obtain insurance benefits that they so rightly deserve.

As a legal professional serving Los Angeles County, I've been approached by many traumatized, distressed, and overwhelmed individuals who have placed their hopes of rebuilding their lives on their insurance payouts. Even for those with plenty of insurance coverage, filing a claim with an insurance company, managing temporary housing, and building or buying a new home can be daunting.

If you have experienced the devastating effects of the most recent LA wildfires, I want you to know that I wrote this book with you in mind. I've written this book to act as a guide for those unfortunate homeowners who were affected by the wildfires and now have to navigate the road towards obtaining all of the insurance benefits that they are due. My goal is to present you with detailed information that will help you make the best decisions that are right for yourself and your family.

In the end, I want you to get the maximum benefit that you are entitled to according to your insurance policy.

In this booklet, you'll receive a condensed version of Maximize Your Insurance Recovery—the ultimate guide to making the most of your insurance benefits. Written by Timothy D. McGonigle, managing attorney at the Law Offices of Timothy McGonigle, this resource is packed with insights from a seasoned legal professional. Here's what we'll cover:

- **Understanding Basic Fire Insurance Terms**
- **Make a Claim**
- **How Reimbursement is Calculated**
- **Get a Faster Payout**
- **All About Additional Living Expenses [ALE] Coverage**
- **Get a Faster Payout**
- **Closing Your Claim**

This book will give you the knowledge and strategies you need to maximize your claim, avoid common pitfalls, and ensure you receive every dollar you're entitled to. The difference between a frustrating, underfunded rebuild and a fully covered recovery often comes down to understanding your rights and taking the right steps. Keep reading, and let's make sure you get the payout you deserve.

CHAPTER ONE

FIRE INSURANCE

Understanding Basic Fire Insurance Terms

You stand in front of the scene of the fire and what was once your home. It is nothing but a pile of ash. You are devastated. Stunned. Not sure what to do next. Perhaps you feel like you're in a movie and that this cannot possibly be happening right now. Let me once again offer my deepest condolences on the loss of your home. I fervently hope that you and your loved ones made it out of the flames without any further physical harm. Now, let's ensure that you receive the maximum claim possible according to your current home insurance policy. In order to do that, you have to know exactly what type of coverage you have and what the limits of that coverage are.

Step 1: Ask Your Insurance Agent for your Full Policy Document

If you do not have a complete copy of your insurance policy, please call your insurance agent and ask for a copy of your entire policy. Insurers often simply provide the declaration page when asked for a copy of the policy. The declarations page provides a summary of the coverage under your policy. It does not provide adequate information about how to make a claim, the process that the insurance company will follow in reimbursing the insured, or exceptions and limitations in the policy that you might not even know are there. So, be sure to ask them for the full copy of the insurance policy and not just the declaration page.

Step 2: Familiarize Yourself With Basic Insurance Terms

Ok, so your insurance agent has forwarded you a copy of your insurance policy. Great! Before you start reading, take a few minutes to familiarize yourself with some basic home insurance terms:



1 DWELLING

This is the house coverage. Many of the other coverages in the insurance policy are based on a percentage of this amount. It is important to make sure that the dwelling coverage [sometimes called "Coverage A"] is calculated correctly.

2 EXTENDED DWELLING COVERAGE

Some policies include extended coverage for your home, which is usually an additional percentage of the Dwelling Coverage. It may provide an additional 125% or 150% in Dwelling coverage. This means that even if it costs more than your dwelling coverage to rebuild, you can access an additional 25% or 50% of the coverage amount. So, if your insurance provided $200,000 as your dwelling coverage and you had extended dwelling coverage of an additional 50%, you would have coverage for an additional $100,000 if you needed it to complete the rebuild.

3 ADDITIONAL STRUCTURE COVERAGE

This will cover any carport, shed, barn, gazebo, greenhouse, chicken coop, pool, etc, on the property. It is usually 10% of the dwelling coverage.

HERE'S SOMETHING IMPORTANT TO CONSIDER: This information is being given to you to inform you of the types of coverage that might appear on your house insurance policy, but every policy is different. Please refer to your individual house insurance policy to completely understand what types of coverage you have in place.

4 PERSONAL PROPERTY COVERAGE

This is for the contents of the home. It is usually 50% of the dwelling coverage. It is important to read your policy carefully when making claims for personal property, as most policies have strict limits on coverage for jewelry, art, furs, rings, computer equipment, and business property. Unless you obtained endorsements to increase the limits for any of these categories, you may find that you cannot replace all of your items in this category.

5 ORDINANCE/ CODE UPGRADES

This covers the cost of upgrading the structure to meet new code requirements that may not have existed at the time the original home was built. The coverage is usually 10% of the dwelling coverage. The policy terms usually state that these costs are not reimbursed until the repairs or rebuild is completed.

6 ADDITIONAL LIVING EXPENSES/ LOSS OF USE

Additional Living Expenses [ALE] covers the cost of alternative housing and any other expenses you, as the insured homeowner or insurer, while you rebuild your home. While it is sometimes set as an amount of time, more often, it is set as a percentage of the dwelling coverage. Be aware that it routinely takes two to three years [at least] to rebuild a home in areas hard hit by wildfires, given the years of prior fires and those already competing for labor and material, plus the delays in county permit offices. If the ALE coverage is a set dollar amount, it is important to insist the insurance company chooses the most cost-effective housing possible, as you will need to stretch that money as long as you can. If you are not happy with the housing the insurer offers, you can find your own rental. Be aware that the insurer is not obligated to purchase housing for you, such as a trailer, during the rebuild process.

CHANGES TO CALIFORNIA STATE LAW

In California, recent insurance regulations have required all insurers to extend ALE payments from the prior 24-month limit to 36 months if the insured lost their home in a wildfire and to provide, upon request, a 4-month advance of ALE payments. The insured must be able to demonstrate that they are acting in good faith and taking all steps possible to actively rebuild or repair their home. Even after the 36-month period, the insured is eligible to apply for another six months of ALE if needed.

However, this is not helpful to those individuals who have a specified dollar limit since it does not increase the overall dollar amount of the insurance coverage, but the payments will be that much lower as they are required to be stretched across a 36-month time period.

7 DEBRIS REMOVAL

This is usually capped at about 5% of the Dwelling Coverage. This is meant to be used for clearing the lot of the rubble and remnants of the fire. The Environmental Protection Agency should have already come by your property to dispose of any toxic debris as a result of the wildfires.

SCAN HERE

LA COUNTY WILDFIRE DEBRIS REMOVAL PROGRAM

As of the first quarter of 2025, Los Angeles County is offering 'free' debris removal. If you participate in the 2025 Los Angeles Wildfires Debris Removal Program, you are required to assign any specific debris removal insurance proceeds to the County. In many cases, the debris removal limits are an additional 5% over the dwelling limits.

TURN THE PAGE FOR ADDITIONAL INFORMATION ABOUT THIS PROGRAM →

8 SHRUBS AND PLANTINGS

This is usually about 5% of the Dwelling coverage and is meant to cover the cost of replacing landscaping. You can use past photos of your garden or a product list from a garden store to generate a total amount lost. Otherwise, contact a local landscape professional to get an idea of the total cost to rejuvenate your property.

9 OTHER TYPES OF INSURANCE

If you do not own the house, renters insurance will still cover personal property and additional living expenses. If you lose a business in a wildfire, the business insurance should cover the losses and have a section covering business loss to protect you while your business is unable to provide a full income. Your homeowner insurance will not cover damage to a vehicle during a fire, but your auto insurance will.

Do you have a FAIR Plan Policy? Find information about these types of policies on page 56.

ABOUT THE LA COUNTY WILDFIRES DEBRIS REMOVAL PROGRAM

WHAT IS IT?

LA County has launched a 'free' debris removal program for eligible homeowners who have suffered damage or the complete destruction of their home as a result of the wildfires of January 2025. The program is meant to ensure that the area is cleaned up quickly, and be a cost savings to homeowners.

IS IT FREE?

Yes and no. LA County requires homeowners to transfer their debris removal benefit to them as payment. The Insurance Commissioner has issued some guidance for this program to ensure that homeowners who have suffered loss will not have to pay LA County out of pocket for this free service. "[Payments given to LA County by homeowners] shall be limited to the unused [dwelling/ debris removal] amount [if any] after the residence has been rebuilt, subject to the reasonable standard..."

WHAT DOES THAT MEAN?

If there is any money left over after your dwelling coverage has been maxed out then the county can ask you to rescind that to them

WHAT YOU NEED TO KNOW BEFORE YOU APPLY

Before you allow the County to come and scrape your lot of debris, you'll want to ensure that your foundation is not useable. If you don't do that, the County's machines might damage something that is expensive and salvageable. The only way you can know this is if you invite a structural engineer to come and assess the foundations of your damaged home. You'll also want to ensure you read the fine print of the County's offer to remove debris. For instance, there are property elements that they are not willing to remove, such as inground pools. You'll want to know what must be included in your policy reimbursement and what will be lumped into this program from LA County.

SCAN HERE

Replacement Cost Value [RCV]

This is the most common type of insurance. It generally involves a higher premium. An RCV policy covers what you would have to pay if you went to the store and replaced everything with newer versions at today's prices.

