

# Guide for Adjusting Property Claims in California After a Major Disaster

## Wildfires



## Earthquake

## Flood

## California Department of Insurance

January 29, 2020



**Guide for Adjusting Property Claims in  
California After a Major Disaster  
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**Disclaimer:**

This Guide is for informational purposes only. The actual terms and methods of evaluating damage caused by an emergency, catastrophe, disaster, or other similar occurrence and related laws prevail over the information provided in this Guide. The information contained in this Guide does not create rights or obligations on the part of the insured, the insurer, the agent, the broker, the licensed adjuster, the employee and the adjuster not licensed in California, or the California Department of Insurance. This Guide is not intended to be a substitute for the actual training of the independent insurance adjuster, employee, or adjuster not licensed in California (California Insurance Code Sections [14022 \(a\)\(2\)](#), [14022.5\(a\)\(3\)](#), [Section 14046 \(a\)\(2\)](#), and [Section 14046\(c\)](#)).

## Introduction

On October 3, 2019, Governor Gavin Newsom signed Senate Bill (SB) 240, authored by Senator Bill Dodd (Chapter 502, Statutes of 2019), the Insurance Adjuster Act, which took effect immediately. SB 240 adds a new California Insurance Code (Cal. Ins. Code) [Section 14046](#). Specifically, Cal. Ins. Code [Section 14046 \(a\)\(1\)](#) requires the California Department of Insurance (CDI) to annually prepare a notice that describes the most significant California laws pertaining to property insurance policies, including those related to a declared state of emergency.

Since at least [2007](#), CDI has distributed notices to insurers, agents/brokers, and adjusters regarding the significant California laws that pertain to residential property insurance policies. These notices can be found on CDI's [Wildfire Resources](#) web page.

In addition, Cal. Ins. Code [Section 14046\(a\)\(2\)](#) requires CDI to prepare and deliver to all licensed independent insurance adjusters a guide that includes information relevant to evaluating damage caused by an emergency, catastrophe, disaster, or other similar occurrence, including wildfire claims in California. To meet this requirement, CDI developed this Guide for Adjusting Property Claims in California After a Major Disaster (Guide).

CDI's Guide also provides links to CDI's new Insurance Adjuster Registration and Certification Online Services ([Adjuster Online Services](#)) for licensed insurance adjusters, adjuster firms, and qualified managers to electronically register their employees. Similarly, in the event of a declared emergency situation by the Insurance Commissioner, licensed insurance adjusters, adjuster firms, and qualified managers can register employees and insurers can register adjusters not licensed in California who are authorized to adjuster claims during the Commissioner declared emergency using CDI's [Adjuster Online Services](#).

Note: The employees and the adjusters not licensed in California's registrations are not valid unless they certify, under penalty of perjury, that they have read and understand CDI's most current [Notice](#) and this Guide. CDI's [Adjuster Online Services](#) also provides an online service for the registered employees and adjusters not licensed in California to electronically submit their certifications. CDI's Guide also provides links to the paper registration and certification forms (Cal Ins. Code Sections [14022.5\(a\)\(3\)](#) and [\(d\)](#)).

## **What Is An Independent Insurance Adjuster, Who Is Required to Hold this License and Who Needs to be Registered?**

An independent insurance adjuster is a person other than a private investigator who, for any consideration whatsoever, engages in the business of making an investigation for the purpose of obtaining information in the course of adjusting or participating in the disposal of any claim in connection with a policy of insurance or engages in soliciting insurance adjustment business (Cal. Ins. Code [Section 14021](#)).

**Independent Insurance Adjuster License Requirements** – A person adjusting or settling property and casualty claims who is not employed exclusively and regularly by one employer in connection with the affairs of the employer only and who is not in an employee-employer relationship with an insurance company, but works on behalf of an insurance company is performing the duties of an independent insurance adjuster and is required to be individually licensed as an independent insurance adjuster (Cal. In. Code [Section 14022\(a\)\(1\)](#)).

Unless meeting the definition of a person exempted from the licensing requirements as stated in Cal. Ins. Code [Section 14022](#), all persons must obtain an independent insurance adjuster license prior to adjusting or participating in the disposal of any claim in connection with a policy of insurance or engaging in soliciting insurance adjustment business. To become a licensed adjuster, review CDI's [Adjuster Licensing Requirements](#).

