



DEPARTMENT OF  
INSURANCE AND FINANCIAL INSTITUTIONS

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## FIRE READINESS AND YOUR INSURANCE COVERAGE

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Although many places within Arizona are at higher risk for wildfires, everyone should take steps to be prepared for the possibility of a fire that damages or destroys a home.

### Complete three steps to be prepared

#### **STEP ONE: Inventory your contents.**

Making a record of what you have provides two major benefits. First, it could help you estimate the cost of replacing your contents, which you could use to make sure you have enough insurance coverage. Second, it will help you identify missing or destroyed items if you need to file an insurance claim. Keep your inventory records in a safe place outside your home, such as a safe deposit box at a bank, or in a secure online location.

- The National Association of Insurance Commissioners (NAIC) has a free app called, “**MyHome Scr.APP.book**,” available from Google Play and from the Apple App Store, which can help you keep track of your personal property.
- The Insurance Information Institute provides advice that can make creating a home inventory easier (<https://www.iii.org/article/how-create-home-inventory>).

#### **STEP TWO: Understand what your homeowners’ insurance policy covers.**

If you do not have your policy on hand, get a copy from your insurance company or insurance agent. Then, make sure your policy provides enough coverage for your dwelling, contents and additional living expenses.

- **Dwelling Coverage:** This pays to reconstruct your home, from ground up if necessary. It does not include the cost of the land on which your home sits because you will still have that, but it should include the cost to remove a destroyed structure and replace it a home that is similar to what you had prior to the fire.
- **Contents Coverage:** This pays to repair or replace your personal belongings. Your policy may provide contents coverage based on a set percentage of your dwelling coverage, but you can pay for more contents coverage if you think you need it.
  - Check to see if your coverage will pay “actual cash value” or “replacement cost.”  
Actual cash value (ACV) means what an item was worth when it was destroyed

based on its initial cost minus depreciation or loss in value due to its age, condition and wear-and-tear. Replacement cost (RC) means the cost to replace or repair damaged or destroyed property with materials of “like kind and quality”. Claims for damaged or destroyed items will initially be paid based on the ACV of the item. When the item is replaced, a copy of the receipt must be provided to the insurance company to obtain payment of the balance owed. Many policies require the damaged items to be replaced within six (6) months.

- If you have expensive items, such as artwork, jewelry or computers, you can purchase or increase “scheduled” property coverage to make sure you have sufficient coverage for those items.
- **Additional Living Expense (a.k.a. Loss of Use) Coverage.** This pays additional costs you may be resulting from the property damage. For example, if you are not able to live in your home, your policy may cover the costs of lodging and food, boarding your pets, etc.

**Importantly**, insurance policies are often lengthy, detailed documents. Do not hesitate to contact your agent or insurance company representative if you have any questions.

### **STEP THREE: Minimize your fire risk.**

Periodically inspect your home for overloaded power strips, damaged electrical cords or other potential fire hazards. Keep vegetation and combustible materials away from your home. If you are in an area that is at higher risk for wildfire, follow “Avoiding Wildfire Damage” guidelines published by the Federal Emergency Management Agency (<https://www.fema.gov/pdf/hazard/wildfire/wdfrdam.pdf>).

## **Remain organized and keep good records**

If you are the victim of a fire, remaining organized after an event can be difficult, but it is essential so that you can receive the benefits that your insurance coverage provides.

- **Keep all receipts** for living expenses (housing, food, etc.) and for all items that you replace or repair. Insurance companies may require that you submit original receipts. You should either copy, scan or take clear photos of receipts to provide yourself a backup.
- **Take photos** of your property and the damage.
- **Keep records** of all your conversations, emails and letters about your claim with your insurance company and agent. Take notes of conversations, documenting who you talked to, when you talked to them and what you were told. When possible, send an e-mail message to the person with whom you had the conversation to confirm your understanding of what you were told.

- ***Do not throw away or destroy damaged property*** until your insurer inspects the property and tells you in writing/e-mail that you can do so.
- ***Take an inventory of the damaged contents.*** If you have an inventory from before the fire, use it to help identify items that were damaged/destroyed.
- ***When the insurer inspects the damage,*** do a complete walkthrough of your property and point out any issues or concerns you have.
- ***When beginning the repair process,*** get multiple repair estimates from licensed contractors (look up records on the Arizona Registrar of Contractors “Contractor Search” page at <https://roc.az.gov/contractor-search>) with good reputations (look up records on the Better Business Bureau website at <https://www.bbb.org>).
- ***Don’t delay.*** Insurance policies generally have restrictions on how long after a fire you can file claims.

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