How does Reimbursement work?

Insurance companies will issue you two checks: one for the actual cash value of your property and then one for the recoverable depreciation of your property once you've expended the actual cash value funds.

Extended Replacement Cost Value [RCV]

Extended replacement cost increases your home's coverage limit by an additional 25% or 50% [whichever one applies to your policy] in the event your house is destroyed and your dwelling limits aren't enough to rebuild your house ot its original specifications.s. That means if your house is insured for $500,000 with an additional 25% extended replacement cost coverage, you'd actually be insured for $625,000.

Actual Cash Value [ACV]

Most insurers use an actual cash value formula to determine an item's depreciated value by applying the following steps:

1. Calculate what it would cost to replace the property with something of similar design and quality at today's prices.

2. Subtract decreatipation or age or wear and tear from the property's replacement cost. Depreciation is calculated based on an item's lifespan or the total years of value it has. For example, if your five-year-old furniture set had a lifespan of 15 years, then you'd only be reimbursed for two-thirds of what you paid for it.

Because most modern home furnishings depreciate in their value over time, ACV coverage will often get you a significantly lower claim amount compared to if you had the RCV level coverage. However, if you own mostly rare or expensive items or valuables that tend to appreciate in value over time, or if you live in an old home constructed with hard-to-find materials and ornate features, the actual cash value may provide a larger payout since the reimbursement would reflect the current market value for the appreciated property. Meanwhile, with RCV, the insurer would likely reimburse you only for the cost of a modern [and lower cost] replacement.

Step 3: Read Your Insurance Policy Carefully

I know it will be tempting to skim over the document, as it will likely be a very long and boring read. But please pay close attention to each sentence and make notes as you go. Fill out this questionnaire to ensure you are ready for your phone call with the insurance agent.

In Summary

Understanding the different types of coverage in your home insurance policy is crucial when it comes to filing a claim and receiving the payout you need. Policies can include coverage for dwelling replacement, personal property, additional living expenses, and even special provisions like code upgrades—but if you don't know what's included, you may miss out on funds you're entitled to. This chapter has broken down key insurance terms and coverages so you can confidently interpret your policy and advocate for yourself. Understanding the coverages under your insurance policy ensures that you're prepared to navigate the claims process effectively and avoid costly surprises when it's time to rebuild.



CHAPTER TWO

START YOUR CLAIM IMMEDIATELY

Don't Wait: The Benefits of Starting Your Claim Now

Once you've read over your insurance policy, give your agent a call. To ensure that you receive the most money from your insurance payout, ***it is vital that you report your claim immediately after the original incident***. This is probably the most important advice in this whole guidebook. If you fail to start the process immediately, you risk forgetting detailed accounts of what happened, what steps you took, and what contents need to be reimbursed. And please write this down: you need to call both your insurance agent and the insurance company.

Always Remain Calm

I want you to keep in mind that you'll be working alongside your insurance company and many other professionals for a long time! It usually takes at least two years to rebuild a home and close out an insurance claim for complete destruction and rebuild. I want to encourage you to remain calm and try to create positive professional relationships with everyone that you work with on this project. If you do, things will go much smoother.

Start Your Claim

If you've ever made an insurance claim before, you know that this is going to be a highly administrative process. It would be beneficial to you if you had some documents ready for your original claim phone call, but don't stress if those documents were lost in the fire.

Here's what you'll want to tell your agent:

- **You've been evacuated, and your home may have been destroyed or damaged .**
- **You and your family need Additional Living Expense Coverage**
- **You will need to rebuild and or repair your home.**

Decide to Rebuild or Relocate

Once you've given your agent all of the information they require about yourself, the property, and the incident, they should ask you if you plan to rebuild or relocate. Depending on the agent, they might request that you give them a decision by a certain date. Your decision will obviously have a huge impact on your claim and reimbursement, but it will have an even larger and more lasting impact on your family. Here are some things to consider:

1. The time required to rebuild. You'll be able to get an idea of how long from your contractor.
2. The toxic items in the soil and how long it will take for those levels to go down.
3. Whether the area can ever be built back to the neighborhood it was before the fire
4. Whether you and your family feel safe living in the neighborhood again.

Be sure to communicate with your agent once you have come to a decision. If you decide to Relocate, the workload involved with settling in your new home will be significantly lower than if you were to rebuild. If you Relocate, you'll still need to recover your personal belongings and collect your Additional Living Expenses Benefit.

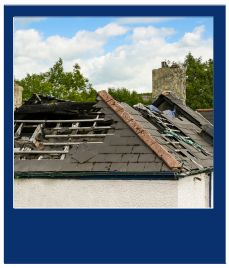
Collecting Your Documents

The next step is usually the most daunting ---- gather solid documentation to support your claim. See the Claim Checklist on the next page. This documentation should include everything from official reports and personal accounts of what happened to receipts, photographs, and witness statements. A well-documented claim strengthens your position and helps ensure you receive the full benefits you're entitled to. These benefits may include funds for rebuilding your home (dwelling coverage), replacing personal belongings, covering medical expenses if anyone was injured, reimbursing business losses if you run a home-based operation, and additional living expenses (ALE) for temporary housing and daily necessities. The more detailed and organized your claim, the harder it will be for your insurer to undervalue or deny what you're rightfully owed.

CLAIM INFORMATION CHECKLIST

Personal & Policy Information

- [ ] *Your insurance policy number*
- [ ] *Name, address, contact information*
- [ ] *Driver's license or government-issued ID*
- [ ] *Ownership status*
- [ ] *Mortgage lender information*



Photographs that show the extent of the damage to your property [both interior and exterior]

Fire Incident Information

- [ ] *Location, cause, and extent of damage*
- [ ] *Date and time of the fire*
- [ ] *Any emergency services or first responders' contact details*
- [ ] *Temporary living arrangements*
- [ ] *Contact information for any repair companies or contractors*
- [ ] *Address of the affected property*
- [ ] *Fire department report number*
- [ ] *For Personal Contents Portion: a detailed record of personal items you lost in the fire.*

Business/ Wage Loss

- [ ] *Records of lost revenue, canceled contracts*
- [ ] *Records showing purchased inventory that was destroyed in fire*
- [ ] *Additional expenses to keep operations running.*
- [ ] *Medical records or doctor's notes documenting health issues caused by the fire*

Additional Living Expenses

- [ ] *Receipts for rent and utilities*
- [ ] *Meals*
- [ ] *Storage cost*
- [ ] *Transportation costs/ commuting expenses*

Medical Documents

- ☐ *Medical records or doctor's notes documenting health issues caused by the fire*
- ☐ *A list of medical appointments and treatments related to fire-related health issues*
- ☐ *Hospital or clinic bills for any emergency care or ongoing treatments*
- ☐ *Documentation of lost wages due to health issues caused by the fire, if applicable*
- ☐ *Hospital or clinic bills for any emergency care or ongoing treatments*

Your Take Aways from the Call with Your Agent

Here is a list of information that you should have received from your insurance agent after finishing up this initial call to jumpstart your claim:

- **A Summary of Your Insurance Coverage and the Limits as per your policy.**
- **Your insurance agents direct line [phone number] and email for speedy contact**
- **The process for submitting the necessary documents they require from you, including receipts, photographs, etc.**
- **The process for recieving various types of payouts from dwelling to additional living expenses to personal contents and business losses.**

In Summary

In this chapter, you learned why it was so important to start your insurance claim right away after the fire. We walked through the critical first steps—contacting your insurance provider, documenting the damage thoroughly, and beginning the claims process as soon as possible. Waiting too long could have led to delays, added stress, or even a denied claim. By acting quickly, you put yourself in the best position to protect your rights and begin rebuilding. We also looked at real examples from the Eaton fires to help you understand what to expect and how to avoid common pitfalls.

Recovering the Cost to Replace your Personal Items

Some tips and tricks to make the process less overwhelming.

While some insurance companies will give their clients a pre-determined sum upfront to reimburse for personal items lost in the fire, other companies will require a detailed account or record of what was in the house and requires replacement, which may or may not include the value of the item.

If your insurance company requires the latter, try not to stress out about it! We know that it can be a daunting perspective to account for each item that you lost in the fire. Check out these tips that could make the process easier:

1

KEEP A NOTEPAD WITH YOU

Buy a small notepad that you can bring with you everywhere and jot down items as you think of them. This can be particularly helpful when you are in department stores, in other people's homes, or simply reminiscing.

2

BROWSE ONLINE REGISTRIES

Many department stores have online registries that are often used for wedding gift purchases. You can use these registries to jog your memory of what types of kitchen utensils and towels you had in your house while also documenting the market value of such an item.

3

CREATE A SPREADSHEET

Record all the items that you lost in the fire using a spreadsheet. Categorize the items by room and try to picture each room as you list what was in it. Record cost, store, and hoped for reimbursement.