**Registration of Independent Insurance Adjuster Employees** – The most common exemption to the individual independent insurance adjuster licensing requirements are those individuals who are employed by a qualified licensed independent insurance adjuster or qualified manager (Cal. Ins. Code Sections [14037](#) and [14041](#)). Insurance adjusters and qualified managers are required to report all employees who are authorized to negotiate claims settlements under the independent insurance adjuster license to CDI when applying for an adjuster license and when the license is renewed using one of the following registration services:

- CDI's new Independent Insurance Adjuster Registration and Certification Online Services ([Adjuster Online Services](#))
- Independent Insurance Adjuster List of Employees and Adjusters Not Licensed in California, [CDI-183](#); or,
- Written letter delivered to the California Department of Insurance, Attention Adjuster Unit, 320 Capitol Mall, Sacramento, CA 95814

CDI is to be informed within 30 days of any employee hired or terminated subsequent to the filing of the initial list – this is an on-going and continuing process (Title 10, California Code of Regulations (10 Cal. Code Regs.) [Section 2691.12](#)).

**In the Event of an Emergency Situation Declared by the Insurance Commissioner – Registration** – When the Commissioner declares an emergency situation, insurers, licensed adjusters, and qualified managers must register with CDI all independent insurance adjuster employees and adjusters not licensed in California, who are authorized to negotiate claims settlements on their behalf during the declared emergency (Cal. Ins. Code [Section 14022.5](#)).

“Registration” or “registered” means submitting the names of insurance adjuster employees and adjusters not licensed in California to the Commissioner using one of the registration services listed below no later than 15 calendar days from the date they began claims adjusting activity in California (Cal. Ins. Code Sections [14022.5\(a\)\(2\)](#)).



- CDI’s new Insurance Adjuster Registration and Certification Online Services ([Adjuster Online Services](#))  
**Note:** This [Adjuster Online Service](#) will be available at the time the Insurance Commissioner declares an emergency situation in California.
- Independent Insurance Adjuster List of Employees and Adjusters Not Licensed in California, [CDI-183](#); or,
- Written letter delivered to the California Department of Insurance, Attention Adjuster Unit, 320 Capitol Mall, Sacramento, CA 95814.

Registration for claims adjusting activities arising out of an emergency is valid for a period of 180 days from the date of the registration of the employee or adjuster not licensed in California. Before the lapse of that period, CDI may deem a 180-day extension is appropriate if a request by a supervising licensed adjuster or admitted insurer is received (Cal. Ins. Code [Section 14022.5\(c\)](#)).

**Important Note:** For the registration to be valid for independent insurance adjuster employees and adjusters not licensed in California who are authorized to negotiate claims settlements when the Commissioner declares an emergency situation, the adjuster employee and adjuster not licensed in California must complete the required certification as stated below (Cal. Ins. Code [Section 14022.5\(d\)](#)).

**Required Certification** – Independent insurance adjuster employees and adjusters not licensed in California are required to submit to CDI a certification, under penalty of perjury, that they have read and understand CDI’s most recent [Notice](#) and this Guide for adjusting property claims in California **or their registrations are invalid**. The following are two methods for employees and adjusters not licensed in California to submit their completed certifications:

- 1) [Adjuster Online Services](#) – At the time the names of the independent insurance adjuster employees and adjusters not licensed in California are submitted to CDI, the [Adjuster Online Services](#) will create an email that provides instructions on how the employee or the adjuster not licensed in California can electronically certify, under penalty of perjury, that they have read and understand CDI's [Notice](#) and this Guide. The insurer, licensed adjuster, or qualified manager will need to insert the employee's or adjuster not licensed in California's email address to send the instructions.

**Note:** This [Adjuster Online Service](#) will be available at the time the Insurance Commissioner declares an emergency situation in California.

- 2) Certification - Adjusters Not Licensed in California, Declared Emergency Situation by the Commissioner, CDI-184 – Independent Insurance adjusters, qualified managers, and insurers who submit a completed Independent Insurance Adjuster List of Employees and Adjusters Not Licensed in California, [CDI-183](#), or submit a written letter, are required to provide their employees and adjusters not licensed in California with copies or links to CDI's [Notice](#), CDI's Guide, and a copy of CDI's Certification – Adjusters Not Licensed in California, Declared Emergency Situation by the Commissioner, CDI-184. CDI-184 can be submitted to CDI by email, fax, or U.S. mail using the delivery information provided on the form (Cal. Ins. Code [Section 14022.5\(a\)\(3\)](#)).

**Note:** The Certification - Adjusters Not Licensed in California, Declared Emergency Situation by the Commissioner, CDI-184, will be available at the time the Insurance Commissioner declares an emergency situation in California.

The work performed by independent insurance adjuster employees and adjusters not licensed in California must be under the active direction, control, charge, or management of a licensed adjuster, qualified manager, or insurer authorized to do business in California (Cal. Ins. Code Sections [14022.5\(a\)\(1\)](#) and [14029\(a\)](#)).