CHAPTER THREE

ALL ABOUT ADDITIONAL LIVING EXPENSES [ALE] COVERAGE

How to Understand & Claim ALE, and Common Pitfalls to Avoid

When disaster strikes and your home becomes uninhabitable due to a covered loss, Additional Living Expenses (ALE) Coverage serves as a financial safety net. This crucial part of your homeowner's or renter's insurance policy helps cover the extra costs you may incur while your home is being repaired or rebuilt, ensuring that displacement doesn't become a financial burden. From temporary housing and meals to transportation and pet boarding, ALE coverage can ease the strain of unexpected disruptions. In this chapter, we'll break down what expenses can be claimed, the step-by-step process for filing a claim, and practical tips to maximize your reimbursement while avoiding common pitfalls. Understanding how to navigate ALE coverage effectively can make all the difference in getting back on your feet with minimal stress.

What is Additional Living Expenses Coverage?

Additional Living Expenses (ALE) in homeowners insurance refers to coverage for extra costs incurred when a home becomes uninhabitable due to a covered loss. This can include hotel stays, temporary rentals, meals, and other necessary expenses beyond normal living costs.

How ALE Varies by Policy:

Coverage Limits – Some policies cover ALE as a percentage of the dwelling coverage, while others have a fixed dollar amount or time limit.

Qualifying Events – Policies differ on what qualifies as a covered loss (e.g., fire, natural disasters, or mandatory evacuations).

Reimbursement Types – Some policies reimburse only the difference between normal expenses and additional costs, while others may have broader allowances.

How ALE Works

In the first chapter of this manual, we advised you to read over the entirety of your insurance policy in detail. We've also encouraged you to get on the phone with your insurance provider to start your overall claim for Rebuild or Relocation. So, you should have an understanding of how your Additional Living Expenses [ALE] Coverage works and how to make claims.

And this is what it might look like in real life. After the evacuation orders were issued, you and your family were first relocated to a hotel room, and after six weeks of a cramped stay, you have now been relocated to a two-bedroom apartment while your property is being cleared of debris and your rebuild is starting. The apartment that you live in is located thirty minutes from your neighborhood, your kid's school, and your place of employment. For the past six weeks, while in the hotel room, you've mostly eaten take-out because there was only a mini-fridge in your room. You are only now adapting to grocery shopping again and filling a normal-sized fridge with the things you need. You are still paying the mortgage on the house that burnt down while also managing the costs of this two-bedroom apartment, which include electricity, water, gas, internet, cable, parking, and condo fees.

In this example, what will your Additional Living Expenses Coverage reimburse you for?

- ***The six-week hotel room stay for you and your family.***
- ***Rent and all other living expenses associated with the two-bedroom apartment where you've been relocated.***
- ***The additional mileage required to transport your children to school and yourself to work from the hotel or your rented apartment***
- ***The cost of take-out food while living in the hotel room***

What's Covered?

A Comprehensive List of What Might Qualify for Reimbursement Under your ALE Coverage

- *Temporary accommodation (hotel, motel, or rental)*
- *Increased rent for a temporary residence*
- *Room and board at a shelter or temporary housing*
- *Additional meal expenses due to displacement*
- *Replaced Clothing*
- *Toiletries*
- *Delivery Cost for Food*
- *Cost to Store Personal items*
- *Transportation costs (e.g., gas, public transportation)*
- *Laundry services*
- *Pet boarding costs*
- *Moving expenses to temporary housing*
- *Utility costs at temporary housing*
- *Increased phone or internet charges*
- *Furniture rental for temporary living arrangements*
- *Parking fees related to displacement*
- *Essential item purchases (e.g., toiletries, clothing) due to displacement*

Common Rules & Limitations for ALE Reimbursement

There are 'events' that are covered, and others that are not.

ALE is generally only applicable if the insured property is damaged or destroyed by a covered peril (e.g., fire, storm, vandalism). Policies often exclude ALE coverage for non-covered events (e.g., earthquakes and floods without separate coverage). Most home insurance policies will list wildfires and fire damage as a covered event.

The insurance company is required to find you another place to live

The insurer is required to cover the cost of renting you a home that is the equivalent of what you had prior to the fire. If you levied in a four-bedroom home, they are required to rent you a four-bedroom home if that is what you ended. However, especially after a fire, finding rental properties can be difficult and extraordinarily expensive as hundreds of families seek housing in the area at the same time. The insurance company has the final stay in regards to where you'll live as your house is rebuilt.

There is often a maximum amount that the insraunce company will give for ALE Coverage

Most policies set a maximum dollar amount or percentage of the dwelling coverage limit that can be used for ALE. For example, the ALE might be limited to 20% of the dwelling coverage amount.

Distribution of ALE Coverage is often Limited to a specific duration after the event.

ALE coverage is usually limited to a specific duration, such as a set number of months (e.g., 24 months) or until the home is repaired and habitable again.

While your policy may say that it will only pay for those costs for 24 months, if you are in California, the insurance commissioner has passed a new regulation requiring insurance companies to pay ALE for a 36-month period minimum.

Your Expenses Must be Deemed Reasonable & Necessary

Reasonable and Necessary Expenses: ALE generally covers only those expenses that are deemed "reasonable" and "necessary" for maintaining a normal standard of living while displaced. This includes hotel stays, meals, transportation, etc.

Most Insurance Companies Require you to Substantiate All Expenses via Receipts

Policyholders are typically required to provide receipts or detailed records of additional living expenses to receive reimbursement.

There might be a deductible that you have to pay

Some policies may apply the standard deductible to ALE claims, while others may have a separate deductible specifically for ALE.

How to Make a Claim

While you were on the phone with your insurance agent, they should have explained the process for collecting your Additional Living Expenses Benefits. Some insurance companies will automatically give out a specific amount of money for rent, utilities, food, etc. If you know that the amount that they've offered to you is under the maximum amount allowed under your policy, then be sure to ask for more if you know that it won't cover your Expenses. You'll want to have a list of expenses handy, with copies of your bills and receipts. Consistent communication is key.

There are other insurance companies that will only give money as they receive receipts. For instance, instead of allocating a certain amount for electricity, the insurance company would require the actual bill with a clear indication that you had paid it. Only then would they release the funds to you. This example would apply to all types of expenses covered under ALE.

Issues that Often Arise when Claiming Additional Living Expenses Coverage

And what to avoid them.

Pitfall # 1: You Can't Claim an Expense Because you Lost your Receipt.

This happens when you have not kept your receipts in well-established place, ready for submission to your insurance agent.

How to Avoid This:

Take a picture of every receipt or every purchase that you make. I know this I know this sounds like a lot of work, but you could lose thousands of dollars if you are not committed to claiming all the expenses that you are entitled to.

Pitfall # 2: Assuming that Everything will be Covered.

If you believe everything you purchase is entitled to reimbursement under your ALE Coverage, you are in for a world of disappointment. What's worse, this faulty assumption might motivate you to spend more if you think you'll just be reimbursed.

How to Avoid This:

Be sure to memorize what items will be reimbursed under your specific ALE coverage, and ask yourself if the insurance company would consider those expenses to be reasonable and necessary expenses.

And to Make Matters Worse...

Insurance companies are not motivated to find the most cost-effective option for housing their insureds, and the ALE often has quickly eaten up long-term hotel stays or more expensive monthly leases or six-month leases instead of year-long leases.

Many insurance companies avoid allowing their insureds to enter into year-long leases, worried that the rebuild may be done before the lease runs out.

And they are often not willing to think outside the box and purchase trailers for insureds, even when those options are less expensive than the ALE limits or their current housing.

Pitfall # 3: Exceeding Coverage Limits

This is a ***huge problem*** that I've seen time and time again over the course of my forty-year practice. Insureds who have suffered a loss of their house through wildfires often will use up their ALE coverage [either in the timeline or in a lump sum] before their home has been fully rebuilt. That means that there is a time in the process when they have to carry the expenses of their rebuild [i.e., the mortgage] plus the expenses for their temporary housing. This can quickly drain any family's savings account.

How to Avoid This:

Start the process of your ALE claim with a knowledge of how much money will be allowed to you in total and measured against the estimated time frame for your home to be finished. For instance, if you know you're going to receive a lump sum of $200,000 for ALE, divide that total by the number of months it will take to rebuild your home [likely 36 months minimum] when taking into consideration work interruptions delays, etc., then that means you'll have approximately $5,555 per month. When you are calculating your budget for the month, be sure that your total expenses do not go over that amount.

Pitfall #4: Delays in Processing or Claim Submission

Many people will put off submitting their ALE claims to their insurance provider, even if they have the receipts handy. This will only delay the processing of your claim and your payout. This can quickly result in monthly bills accumulating on your credit card, remaining unpaid and incurring interest payments.

How to Avoid This:

Make it a routine to submit your receipts to your insurance agent at least one a week. If you haven't heard back from your agent or received a statement of reimbursement in a timely manner, follow up with your agent immediately. Don't put it off. I would advise setting up a weekly [or even daily] reminder on your phone to check in with your insurance agent.

Pro Tip: Do you have to pay a deductible on your ALE benefit? Be sure to factor this in.

Pitfall #5: Not Reporting Changes in Living Situation

Failing to inform the insurer about changes, such as moving into a new temporary residence or adjusting living arrangements, could result in delays in receiving insurance payouts.

How to Avoid This:

Keep them updated about your accommodations, as this can affect your ALE claim.

Pitfall #6: Misunderstanding Policy Exclusions

Assuming that all forms of displacement (e.g., staying with family, renting a room in a friend's home) will qualify for ALE. Notify your insurer immediately of any changes in your living situation.