## Required Independent Insurance Adjuster Training

Licensed independent insurance adjusters are required to complete a minimum of 24 hours of continuing education hours each two-year license term, of which 3 hours are to be in ethics. The continuing education courses pertain to topics such as homeowners, dwelling, commercial insurance coverages, the Adjuster Act, adjusting losses, Fair Claims Settlement Practices, and the duties and responsibilities of an independent insurance adjuster license. Licensed independent insurance adjusters can use CDI's [Education Provider and Course Search](#) to locate the required courses to complete their continuing education requirement (Cal. Ins. Code [Section 14090.1](#)).

**CDI's Annual Notice and Guide for Adjusting Property Claims in California After a Major Disaster** – In January each year, CDI's [Notice](#) and Guide will be distributed to licensed independent insurance adjusters, qualified managers, and insurers admitted in the state of California. This is in addition to the required Cal. Ins. Code Sections 790 through 790.15, [Fair Claims Settlement Practices Regulations](#), and 10 Cal. Code Regs. [Sections 2695.1 - 2696.14](#) training for all claims adjusters. The training and certification are to be completed by all claims adjusters on or before September 1 of each calendar year (Title 10, Cal. Code Regs. [Section 2695.6](#)).

**Important Note:** After a public official declares a state of emergency, as defined in California Government Code [Section 8558](#), licensed adjusters and qualified managers are to require the employees under their supervision to read and understand CDI's most recent [Notice](#) and this Guide no later than 15 calendar days from the date on which the employee began claims adjusting activity in California (Cal. Ins. Code [Section 14022\(a\)\(2\)](#)).



## **Information Relevant to Evaluating Damage Caused by an Emergency, Catastrophe, Disaster, or Other Similar Occurrence**

CDI's [Notice](#) emphasizes that all claims adjusters, whether California licensed or not, who are assigned to adjust claims in California must be properly trained on all laws relating to property and casualty insurance claims handling and the California Unfair Practices Act, [Fair Claims Settlement Practices Regulations](#). Some insurance laws are specifically triggered by a declared disaster and impact how claims are paid and the various timeframes for payment of claims that supersede policy provisions to the contrary.

The following California Insurance Codes and [Fair Claims Settlement Practices Regulations](#) sections pertain to property and casualty insurance claims handling.

**Provide Claimant Copy of CDI's Notice** – For a claim under a policy of residential property insurance arising as a result of a declared state of emergency, as defined in Government Code [Section 8558](#), or other emergency declared by a public official, insurers are required to provide the insured with a copy of the most recent CDI notice no later than 15 calendar days from the date on which the insurer received notice of the claim (Cal. Ins. Code [Section 14046\(b\)](#)).

**Copy of Complete Policy After a Loss** - After a covered loss under a policy covered by Cal. Ins. Code [Section 2071](#), an insurer shall provide to the insured, free of charge, a complete, current copy of his or her policy within 30 calendar days of receipt of a request from the insured. The policy must include the full insurance policy, any endorsements, and the declarations page (Cal. Ins. Code [Section 2084](#)).

**Additional Living Expenses - Time Limit to Collect Additional Living Expenses** – In the event of a covered loss relating to a state of emergency, coverage for additional living expenses (or loss of use) shall be for at least 24 months from the inception of the loss, but shall be subject to other policy provisions. An insurer shall grant an extension of up to 12 additional months, for a total of 36 months, if an insured acting in good faith and with reasonable diligence encounters a delay or delays in the reconstruction process that are the result of circumstances beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work. Additional extensions of six months shall be provided to policyholders for good cause ([Cal. Ins. Code Section 2051.5\(b\)\(2\)](#)).

**Policy Provisions and Benefits** – Insurers are required to provide complete disclosure of all benefits, coverage, time limits, or other provisions of the insurance policy issued to the insured or beneficiary. Adjusters must immediately communicate with and assist the insured in determining the extent of the insurer's additional liability when additional benefits might reasonably be payable under an insured's policy upon receipt of additional proofs of claim.

The insurer cannot:

- deny a claim on the basis of the claimant's failure to exhibit property, unless there is documentation in the file (1) of reasonable demand by the insurer, and unfounded refusal by the claimant, to exhibit property, or (2) of the breach of any policy provision providing for the exhibition of property (10 Cal. Code Regs. [Section 2695.4\(c\)](#));
- require the policy claimant to sign a release that falls outside the purpose the loss claim was originally filed for as defined in 10 Cal. Code Regs. [Section 2695.4\(e\)\(1\)](#);
- issue compensation or a partial settlement of a loss claim unless a compromise settlement has been agreed to by the insurer and policy claimant in writing as defined in 10 Cal. Code Regs. [Section 2695.4\(f\)](#);
- require a duplicate proof of claim submission from the claimant as defined in 10 Cal. Code Regs. [Section 2695.4 \(g\)](#).

### **Duties Upon Receipt of Communications**

- **Initial Contact** – Upon receiving notice of claim, every licensee or claims agent shall immediately transmit notice of claim to the insurer. Within 15 calendar days of receiving notice of a claim, the insurer must acknowledge receipt of the notice to the claimant unless payment is made within that time. If the acknowledgement is not in writing, a notation of acknowledgement shall be made in the insurer's claim file and dated. The insurer must provide the necessary forms, instructions, and reasonable assistance, including but not limited to, specifying the information the claimant must provide for proof of claim and must begin any necessary investigation of the claim (10 Cal. Code Regs. [Section 2695.5\(d\) and \(e\)](#)).
- **Response to Claimant Communications** – Within 15 calendar days of receiving communication from a claimant that reasonably suggests a response is expected, the adjuster must respond to the claimant with a complete response of the facts known by the claim adjuster (10 Cal. Code Regs. [Section 2695.5\(b\)](#)).
- **Response Timelines and Written Communication**  
**Acceptance or Denial of Claim** – 10 Cal. Code Regs. Section 2695.7(b) states the following:

Upon receiving proof of claim, every insurer, except as specified in 10 Cal. Code Regs. [Section 2695.7\(b\)\(4\)](#) below, shall immediately, but in no event more than forty (40) calendar days later, accept or deny the claim, in whole or in part. The amounts accepted or denied shall be clearly documented in the claim file unless the claim has been denied in its entirety. Specifically,

(1) Where an insurer denies or rejects a first party claim, in whole or in part, it shall do so in writing and shall provide to the claimant a statement listing all bases for such rejection or denial and the factual and legal bases for each reason given for such rejection or denial which is then within the insurer's

knowledge. Where an insurer's denial of a first party claim, in whole or in part, is based on a specific statute, applicable law or policy provision, condition or exclusion, the written denial shall include reference thereto and provide an explanation of the application of the statute, applicable law or provision, condition or exclusion to the claim. Every insurer that denies or rejects a third-party claim, in whole or in part, or disputes liability or damages shall do so in writing.

(2) Subject to the provisions of 10 Cal. Code Regs. [Section 2695.7\(k\)](#), nothing contained in 10 Cal. Code Regs. [Section 2695.7\(b\)\(1\)](#) shall require an insurer to disclose any information that could reasonably be expected to alert a claimant to the fact that the subject claim is being investigated as a suspected fraudulent claim.

(3) Written notification pursuant to this subsection shall include a statement that, if the claimant believes all or part of the claim has been wrongfully denied or rejected, he or she may have the matter reviewed by the California Department of Insurance, and shall include the address and telephone number of the unit of the Department which reviews claims practices.

(4) The time frame in 10 Cal. Code Regs. [Section 2695.7\(b\)](#) shall not apply to claims arising from policies of disability insurance subject to Cal. Ins. Code [Section 10123.13](#), disability income insurance subject to Cal. Ins. Code [Section 10111.2](#) or mortgage guaranty insurance subject to Cal. Ins. Code [Section 12640.09\(a\)](#) and shall not apply to automobile repair bills arising from policies of automobile collision and comprehensive insurance subject to Cal. Ins. Code [Section 560](#). All other provisions of 10 Cal. Code Regs. [Sections 2695.7\(b\)\(1\), \(2\), and \(3\)](#) are applicable.

Within 40 days of receiving proof of claim, the insurer is required to accept or deny the claim in writing, in whole or in part. If the insurer needs additional time, the insurer must provide the insured a written notice that specifies any additional information the adjuster requires in order to make a determination. Every 30 days, an updated extension notice must be provided to the insured until a final determination is made or notice of legal action is served (10 Cal. Code Regs. [Section 2695.7\(c\)](#)).

**Rebuilding in Current Location or Rebuilding or Replacing in a New Location –** Homeowners may use their replacement cost insurance coverage to (1) rebuild at the current location, (2) rebuild at a new location, or (3) purchase an already built home at a new location (Cal. Ins. Code [Section 2051.5\(c\)](#)).

Replacement cost coverage shall include payment of the building code upgrade coverage, even if the insured does not incur building code upgrade costs if the insured chooses to purchase an already built property in another location. However, the payment shall not exceed the replacement cost, including the building code upgrade cost, and any extended replacement cost coverage, if applicable, that would have been incurred to repair, rebuild, or replace the insured structure at its original location (Cal. Ins. Code [Section 2051.5 \(c\)](#)).