How to Avoid This:

Clarify with your insurer what constitutes eligible temporary housing. Some policies may not cover stays with relatives or friends, so it's important to understand the details.

In Summary

In this chapter, we explored the ins and outs of Additional Living Expenses (ALE) coverage, which helps policyholders cover the costs of temporary living arrangements when their home becomes uninhabitable due to a covered loss. ALE typically covers expenses such as hotel stays, meals, and transportation, but the scope of coverage can vary greatly depending on the terms of your policy. We discussed the key rules that guide ALE coverage, including policy limits, time constraints, and the requirement to keep detailed records of all additional expenses. Understanding these rules is crucial to ensuring that you maximize the benefits of your policy while avoiding unexpected costs. We also highlighted common pitfalls, such as exceeding coverage limits, failing to keep proper documentation, and misunderstanding policy exclusions. By staying organized, being aware of the time limits, and clearly communicating with your insurer, you can avoid these pitfalls and make the most of your ALE benefits during a stressful time.

CHAPTER FOUR

HOW REIMBURSEMENTS ARE CALCULATED

All About Xactimate

Insurance companies will often use Xactimate, a computer software product that insurance companies widely use to estimate construction costs. If you've already received an estimate of the reimbursement that you'll obtain through your insurance company, it was likely calculated using this software. Keep in mind, since Xactimate is a generic software baked on the cost to build large numbers of tract homes, using an estimate of the general cost for a regional area, Xactimate's quotation will likely not be enough to replace your individual home if it includes any upgrades such as quartz countertops, crown moldings, or luxury finishes.

Problems with Xactimate

Xactimate's pricing is frequently too low. It is based on general estimates for an entire region. Not neighborhood by neighborhood. It is often based on information that is a few years old and does not take into consideration increases in the cost of construction caused by ongoing seasonal wildfires, for example. It also does not take into consideration custom finishes to a home. It also can only provide estimates based on the information put into the system, so if the adjuster uses the wrong base information, the estimates will be wrong. Usually, when the estimate is wrong, it is too low, and that is the dollar amount the adjuster will offer to settle your claim.

- **National Average Used to Guestimate Cost:** Xactimate does not warrant the accuracy of price data, as it specifically states that it is intended to be a representation of historical information that can be used as a baseline for creating an estimate.
- **User Bias** Xactimate estimates can be pushed in the insurer's favor by how data is input by the adjuster and how the output is interpreted.

- **Luxury Finishes Are Ignored:** Xactimate does not take into consideration luxury finishes. Those should be included in the estimated reimbursement. If you know that your home includes many luxury finishes, you will have to do the work of contacting construction professionals to provide estimates for rebuilding.

> ***It has been estimated that Xactimate numbers are about 30% lower than the actual costs associated with rebuilding.***

The rules for how your benefit will be paid out to you are detailed in your policy and should be explained by your insurance agent.

Payout Scenarios

First, you'll want to take note of the deductible for your policy. The deductible could vary from $500 to several thousand dollars. The insurance company will not pay any amount until it has surpassed the deductible. Then, the insurance company will complete a series of calculations for each item based on the terms of your policy:

Replacement Cost

If you have a policy that dictates you'll be reimbursed the replacement value of each item [personal, dwelling, etc.], then that means the insurance company will pay for the replacement value but will deduct depreciation from that. If you actually rebuild or replace the personal property

Actual Cash Value

If you have a policy that dictates you'll be reimbursed the actual cash value of each item [personal, dwelling, etc.], then that means the insurance company will reimburse you for the item minus the depreciation over time. These are the factors that are used in the calculation:

and provide receipts to show you did, then they will reimburse you for the depreciation they withheld. Some insurance companies may pay your entire coverage amount upfront if your house has been destroyed. Others may only pay as receipts come in.

-Replacement Cost
-Depreciation
-Fair Market Value
-Broad Evidence Rule [all relevant evidence of the item's value]

In Summary

Understanding how your fire insurance payout is calculated is essential to ensuring you receive the compensation you're entitled to. From determining the replacement cost to factoring in depreciation, insurance companies use specific methods to arrive at their figures—and it's crucial to know what goes into that number. By familiarizing yourself with these calculations, you can better assess whether the amount offered truly reflects the cost of rebuilding your home. If you find discrepancies or areas where you believe adjustments are needed, you'll be in a stronger position to negotiate a higher payout. Ultimately, the more informed you are about the process, the more control you'll have over securing the full funds you need to recover.

IS YOUR INSURANCE COMPANY FAILING YOU?

Contact an Attorney or Public Adjuster Immediately!

If you get the sense that your insurance company is not going to follow through with their contractual obligations as set out in your policy, then it is important to contact an attorney or public adjuster immediately.

There are time limits contained in insurance policies as well as California law which dictate the time within a policyholder can sue an insurance company. You should contact an attorney as soon as possible to determine the deadline to bring such a claim.

CHAPTER FIVE

PROBLEMS YOU MIGHT ENCOUNTER

And What to Do About Them

Filing a fire insurance claim and securing a fair payout to rebuild your home is almost never a completely smooth process. Along the way, you may encounter unexpected obstacles—delays, lowball estimates, denied claims, or insurance agents who seem more interested in protecting their company's bottom line than helping you recover.

This chapter will walk you through some of the most common problems homeowners face when claiming their fire insurance payout and, more importantly, what you can do to overcome them.

6 Common Problems and What You Should Do About them

1 Pressure to Settle Quickly

Your insurer wants you to move on with your rebuild or decide to move to a new location as fast as possible. They would prefer not to have to pay the full value of your ALE. They also recognize that the longer you delay, the more carefully you may look at the real cost to rebuild your home. Your adjuster may pressure you to accept a full settlement of your claim quickly before you have the opportunity to speak with contractors, architects, and engineers.

What Should You Do?

Unless the insurance company is ready to offer you the maximum payout allowed by your policy, please do not settle immediately. Do your research and due diligence. Wait until you have a full understanding of how much funds you will require to rebuild your home.

REMEMBER THIS

While the insurance company is certainly welcome to make advance payments, do not accept them as full payment or sign anything that states you have accepted it as full settlement of your claim until the rebuild is complete

2 Cancellation or Rescission

Some insurers actively look for reasons to rescind a policy or cancel it based on facts discovered during the claim process. Insurance companies do not look closely at your policy and your insurance application until you make a claim. At that time, the adjuster may notice irregularities in your application compared to the information obtained during the claim, or your insurance payment may have been late or for the wrong amount in the month prior to making your claim.

WHAT DOES RESCISSION MEAN?

Rescission of a policy means the insurance company has retroactively canceled your policy as if it never existed. This is what an insurance company can do if it takes the position that there was a material misrepresentation on your insurance application. If the last premium payment was incomplete or late, the insurance company could cancel the policy effective upon the date that the last payment was received when the premium was due, leaving you with no insurance coverage and a destroyed home. If that happens, you will need to contact an attorney.

What Should You Do?

If you believe that your insurance company is not acting in good faith towards your policy, and has no legal grounds to rescind your policy, you should contact an experienced attorney immediately to look into legal resources available to you.

3 You Are Underinsured

The most frequent issue policyholders experience after a wildfire is learning that they are underinsured or that their policy will not 100% reimburse them for the cost of rebuilding or fixing their destroyed home. Most insureds assume that if there is a provable error in the policy coverage, it is on the insurance company to make it right. Your insurance company will argue that even if you are underinsured because of a mistake they made in their underwriting, it was your responsibility to double-check your policy. This may seem not very clear, as the insurance company provides a coverage amount for the insurance policy and does not ask for the insured's input. However, some insurance policies state that the coverage amount is an estimate and should be reviewed by the insured. If you find that you are underinsured and believe it is due to an error made by the insurance company or your broker, you will likely need to contact a lawyer to address that. There are other factors besides simply underestimating the cost of replacing the home that can result in being underinsured after a wildfire. If your policy has been in place for a long time, the annual increase may not have kept pace with the costs of rebuilding your area. This is especially true in an area that has experienced recurrent wildfires. In those areas, the shortages of material and labor created by years of fires mean that the costs are rising faster than the insurance companies' annual increases. The pandemic has been another course of delays and cost increases, creating further disparities in costs for people trying to rebuild.

What Should You Do?

If the maximum payout allowed within your insurance policy is too low to be able to fund the complete rebuild of your house, you might be able to recover some of your expenses through third-party litigation by which you would bring a suit of legal action against a third party, such as Southern California Edison, who can be reasonably held responsible for the damages to your home. This requires working with an experienced attorney.

4 There is a Delay

Some insureds become frustrated with the length of time it can take to get the insurance company to pay for items or approve the next steps. Insurers will often request large amounts of documentation with detailed breakdowns, some of which might not even exist. Where insurance companies often simultaneously demand evidence of ongoing progress in the rebuild, this can be extremely frustrating.

What Should You Do?

Maintain regular and respectful communication with your Insurance provider and all other parties involved in your claim [your adjuster, mortgage lender, contractors, etc.]. If your claim is regularly presented as needing attention, then you are more likely to recieve timely payouts, approvals, and more.