**Replacement Cost** – Fire and extended coverage type policies with replacement cost coverage are entitled not only to repair and replacement of damaged property, but also to repair of any damage incurred in making such repairs or replacements. When items or parts are replaced, such items or parts should be of the same quality as those they are replacing. Specifically, 10 Cal. Code Regs. [Section 2695.9\(a\)](#) states the following:

(a) When a residential or commercial property insurance policy provides for the adjustment and settlement of first party losses based on replacement cost, the following standards apply:

(1) When a loss requires repair or replacement of an item or part, any consequential physical damage incurred in making the repair or replacement not otherwise excluded by the policy shall be included in the loss. The insured shall not have to pay for depreciation nor any other cost except for the applicable deductible.

(2) When a loss requires replacement of items and the replaced items do not match in quality, color, or size, the insurer shall replace all items in the damaged area so as to conform to a reasonably uniform appearance.

**Ability to Combine Coverages** – In the event of a claim relating to a state of emergency, an insured under a residential property insurance policy shall be permitted to combine payments for claims for losses up to the policy limits for the primary dwelling and other structures, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient (Cal. Ins. Code [Section 10103.7](#)).

**Estimate Reconciliation** – If losses are settled on the basis of a written scope and/or estimate provided by or for the insurer, the insurer must provide the claimant with a copy of the written scope and or prepared estimate of the settlement. The prepared estimate shall provide the claimant with an amount that will restore the damaged property to no less than its prior condition before the loss that meets trade standards of good and workmanlike construction.

Reasonable steps must be taken to verify the repair and rebuilding costs utilized by the insurer are accurate and representative of costs in the local market area. If the claimant is able to provide a written estimate that necessary repairs will exceed the written estimate prepared by the insurer, the insurer must 1) pay the difference between its written estimate and a higher estimate obtained by the claimant, 2) promptly provide the claimant with the name of at least one repair individual or entity that will make the repairs for the amount of the written estimate, or 3) adjust any written estimates prepared by the repair individual or entity of the insured's choice and provide a copy of the adjusted estimate to the claimant. Specifically, 10 Cal. Code Regs. [Section 2695.9\(d\)](#) states the following:

(d) If losses are settled on the basis of a written scope and/or estimate prepared by or for the insurer, the insurer shall supply the claimant with a copy of each document upon which the settlement is based. The estimate prepared by or for the insurer shall be in accordance with applicable policy provisions, of an amount which will

restore the damaged property to no less than its condition prior to the loss and which will allow for repairs to be made in a manner which meets accepted trade standards for good and workmanlike construction. The insurer shall take reasonable steps to verify that the repair or rebuilding costs utilized by the insurer or its claims agents are accurate and representative of costs in the local market area. If the claimant subsequently contends, based upon a written estimate which he or she obtains, that necessary repairs will exceed the written estimate prepared by or for the insurer, the insurer shall:

(1) pay the difference between its written estimate and a higher estimate obtained by the claimant; or,

(2) if requested by the claimant, promptly provide the claimant with the name of at least one repair individual or entity that will make the repairs for the amount of the written estimate. The insurer shall cause the damaged property to be restored to no less than its condition prior to the loss and which will allow for repairs in a manner which meets accepted trade standards for good and workmanlike construction at no additional cost to the claimant other than as stated in the policy or as otherwise allowed by these regulations; or,

(3) reasonably adjust any written estimates prepared by the repair individual or entity of the insured's choice and provide a copy of the adjusted estimate to the claimant.

**Time Limit to Collect Full Replacement Costs** – An insured will have no less than 12 months (from the date that the first payment toward the actual cash value is made) to collect the full replacement cost of the loss, subject to the policy limit. Additional extensions of six months shall be provided to policyholders for good cause. In the event of a loss relating to a “state of emergency,” as defined in Government Code [Section 8558](#), an insured will have no less than 36 months (from the date that the first payment toward the actual cash value is made) in order to collect the full replacement cost of the loss, subject to the policy limit. Specifically, Cal. Ins. Code [Sections 2051.5 \(a\), \(b\), and \(c\)](#) state the following:

(a)(1) Under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity is the amount that it would cost the insured to repair, rebuild, or replace the thing lost or injured, without a deduction for physical depreciation, or the policy limit, whichever is less.

(2) If the policy requires the insured to repair, rebuild, or replace the damaged property in order to collect the full replacement cost, the insurer shall pay the actual cash value of the damaged property, as defined in Ca. Ins. Code [Section 2051](#), until the damaged property is repaired, rebuilt, or replaced. Once the property is repaired, rebuilt, or replaced, the insurer shall pay the difference between the actual cash value payment made and the full replacement cost reasonably paid to replace the damaged property up to the limits stated in the policy.