5 Disputes Over Cost

As discussed above, insurance companies rely on Xactimate or similar software to provide their idea of the appropriate cost to rebuild, and the amount can be off by hundreds of thousands of dollars compared to what an actual contractor will charge for the work. It can be particularly tricky when the insured's home does not burn down entirely and needs to be repaired rather than rebuilt. Disputes about the condition of the house before the fire, the scope of the repairs, and the damage caused by the fire can result in every bill being questioned and many being refused. These disputes can further deplete your ALE, as that money is used each month for your temporary housing while your insurance company disagrees about the cost of the repair or rebuild. Ironically, this is often less of an issue for homeowners needing to rebuild from scratch, as the insurance company is only liable for the limits of the insurance policy, and some insureds find themselves underinsured when they try to rebuild. So, the insurance company will pay the policy limits when a rebuild is required, but the insured may not have enough money to rebuild.

What Should You Do?

The best way to ensure that you recieve fair reimbursement for the individual items that you submit to your insurance company is to include an estimate of the cost before submitting the receipts to your insurance company. For example, let's say your home is in the process of being rebuilt, and the framing carpenters have just finished their work. In order to ensure that you get the maximum reimbursement for the electrical work, provide your insurance company with the estimate/ quote that you received from the electrical company before you submit the finalized bill or receipt to them. Your insurance adjuster will then document the actual cost of the electrical work based on professional estimations and may or may not adjust the amount that they release to you.

6 Ordinance and Code Upgrades Not Insured

When people think about the cost of rebuilding their home, they tend to assume not much has changed from the time it was built to present-day housing construction costs. For older homes especially, that is often not the case. Changes in the building code for the county or state can truly increase the complexity of your build, as your contractor must meet those standards and often add thousands of dollars to the total cost of your build. While in some cases, the code upgrade cost may be as much as 20% to 50% of the total cost of the build, insurance policies generally allocate only 10% of the Dwelling coverage amount for code upgrade. This leaves code upgrades significantly underinsured. Additionally, some insurance policies generally states that code upgrades will not be paid until the rebuild is completed. But those costs are incurred throughout the rebuild, meaning that again, the insured is expected to pay them out of pocket or ask their contractors to go unpaid for the material and labor until the project is completed.

What Should You Do?

One way to combat this is to work with dedicated and experienced contractors, before you start the rebuilding process, who will give you up-to-date estimates for the total cost

of rebuilding. Then, you will submit those estimates to your insurance provider in the hopes that they will adjust your dwelling payout. More on this in the next chapter!

In Summary

Navigating the fire insurance claims process can be frustrating, but knowing what to expect—and how to respond—can make all the difference. From lowball estimates and delays to outright claim denials, the obstacles you face aren't insurmountable if you take the right steps. Keeping detailed records, challenging unfair assessments, and staying persistent can help you push for the payout you deserve. You don't have to go through this alone, either. As you work through these challenges, it might be time to start thinking about which experts you could bring in to support your claims and advocate for you in a way that ensures your insurance agent will be all ears.

CHAPTER SIX

RECEIVING THE MAXIMUM PAYOUT

To Rebuild Your Home

It's been a few weeks now since the fire changed your life. You've spoken with your insurance company and submitted your claim, and now it's in the process of being doled out to you. When the insurance company hands you a number for your total reimbursement, it might seem final—but it doesn't have to be. Now that you understand how they arrived at that figure (and why it's likely far too low to cover the true cost of rebuilding), you're faced with a tough reality: accept an inadequate payout or fight for what you actually need. This chapter will walk you through strategies to maximize your insurance settlement, ensuring you have the resources to rebuild without unnecessary financial strain.

In the introduction, we discussed the fact that some insureds enter into this process and are shocked when they realize that they are underinsured—or, more simply—that their total reimbursement under their insurance policy is not enough to cover their additional living expenses or the full rebuild of their house. One of the most common reasons for this is that clients are not aware that they can hire professionals to produce up-to-date and realistic estimates of the exact cost of rebuilding their home, submit those estimates to their insurance agency, and influence them to adjust their payout [up to the maximum payout available].

So, if during your original claims phone call, you were given a reimbursement value that is lower than the maximum payout available to you, you should challenge that! Do not take the first offer that your insurance provider gives you unless it is already the maximum payout. For example, let's say that on the phone, your agent tells you that the insurance company is prepared to advance you an immediate payout of $300,000 for your dwelling coverage.

You prudently ask your agent what your available maximum payout is, and she says, "$500,000. Even after hearing this, you are still thinking, "Wow! That's a lot of money! I'll take it!" But wait a second. How much did you buy this house for, and when? What is its current market value? What code upgrades have been introduced by your municipality since your original time of purchase? If you do not have this information available to you, you don't know if that offer of $300,000 is a good 'deal' or not. Do your research. Find out how much things cost. Even if contractors and professionals require payment for such a service, it is worth it if it means the insurance company is compelled to pay more.

Evaluating Your Payout: Rebuild

Before accepting your insurance company's offer, take a closer look at your policy limits and compare them to your actual rebuilding costs. If you find that the amount offered falls short but is still below the maximum coverage stated in your policy, you have room to negotiate for more. Review your claim carefully—are all damages accounted for? Have you factored in updated labor and material costs? Many homeowners leave money on the table simply because they don't push for the full amount they're entitled to. By gathering detailed estimates, documenting overlooked expenses, and challenging any undervaluations, you can ensure you're receiving every dollar available to you.

Hire a Contractor

Unless you are a construction professional, you won't know what funds will be required to rebuild your home. And that's why it is really important to gather estimates from a general contractor that are specific to the neighborhood you live in, the luxury fittings that were present in your home before the fire, and include the necessary code upgrades required for a build-in 2025.

"It would be very beneficial for you to have a general contractor who can participate in settlement discussions with the insurance company's adjuster; it is useful to have a contractor who is well-versed in Xactimate to better help translate the generic estimate into specifics for your home."

Here is a brief list of the types of estimates that you might want to gather from building contractors:

- General Contractor's Estimate – A detailed breakdown of labor and material costs for rebuilding.
- Architectural/Engineering Fees – Costs for designing and obtaining necessary permits.
- Foundation Inspection and Repair – Assessment of whether the foundation is still viable.
- Demolition and Debris Removal – Costs for clearing the site before rebuilding.
- Framing and Roofing Estimates – Quotes for materials and labor.
- Plumbing, Electrical, and HVAC – Updated estimates for system installations.
- Interior Finishes – Flooring, drywall, cabinetry, and other finishing costs.
- Windows and Doors – Quotes for replacing all openings.
  Code Compliance Costs – If new building codes require upgrades not covered under basic replacement cost.
- Energy Efficiency Upgrades – If local laws mandate improvements like solar panels or insulation.
- Septic System or Well Replacement – If applicable, an estimate for these utilities.
- Driveway, Sidewalk, and Fencing Replacement – Costs for rebuilding exterior structures.
- Detached Structures – Estimates for garages, sheds, or guest houses lost in the fire.
- Landscaping and Tree Removal – If trees or land need restoration.
- Custom or Specialty Features – Custom cabinetry, high-end appliances, or specialty flooring.
- Home Security and Fire Prevention Upgrades – Costs for installing systems that reduce future risk.

Another Route: Hire a Public Adjuster

If you don't have the time or energy to gather multiple estimates from general contractors yourself—or if your insurance company's agent refuses to revise the proposed payout even after you've provided those estimates—you might want to consider working with a public adjuster. These professionals work on your behalf, not the insurance company's--

to assess your loss, compile detailed estimates, and negotiate for the highest possible payout. A public adjuster is a licensed expert who understands insurance policies, construction costs, and claim negotiations, helping you secure the full amount you're entitled to without the stress of handling it alone. They can represent you to the insurance company so that you do not have to deal with the minutiae of the claims process. They are paid a percentage of your total reimbursement, usually between 5-10%. They are motivated to obtain the most reimbursement possible for you, are well-versed in interpreting policy language, and have many connections in the construction industry and the insurance industry.

If you do not want to manage the claims process yourself, hiring a public adjuster is an option that could work well for you. Let's go back to the case of Karl and Louise, who received their first offer from the insurance company at $700,000 for dwelling coverage. If that family hires a public adjuster who is able to negotiate with their insurance company on their behalf and reach an agreement for a payout of the maximum amount of $1,100,000, they had to pay the Public Adjuster $110,000 for their services. However, they gained $400,000 as a result of their services. So that is a win!

Why Hire a Public Adjuster?

A public adjuster ensures that your claim is settled on your terms, not the insurance company's, giving you peace of mind throughout the process.

When to Seek the Services of an Attorney

An experienced insurance attorney can help if the insurance company is acting in bad faith, such as undervaluing your claim without justification, making excessive demands for documentation, or wrongfully denying coverage. If you've reached the policy limits in your claim but still believe you are entitled to additional funds due to ambiguous policy language, an attorney can interpret your contract and challenge the insurer's decision. In extreme cases, where the insurance company refuses to negotiate fairly or has officially denied your claim without valid reasoning, legal action may be necessary to recover the full amount you need to rebuild your home. A lawyer can file a lawsuit against the insurer, pushing for a fair settlement or taking the case to court if needed. While legal action should be a last resort, it can be a powerful tool in ensuring you receive the compensation you are entitled to under your policy. Attorneys generally do not manage claims for policyholders.