(b)(1)(A)(i) A time limit of less than 12 months from the date that the first payment toward the actual cash value is made shall not be placed upon an insured in order to collect the full replacement cost of the loss, subject to the policy limit.

(ii) In the event of a loss relating to a “state of emergency,” as defined in Government Code [Section 8558](#), a time limit of less than 36 months from the date that the first payment toward the actual cash value is made shall not be placed upon the insured in order to collect the full replacement cost of the loss, subject to the policy limit.

(iii) This section does not prohibit an insurer from allowing the insured additional time to collect the full replacement cost.

(B) An insurer shall provide to a policyholder one or more additional extensions of six months for good cause pursuant to clause (i) or (ii) of subparagraph (A) if the insured, acting in good faith and with reasonable diligence, encounters a delay or delays in approval for, or reconstruction of, the home or residence that are beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, the lack of necessary construction materials, or the unavailability of contractors to perform the necessary work.

(2) In the event of a covered loss relating to a state of emergency, as defined in Government Code [Section 8558](#), coverage for additional living expenses shall be for a period of no less than 24 months from the inception of the loss, but shall be subject to other policy provisions. An insurer shall grant an extension of up to 12 additional months, for a total of 36 months, if an insured acting in good faith and with reasonable diligence encounters a delay or delays in the reconstruction process that are the result of circumstances beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work. Additional extensions of six months shall be provided to policyholders for good cause.

(c) In the event of a total loss of the insured structure, a policy issued or delivered in this state shall not contain a provision that limits or denies, on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location, payment of the building code upgrade cost or the replacement cost, including any extended replacement cost coverage, to the extent those costs are otherwise covered by the terms of the policy or any policy endorsement. However, the measure of indemnity shall not exceed the replacement cost, including the building code upgrade cost and any extended replacement cost coverage, if applicable, to repair, rebuild, or replace the insured structure at its original location.

**Investigation** – The insurer shall conduct and diligently pursue a thorough, fair, and objective investigation and cannot persist in seeking information not reasonably required for or material irrelevant to the resolution of a claim dispute (10 Cal. Code Regs.

**Changing Claims Adjusters - Primary Point of Contact** – If, within a six-month period, the company assigns a third or subsequent adjuster to be primarily responsible for a claim, the insurer shall provide the insured with a written status report. The written status report must include a summary of any decisions or actions that are substantially related to the disposition of a claim, including, but not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents and all items of dispute (Cal. Ins. Code [Section 2071](#)).

Note: In addition to the above, Cal. Ins. Code [Section 14047](#) requires for a claim arising from a state of emergency, if, within a six-month period, an insurer assigns a third or subsequent first-party real or personal property claims adjuster, the insurer shall establish a primary point of contact for the insured and provide the insured one or more direct means of communication with the primary point of contact (Cal. Ins. Code [Section 2071](#)).

Specifically, the primary point of contact shall be available to respond to inquiries by the insured related to the residential property insurance claim. Other claims personnel, vendors, or professionals, including clerical staff members and call center staff members, may work on portions of the insured's claim. Once assigned, the primary point of contact shall remain assigned to the insured's claim until the insurer determines that the residential property claim is closed or litigation has been filed.

The insurer is required to ensure the primary point of contact refers and transfers an insured to the appropriate supervisor with a span of control over the primary point of contact upon the request of the insured. This process shall be satisfied by a referral to a first-tier or second-tier manager with authority over claim handling (Cal. Ins. Code [Section 14047](#)).

**Appraisal** – In the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either the insured or the insurance company but shall not be compelled (Cal. Ins. Code [Section 2071](#)).

Once the appraisal provision under an insurance policy is invoked, the appraisal process shall not include any legal proceeding or procedure not specified under Cal. Ins. Code [Section 2071](#). Nothing herein is intended to preclude separate legal proceedings on issues unrelated to the appraisal process (10 Cal. Code Regs. [Section 2695.9\(e\)](#)).

**Suits** – No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within 12 months next after inception of the loss. If the loss is related to a state of emergency, the time limit to bring suit is extended to 24 months after inception of the loss (Cal. Ins. Code [Section 2071](#)).

## **Betterment, Depreciation, Salvage**

When the amount claimed is adjusted because of betterment, depreciation, or salvage, all justification for the adjustment shall be contained in the claim file. Any dollar amount adjustments shall accurately reflect the value of the betterment, depreciation, or salvage. Any adjustments for betterment or depreciation must reflect a measurable difference in market value attributable to the condition and age of the property and apply only to property normally subject to repair and replacement during the useful life of the property. The basis for any adjustment must be fully explained to the claimant in writing.

Under a policy, subject to Cal. Ins. Code [Section 2071](#), where the insurer is required to pay the expense of repairing, rebuilding, or replacing the property destroyed or damaged with other of like kind and quality, the measure of recovery is determined by the actual cash value of the damaged or destroyed property, as set forth in Cal. Ins. Code [Section 2051](#). Labor expenses to repair, rebuild, or replace insured property is not a component of physical depreciation and is not subject to depreciation or betterment. Specifically, 10 Cal. Code Regs. [Section 2695.9\(f\)](#) states the following:

(f) When the amount claimed is adjusted because of betterment, depreciation, or salvage, all justification for the adjustment shall be contained in the claim file. Any adjustments shall be discernable, measurable, itemized, and specified as to dollar amount, and shall accurately reflect the value of the betterment, depreciation, or salvage. Any adjustments for betterment or depreciation shall reflect a measurable difference in market value attributable to the condition and age of the property and apply only to property normally subject to repair and replacement during the useful life of the property. The basis for any adjustment shall be fully explained to the claimant in writing.

(1) Under a policy, subject to Cal. Ins. Code [Section 2071](#), where the insurer is required to pay the expense of repairing, rebuilding or replacing the property destroyed or damaged with other of like kind and quality, the measure of recovery is determined by the actual cash value of the damaged or destroyed property, as set forth in Cal. Ins. Code [Section 2051](#). Except for the intrinsic labor costs that are included in the cost of manufactured materials or goods, the expense of labor necessary to repair, rebuild or replace covered property is not a component of physical depreciation and shall not be subject to depreciation or betterment.

## **Prohibited Conduct**

- **No Attempts to Settle Unreasonably Low** – Insurer shall not attempt to settle a claim by making a settlement offer that is unreasonably low. CDI will consider the evidence offered to determine whether or not the settlement offer is unreasonably low (10 Cal. Code Regs. [Section 2695.7\(g\)](#)).
- **Claims Settlement Practices** – Discrimination by insurers in their claims settlement practices is strictly prohibited. Claims must be accepted or denied, in whole or in part, on a timely basis and denials must be made in writing (10 Cal. Code Regs.



- **Referrals** – Insurers cannot recommend or suggest a building contractor unless the insured was informed in writing of the right to select a repair individual or entity and expressly requests or agrees to use the individual or entity building contractor. The insurer shall restore the damaged property to no less than its condition prior to the loss and repaired in a manner that meets acceptable trade standards for good and workmanlike construction at no additional cost to the claimant other than as stated in the policy or allowed by regulations (10 Cal. Code Regs. [Sections 2695.9\(b\) and \(c\)](#)).
- **Settlements** – The insurer is not to delay or deny settlement of an insured’s claim on the basis that responsibility for payment should be assumed by other persons, except provided by the insurance policy provisions, California statutes, or regulations, including those pertaining to coordination of benefits (10 Cal. Code Regs. [Section 2695.7 \(e\)](#)).
- **Claimant’s Rights** – An insurer shall not inform a claimant that the claimant’s rights may be impaired if a form or release is not completed within a specified time period unless the information is given for the purpose of notifying the claimant of any applicable statute of limitations or policy provision or the time limitation within which claims are required to be brought against state or local entities (10 Cal. Code Regs. [Section 2695.7\(i\)](#)).
- **Polygraph Examination** – Insurers cannot request or require an insured to submit to a polygraph examination unless authorized under the applicable insurance contract and state law (10 Cal. Code Regs. [Section 2695.7\(j\)](#)).
- **Documented Telephone Conversation** – Insurers shall not deny a claim based upon information obtained in a telephone conversation or personal interview with any source unless the telephone conversation or personal interview is documented in the claim file pursuant to the provisions of Cal. Code Regs. [Section 2695.3](#) (10 Cal. Code Regs. [Section 2695.7\(l\)](#)).
- **Complaints** – The insurer cannot require that an insured withdraw, rescind, or refrain from submitting any complaint to CDI regarding the handling of a claim or any other matter complained of as a condition to settlement the insurance claim (10 Cal. Code Regs. [Section 2695.7 \(o\)](#)).

**Statute of Limitation** – Except where a claim has been settled by payment, every insurer shall provide written notice of any statute of limitation or other time period requirement upon which the insurer may rely to deny a claim. Such notice shall be given to the claimant not less than sixty (60) days prior to the expiration date; except, if notice of claim is first received by the insurer within that sixty days, then notice of the expiration date must be given to the claimant immediately. With respect to a first party claimant in a matter involving an uninsured motorist, this notice shall be given at least thirty (30) days prior to the expiration date; except, if notice of claim is first received by the insurer within that thirty days, then notice of the expiration date must be given to the claimant immediately. This subsection shall not apply to a claimant represented by counsel on the claim matter (10 Cal. Code Regs. [Section 2695.7\(f\)](#)).