BUT, THE COST IS TOO GREAT!

A Hypothetical Case Study

I am aware from conversations with my clients that some general contractors in the LA County area are willing to provide these estimates without cost. But, even if general contractors invoice you for their time to provide this service, it will be well worth it to you in the long run.

Meet Karl and Louise. Their three-bedroom, two-bathroom, and 2000 sqft house was destroyed in the Eaton fires, and now they are living in a two-bedroom apartment 20 minutes from their property with their two kids: Katelyn [9] and Ian [5]. Louise already submitted her claim to her insurance company and has received the full payout amount that they intend to offer the family. The amount they are offering is $700,000 upfront for rebuilding costs. At first, she thought that this amount would be just fine for rebuilding a comparative residence on her property. But she hasn't taken inflation into consideration, which has driven up the cost of labor in LA County ever since Covid. She also hasn't taken into consideration the expensive upgrades to code that building inspectors require. Unknowingly, Louise takes the first offer.

After just one year into the build, the insurance payout is dwindling, and they still only have a shell of a house on their property. Exterior finishes haven't been ordered yet. The decks haven't been completed. Landscaping is still an eyesore. And all of the inside finishes are not completed. Louise quickly realizes that the remaining $200,000 that she has from their original payout will be gone in a matter of months. The unthinkable is coming true: her family will have to pay for thousands upon thousands of the rebuild out of pocket.

Another reason to seek out the services of an Attorney is if your insurance company requests an ***Examination Under Oath*** where they ask you questions under oath- this generally occurs when they suspect fraud. These proceedings are often quite intimidating for those homeowners who are not familiar with insurance or legal practices. Legal representation can ensure that you are treated fairly and still receive what you due according to your insurance policy. An experienced attorney will also be able to tell you what might constitute further legal action against your insurance company if the proceedings are not done with due process or fairness.

What is an Examination Under Oath [EUO]?

Under California State Law, insurance companies are granted the right to conduct an EUO. If you, as the insured, receive a request for an EUO from your insurance company it is important to consult an attorney to represent you. During the proceedings you'll be asked questions about your policy and those answers will be taken under oath.

Know Your Rights!

Under the Law you [the insured] have the following rights:

1. An insurer must notify an insured of its intent to conduct an EUO and provide the insured with a copy of Insurance Code § 2071.1
2. An insurer can conduct an EUO "only to obtain information that is relevant."
3. An EUO must be at a reasonably convenient place and time.
4. You have the right to a copy of the proceeding
5. The insured may have an attorney.

In Summary

Maximizing your fire insurance payout isn't just about knowing your policy—it's about making sure you have the right people on your side. Working with professionals who understand the claims process, from contractors who can provide accurate rebuild estimates to public adjusters or attorneys who can advocate on your behalf, can make a significant difference in the final amount you receive. Insurance companies often start with low estimates, but with the right experts supporting you, you can challenge unfair payouts and ensure your claim reflects the true cost of rebuilding. The key is to stay informed, persistent, and willing to seek help when needed—because securing the full amount you're entitled to can mean the difference between a stressful rebuild and a fully funded recovery.

CHAPTER SEVEN

THIRD-PARTY CLAIMS

Protecting Your Rights and Interests

When a wildfire is caused or worsened by negligence, homeowners may have the right to pursue a third-party claim against the responsible entity—often a utility company. This chapter will explain what third-party claims are and why they are relevant to the Eaton Wildfire cases. We'll explore the legal allegations that can be brought against utility providers, such as failure to maintain infrastructure or neglecting to take proper fire prevention measures. If successful, these lawsuits can provide significant financial relief to homeowners, covering losses that insurance may not fully reimburse, including property damage, rebuilding costs, lost income, and even emotional distress. Understanding your legal options is key to securing the compensation you deserve after such a devastating event.

What is a Third-Party Claim?

A third-party claim is a legal action brought against an entity that is not your insurance provider but may be responsible for causing or contributing to your losses. In the context of the Eaton Wildfires, this means homeowners can pursue claims against utility companies or other parties whose negligence may have sparked or worsened the fire. Unlike filing a standard insurance claim, which seeks compensation from your own policy, a third-party claim holds external parties accountable for their role in the disaster. These cases can help victims recover additional compensation beyond what insurance covers, including funds for rebuilding, personal property losses, business interruptions, and even non-economic damages like emotional distress.

FREQUENTLY ASKED QUESTIONS
for Third-Party Claims

Why Are Lawsuits Allowed in the Case of Wildfire Damage?

You may be wondering whether you have the right to take legal action after a wildfire. While natural disasters are often unpredictable and unavoidable, human negligence has contributed to some of the most devastating fires in recent years. In many cases, poor maintenance, oversight, or failure to act has either sparked these fires or made them far worse than they should have been. As extreme weather events become more frequent, there are steps that can be taken to reduce risk and mitigate damage. When safety precautions are ignored or regulations aren't enforced, the consequences can be catastrophic. We rely on corporations and government agencies to implement safeguards that protect our communities. When they fail in this responsibility, they should be held accountable. If a wildfire has impacted you due to preventable causes, seeking legal advice can help you understand your options and fight for the compensation you deserve.

What are the Legal Allegations that Can be Brought Against a Company for the Eaton Wildfires?

One of the main reasons people are pursuing legal action over the Eaton Fire is the belief that negligence played a role in causing or worsening the disaster. A major point of concern is whether the power company could have taken preventive measures to stop the fire from occurring in the first place. Utility companies are frequently linked to destructive wildfires due to aging infrastructure, inadequate maintenance, and the risks associated with overhead power lines, especially in areas prone to extreme weather. Reports have raised questions about whether infrastructure failures may have contributed to the Eaton Fire. In fact, multiple lawsuits have already been filed against Southern California Edison, with claims that faulty power lines may have been the ignition source. Prior to the LA County wildfires, forecasts warned of extreme fire conditions and strong winds, giving businesses and residents time to prepare. California law requires utility companies to properly maintain their infrastructure to reduce fire risks. As concerns over corporate accountability grow,

wildfire attorneys are increasingly working to ensure these companies are held responsible for their role in fire prevention failures.

Who is Eligible to Bring a Suit?

Anyone who suffered property loss, personal injury, or other damages as a result of a wildfire caused by a utility company's negligence may be eligible to bring a third-party lawsuit. This includes homeowners, renters, business owners, and even municipalities affected by the fire.

- ☐ Suffering from injuries, such as burn injuries
- ☐ The loss of a loved one
- ☐ The loss of your home or business
- ☐ Suffering from emotional distress
- ☐ Financial losses incurred due to evacuation

What Might I Be Reimbursed For?

Regardless of whether you have insurance, Eaton Fire victims may be eligible for compensation for various losses. In addition to filing traditional insurance claims, those impacted can take legal action against third parties if their negligence played a role in the fire. If insurance coverage falls short or you are uninsured, pursuing legal claims can help secure additional financial relief.

For Insured Homeowners:

- **Insufficient property damage payouts:** Insurance companies may offer settlements that don't fully cover rebuilding costs. Legal assistance can help negotiate a more accurate and fair payout.
- **Disputes over temporary housing coverage:** Some insurers may be hesitant to fully reimburse relocation or living expenses. Legal action can ensure these costs are properly covered.
- **Loss of personal belongings:** Policies may undervalue lost property, including sentimental items. Seeking legal guidance can help maximize compensation.

For Uninsured Homeowners:

- **Claims for property damage:** You can pursue financial recovery from responsible parties to cover the destruction of your home.
- **Personal injury claims:** If you suffered injuries such as burns or respiratory issues due to the fire, you may be entitled to compensation.
- **Economic losses:** If the fire impacted your job or business, legal action can help recover lost wages and future earnings.
- **Emotional distress:** The trauma of losing a home or loved one can lead to anxiety, PTSD, or depression. Lawsuits can seek compensation for these emotional hardships.

By exploring all available legal options, homeowners can work toward securing the financial support they need to recover and rebuild.

Personal Injury Claims

In addition to seeking compensation for property damage, many individuals pursue legal action for injuries they sustained during the fire, such as burns, smoke inhalation, and emotional distress. The physical impact of a wildfire can result in extensive medical treatment and long-term health complications.

Examples of personal injury claims include:

- **Smoke inhalation:** Exposure to the thick smoke from wildfires can cause immediate respiratory problems, such as coughing and difficulty breathing, as well as long-term damage to the lungs.
- ***Burns:*** The extreme heat and flames from a wildfire can cause severe burns, resulting in painful injuries, scarring, and potentially serious health risks.
- **Other injuries:** Wildfires can lead to a wide range of other injuries, including broken bones, head trauma, or other serious physical harm, depending on the circumstances.

Filing a Third-Party Claim: Steps Involved

Filing a third-party claim involves several key steps, beginning with gathering evidence to establish that another party's negligence contributed to the wildfire and your losses. This includes obtaining official fire reports, utility maintenance records, expert assessments, witness statements, and any other documentation that links the responsible entity, such as a utility company, to the fire's ignition or spread.

Next, an attorney specializing in wildfire litigation will help file a claim or lawsuit on your behalf. This process often starts with a demand letter outlining the damages you have suffered and the legal basis for holding the third party accountable. If the company or entity does not offer a fair settlement, the case may proceed to litigation, where attorneys will present evidence and argue for compensation in court.

Throughout the process, affected homeowners may need to participate in discovery, which involves exchanging information with the defendant and possibly mediation or settlement negotiations. If the case goes to trial, a judge or jury will ultimately determine whether the third party is liable and what compensation should be awarded. Successful claims can provide homeowners with financial relief beyond what insurance covers, helping to rebuild homes, recover lost property, and address long-term financial hardships caused by the wildfire.

How to Build a Strong Case

Hire the Right Lawyer

Every strong case starts with the right lawyer! Before you hire a lawyer for your third-party claims case, make sure that the lawyer has experience winning similar cases. Also, be sure to meet the legal team that you'll be working with before you hire them. You want to make sure that the team is easy to work with, caring, and personable. The last thing you want is to sign on with a legal team that is demanding, short-tempered, and lacks patience to explain all aspects of the case to you.

Gather and Submit Evidence

In any legal case, especially when pursuing third-party claims for something as impactful as a wildfire, the strength of your evidence can make all the difference. The more comprehensive and compelling your evidence, the stronger your case becomes and the higher the likelihood of a favorable outcome. Gathering evidence goes beyond simply collecting documents—it involves creating a detailed, well-supported narrative that reinforces your claims and paints a clear picture of the harm caused.

To build a robust case, start by collecting all relevant documentation. This includes photographs of the damage, medical records for any injuries sustained, official reports such as fire department logs or emergency services records, and insurance documentation. Each piece of evidence can provide essential insights into the scope of the disaster and how it affected you and your property. For example, photographs of your home before and after the fire can demonstrate the extent of the damage, while medical records can support personal injury claims. Beyond documents, your attorney will obtain witness statements that can also play a pivotal role. Testimonies from neighbors, first responders, or others who witnessed the event or its aftermath can provide valuable context and corroborate your version of events. This type of evidence helps validate your claims, especially when dealing with issues like negligence, where proving liability is crucial.

Additionally, your attorney will obtain expert testimony that can greatly strengthen your case. Engaging professionals such as fire investigators, engineers, or other specialists can provide technical insights into the cause of the fire, how it spread, and how the responsible parties failed to take adequate precautions. This expert analysis can be key in proving that the third party's negligence directly contributed to your losses.

Working with your attorney to submit all of this evidence to the court in a well-organized and clear manner shows that you're serious about your claim and ready to fight for fair compensation.

The more organized, detailed, and reliable your evidence, the more likely it is that the court will rule in your favor. In a third-party claim, the process of gathering evidence is not just about backing up your legal argument; it's about demonstrating the extent of your loss and the negligence that contributed to it. Strong, well-documented evidence will help you make a compelling case for the compensation you deserve.

Make an Impression on the Jury

In many third-party claims, particularly those involving large-scale disasters like wildfires, the case will be decided by a jury. Juries are often influenced by emotional appeals and can award damages to plaintiffs who make a strong, empathetic impression. Jurors are human, and like anyone, they are more likely to be sympathetic toward individuals they feel for, especially in cases involving hardship and injustice. To make a compelling case, it's important to convey the emotional and personal toll of the wildfire, painting a vivid picture of the devastating impact it had on your life. This means not just presenting facts and figures but also expressing the emotional weight of the situation—how it's affected your family, your community, and your ability to move forward. By focusing on the unfairness of your situation and the limited options available to you, you can humanize your story, making it more relatable and persuasive to the jury. Highlighting the desperation felt by homeowners in the aftermath of a fire—the loss of their homes, possessions, and the life they once knew—can resonate deeply with jurors. Showing that your recovery is hindered by the actions of a negligent third party can further strengthen your case, making the jury more inclined to award fair and just compensation. Ultimately, the goal is to create a narrative that not only establishes your legal rights but also tugs at the jury's sense of fairness, leading them to understand your suffering and provide the compensation you deserve.

In Summary

In this chapter, we explored the concept of third-party claims and how they apply to the aftermath of the Eaton Wildfires. We discussed the various parties, such as utility companies, government entities, and other organizations, that could be held responsible for the fire and how these claims can help homeowners seek compensation for damages not covered by insurance.

By working with an attorney and filing a third-party claim, residents can pursue justice and recover financial losses for property damage, personal injury, economic loss, and emotional distress. These claims provide a vital opportunity for homeowners to ensure they are not left to bear the full cost of their loss, particularly when negligent actions may have contributed to the disaster. As we've seen, these legal actions can offer significant benefits to those affected, helping them rebuild their lives and seek fair compensation for the devastation they've endured.

THIRD-PARTY CLAIM

Checklist

STATEMENTS

- ☐ Timeline of Events
- ☐ Personal Narrative Statement of the Experience
- ☐ Narrative Statements from your Family Members
- ☐ Witness Statements
- ☐ Victim Impact Statements

PHOTOGRAPHS

- ☐ Before and After Pictures of Exterior of House
- ☐ Before and After Pictures of Interior of House
- ☐ Before and After Pictures of Shed
- ☐ Before and After Pictures of Garage
- ☐ Before and After Pictures of Other Out Buildings
- ☐ Damages of Items in Shed/ Garage/ Out Buildings
- ☐ Damages to the Property [trees, shrubs, gardens, walkways, grass, etc.]

RECEIPTS

- ☐ Medical Appointments
- ☐ Medications
- ☐ Therapy Sessions [Emotional Distress]
- ☐ Rehabilitative Health Sessions
- ☐ Therapy Sessions [Emotional Distress]
- ☐ Rebuild Expenses
- ☐ Personal Property Expenses [Clothing, Furniture, Technology, Household Goods]
- ☐ Transportation
- ☐ Rent Receipt for Temporary Housing
- ☐ Food
- ☐ Toiletries
- ☐ Utilitties
- ☐ Storage Expenses
- ☐ Moving Expenses
- ☐ Childcare
- ☐ Pet Boarding

RECORDS

[ie., spreadsheets, etc.]

- ☐ Lost Wages
- ☐ Personal Belongings Lost
- ☐ Doctor's Statements to Substantiate Injury caused by Fire
- ☐ Mental Health Professional Statement

FOR MORE INFORMATION

WATCH NOW

CHAPTER EIGHT

CLOSING YOUR CLAIM

Key Considerations Before Signing Off

Closing an insurance claim is the final step in the claims process, but it's crucial to ensure that everything has been handled correctly before allowing the insurance company to finalize it. Rushing to close a claim can lead to unpaid expenses, unresolved repairs, or even financial strain in the future. This chapter will walk you through when and how your insurance claim should be closed, what should be completed before finalizing it, and key steps to ensure you're better prepared if you ever need to file a claim again.

When Should the Insurance Company Close the Claim?

CLOSE

- ***All covered repairs to your home have been completed to your satisfaction.***
- ***You have received all payments owed to you, including reimbursements for Additional Living Expenses (ALE) and repair costs.***
- ***Any disputed charges or unresolved issues have been settled to your approval.***
- ***You have reviewed the final settlement statement and confirmed there are no outstanding items.***
- ***You have had time to assess any hidden damages that may not have been initially accounted for and have filed supplemental claims if necessary.***

DON'T CLOSE

- ***There are outstanding repairs or issues that have not been fully resolved.***
- ***You are still incurring ALE expenses due to ongoing displacement., and the maximum reimbursement for ALE has not yet been reached.***
- ***You are disputing the settlement amount or any denied claims.***
- ***There are pending payments that have not yet been received.***
- ***Additional damages related to the initial claim have been discovered but not yet addressed.***
- ***You haven't had time to review the settlement terms carefully or consult with a professional if needed.***

Legal Dangers of Closing Your Claim Too Soon

Closing your insurance claim prematurely can have serious legal and financial consequences. Be aware of the following risks:

- ***Waiving Future Claims***
  Once you agree to close your claim, you may lose the right to seek additional funds for hidden damages or overlooked repairs.
- ***Inadequate Settlement***
  If you later discover that the payout was insufficient, reopening the claim can be extremely difficult, if not impossible.
- ***Contractor Disputes***
  If the work is incomplete or defective, the insurance company may refuse to provide further assistance after the claim is closed.
- ***Legal Deadlines***
  Some policies have strict time limits for supplemental claims, meaning any late-discovered damages might not be covered if the claim is closed too soon.
- ***ALE Coverage Cutoff***
  Closing your claim may also terminate ALE benefits, even if you still require temporary housing or other covered expenses.

To protect yourself, always consult a public adjuster, insurance attorney, or trusted expert before agreeing to close your claim.

What Should Be Completed Before Closing the Claim?

Before agreeing to close your claim, ensure that all final repairs have been inspected and that they meet your satisfaction with materials and finishes matching pre-loss conditions. Obtain a written sign-off from your contractor stating that the work is complete. Additionally, confirm that all eligible ALE reimbursements for temporary housing, meals, and other covered expenses have been fully processed. Ensure that you have received all payments from the insurance company, including any depreciation recoveries if applicable, and verify that any mortgage lenders or lienholders have endorsed and processed the payments correctly. Secure warranty documentation from your contractors for major repairs such as roofing, plumbing, and electrical work, and store these documents in a safe place in case issues arise later. Carefully review the final settlement to confirm that all agreed-upon expenses have been covered, and if necessary, consult a public adjuster, attorney, or other professional before signing. Lastly, compare your final settlement with your policy to identify any coverage gaps and consider increasing your dwelling coverage, ALE limits, or personal property protection if you find yourself underinsured.

Tips for Ensuring a Better Outcome in the Future

Even if your claim is now closed, you can take proactive steps to ensure a smoother claims process if disaster strikes again. Consider the following:

- ☐ ***Review Your Policy Annually–*** *Ensure you have sufficient coverage for rebuilding costs and additional living expenses.*
- ☐ ***Document Your Home's Condition –*** *Keep updated photos and videos of your home's interior and exterior to streamline future claims.*
- ☐ ***Maintain a Home Inventory –*** *List valuable items with receipts and serial numbers for easier reimbursement.*
- ☐ ***Save All Communication –*** *Keep records of emails, calls, and claim-related paperwork for reference.*
- ☐ ***Save Contact Information-*** *Keep a record of the professionals and building contractors that you used to maximize your insurance payout.*

In Summary

Closing an insurance claim is an important milestone, but it should never be rushed. Ensuring that all repairs, reimbursements, and final settlements are properly handled will protect you from financial losses and future complications. Understanding the legal risks of closing too soon is essential in safeguarding your rights and ensuring you receive full compensation. By following the steps outlined in this chapter, you can confidently close your claim while also preparing for a more secure and well-documented response if a disaster ever strikes again. Remember, insurance is there to help you recover, not to leave you in a worse position than before your loss.

HOW WE CAN HELP

If you've lost your home in a fire, navigating the insurance claim process can be overwhelming and complex. Timothy D. McGonigle and his team of experienced attorneys in the LA area are laser-focused on helping homeowners secure the maximum payout they deserve. With years of experience in handling fire-related claims, they ensure that every aspect of the claim is properly managed. From thoroughly reviewing policy details to negotiating with insurance companies, the team works tirelessly to advocate for clients whose claims may have been undervalued, delayed, or unfairly denied. Whether it's challenging an insurer's initial offer, uncovering overlooked damages, or ensuring reimbursement for Additional Living Expenses (ALE), the McGonigle team can guide you through the entire process to secure the best possible settlement.

The McGonigle team brings a wealth of knowledge about the legal complexities of fire-related insurance claims. They will identify policy loopholes, uncover hidden damages, and make sure that all losses are fully accounted for. Their deep understanding of insurance law, combined with a proven track record of success, helps clients avoid common pitfalls and receive fair compensation. With the McGonigle team on your side, you'll have a dedicated legal partner to navigate the intricate details of your claim and ensure that you are compensated to the fullest extent allowed under your policy. Their expertise offers peace of mind, knowing that your claim is being handled by a team of professionals who prioritize your best interests.

OUR TEAM

Exceeding Expectations at Every Turn



TOM FOOTE, ESQ
SENIOR ATTORNEY

After starting his career with a major international law firm, he has handled a wide variety of complex disputes in both federal and state courts, as well as before alternative dispute resolution (ADR) organizations



TIMOTHY D. MCGONIGLE, ESQ
MANAGING ATTORNEY

is a tenured litigator known for his exceptional representation of clients throughout California. Highly skilled in a wide range of legal venues, Mr. McGonigle has successfully advocated for individuals, small businesses, and corporations in jury and bench trials, arbitrations, and mediations



STEPHANIE M. BANKS, ESQ
ASSOCIATE ATTORNEY

Accomplished associate attorney, her practice is diverse, encompassing various civil litigation areas like personal injury, legal malpractice, employment disputes, business litigation, contract law, complex class actions, and mass tort actions.

RECENT AWARDS:

National Trial Lawyers- Top 100 Trial Lawyers [2022, 2023, 2024]
This honor is given to only the top attorneys in each state or region for their superior skills, qualifications, and results as criminal defense or civil plaintiff lawyers

Largest Arbitration Award in California [2021]
Successfully negotiated a $3.5 million arbitration award in Abiodun v. Peer Nova, inc. et al.

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ADDITIONAL RESOURCES

FAIR INSURANCE PLANS

Understanding Your Fire Insurance Coverage

If you have been turned down for home insurance by three insurance companies, you might have received a FAIR plan. Each state has a FAIR Plan insurance exchange. Mandated by the states, these policies are provided by an insurance change to which all insurance companies contribute. They are available in high-risk areas where wildfires are a particular risk.
Most fire insurance policies will contain the basic elements described above, but the coverage amounts and limits will differ from one policy to another. There will be what is considered default insurance coverage that is provided at a lower premium and then additional coverage that can be purchased at a higher premium. There are a few reasons why your insurance agent might have encouraged you to increase your insurance coverage:

- You have luxury items such as jewelry, gold, art, etc.
- Your property contains outbuildings and or additional structures
- Your property has a pool, hot tub, or other high-commodity items
- You run a business out of your home and have business assets in-house.

These policy distinctions become especially important when it's time to file a claim for your personal belongings. However, when seeking coverage for rebuilding your home after a disaster like the LA wildfires, understanding the difference between replacement cost and actual cash value is crucial to ensuring you receive the funds needed to rebuild effectively.

TIPS FOR HIRING AN EXCELLENT LAWYER

1

Look into their Background & Experience

Ask them what their background is, how many trials they've had, how many fire cases they've handled, what are the results of those cases and if you can talk to references, prior clients that the firm represented.

2

Meet the Team

Ask which lawyer and team of assistants will be working on your case and request to meet them before you hire them. You want to make sure that you're comfortable with working with these people.

3

Understand their Fee Structure

Make sure you get a clear idea of what the fee structure will be for their services. Most lawyers will advance cost and you won't be liable for cost unless they recover money.

4

Ask them about the Jury Trial Process

Ask if your case will be heard by a jury and what their experience with the jury trial process has been.

SAMPLE PERSONAL NARRATIVE STATEMENT

Third-Party Claims

The night of the wildfire is still vivid in my memory. The first sign of danger was a strange orange glow in the distance, almost as if the sky itself had been set on fire. It seemed so far away at first, and I tried to brush off the sense of unease that was growing within me. But as the wind picked up and the smoke started to swirl through the air, I knew things were about to change in a way I couldn't comprehend. The phone rang—an emergency evacuation order. The fire was closer now, and we had to leave immediately.

I remember packing as quickly as I could, grabbing whatever essentials I could fit into the car. My mind raced, thinking about what we would need: clothes, medicine, my children's favorite toys, anything that could help them feel safe amidst the chaos. My heart ached as I watched my children, their faces full of confusion and fear. I tried to reassure them, but I could see the worry in their eyes. The reality of what was happening was sinking in, and I couldn't protect them from that.

We drove through the smoky streets, trying to make sense of the rapidly unfolding disaster. The flames were growing higher and more intense by the minute, licking at the edges of the hills around our home. I couldn't help but feel a deep sense of loss as I glanced at our house one last time—our sanctuary, our memories, everything we had worked so hard for. And then, it was gone.

The next days were a blur—tangled in phone calls with insurance companies, trying to figure out where we could go, what we could do, and how we would rebuild.

I remember the sinking feeling in my stomach as I stared at the pile of rubble where our home once stood. What had been a home filled with laughter, love, and the comfort of knowing we were safe, was now just ashes. I couldn't make sense of it. How could something so devastating happen so suddenly?

We were forced to leave our neighborhood and relocate temporarily. I had to find a new place to live, figure out new schools for the kids, and navigate the overwhelming task of starting over. The children's sense of normalcy was ripped away from them, and every day felt like a struggle. They missed their friends, their old school, and the comfort of their old routines. I did my best to reassure them, but I could see the pain in their eyes. They were dealing with so much more than just the loss of a home; they were grieving the loss of their childhood as they knew it.

As a mother, I felt an immense weight on my shoulders. I had to keep it together for them, even though inside, I was falling apart. Every day, I wondered how I was going to manage it all—the emotional toll, the financial strain, and the constant uncertainty about what would come next. I wanted to be strong for my children, but there were times when the magnitude of the loss felt too much to bear. I had to find a way to make sense of it all, to show them that while the fire had taken so much from us, it hadn't taken our hope.

In the aftermath, I realized that the loss was more than just physical. It was the emotional and mental toll that lingered long after the fire had been contained. As a mother, I had to deal with not only the rebuilding of our home but also the rebuilding of our lives, our sense of security, and our emotional well-being. It was a long road ahead, but one thing was clear: I would do whatever it took to ensure my children and I could recover and move forward. We were going to rebuild, not just our home, but our strength, our resilience, and our future.

Through it all, I learned how crucial it was to stand up for what we deserved. Not just to rebuild our physical home, but to reclaim the peace of mind that was so violently taken from us. That's when I realized the importance of fighting for fair compensation—because rebuilding our lives wasn't just about restoring our house; it was about restoring our sense of hope, security, and belonging. And as a mother, that was the most important thing I could do for my family.

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