**Prompt Payment** – Within 30 days of accepting a claim in whole or in part and, when necessary, upon receipt of a properly executed release, an insurer is to issue payment in the amount that has been accepted by the insurer or otherwise take action to perform its claim obligation (10 Cal. Code Regs. [Section 2695.7\(h\)](#)).

## California Department of Insurance Enforcement

CDI is authorized to take a range of enforcement actions against a licensee or an adjuster not licensed in California for the misconduct of the adjusters not licensed in California.

Specifically, Cal. Ins. Code [Section 14064.5](#) states, in part, the Insurance Commissioner may, at any time deny, suspend, or revoke an adjuster not licensed in California's registration in the event of an emergency situation as declared by the Commissioner where claims arising out of the emergency, catastrophe, disaster, or other similar occurrence are adjusted by an adjuster not licensed in California or impose a restricted registration, in the same manner and on the same grounds as the Commissioner may for a license as set forth in Cal. Ins. Code Sections [14026.5](#) to [14028.5](#), inclusive.

In addition, the Commissioner may deny, suspend, revoke, or restrict an adjusting firm's license if an adjuster not licensed in California registered by the firm pursuant to Cal. Ins. Code Section [14022.5](#) commits an act that would give rise to suspension, revocation, or restriction of the firm's license under Cal. Ins. Code [Sections 14038](#), [14039](#), or [14061](#) to [14064](#), inclusive.

Similarly, Cal. Ins. Code [Section 14065](#) states, in part, that the Commissioner, in lieu of suspending or revoking a license issued under this chapter for violations of Cal. Ins. Code [Sections 14061](#), [14063](#), [14064](#), and [14064.5](#), may impose a civil penalty not to exceed five hundred dollars (\$500) upon a licensee, if the Commissioner determines that a penalty better serves the purposes of this law.

**Additional Training  
Insurance Adjuster Training for Evaluating  
Earthquake Damage  
California Insurance Code Section 10089.3  
Title 10, California Code of Regulations  
Sections 2695.40 – 2695.45**

As stated in Title 10 California Code of Regulations (10 Cal. Code Regs.) [Section 2695.42](#), insurers are required to provide training regarding the handling of earthquake

claims to insurance adjusters who evaluate earthquake claims for or on behalf of the insurer. The insurer may provide the training directly or have the training provided by another entity. In addition, the insurer is required to ensure that the course of instruction meets all requirements set forth in this Section. An adjuster trained and accredited by one insurer is deemed accredited in order to adjust claims for a different insurer unless such insurer includes additional requirements. The content of the training required shall include the following topics:



(a) The California Fair Claims Settlement Practices Regulations: 10 Cal. Code Regs. [Sections 2695.1 - 2696.14](#), inclusive. Demonstration of compliance with the annual training and certification requirements of 10 Cal. Code Regs. [Section 2695.6](#) shall satisfy an insurance adjuster's training requirements prescribed by this subsection.

(b) Determination of Scope of Loss: Adjusters shall be trained how to conduct a thorough examination of the property to be inspected, including, but not limited to: attics, crawlspaces, roofs, chimneys, foundations, and structural areas. The adjuster shall be trained how to make a complete listing of all recent earthquake damage. Training shall include building code upgrade issues and procedures to be followed if additional hidden earthquake damage is found after repair of earthquake damage has begun.

(c) Loss Estimation Techniques: Adjusters shall be trained how to create or obtain an accurate estimate of all covered earthquake damage. The adjuster shall be trained regarding the appropriate level of detail to be contained in the estimate and the documentation necessary to support the estimate. Adjusters shall be trained to reevaluate the estimate if the actual costs of repair differ from the costs listed on the original estimate.

(d) Determination of Necessity for Engineer or Expert: Adjusters shall be trained how to evaluate visible damage and indicia of hidden damage to determine when to consult with an engineer or other expert.

(e) California Department of Insurance Earthquake Mediation Program: Adjusters shall receive training regarding the Earthquake Claims Mediation Program of the California Department of Insurance set forth at Cal. Ins. Code [Section 10089.70](#) and 10 Cal. Code Regs. [Sections 2696.1 through 2696.10](#).

(f) Assessment of Damage to Concrete Surfaces and Foundations: Adjusters shall be trained on the basic techniques used to determine the difference between preexisting cracks in the concrete of structures and new cracks caused by an earthquake. Complete training pursuant to this subsection shall include methodology for determining when repair or replacement of the concrete is appropriate and proper methods for concrete repair including, but not limited to, injected epoxy methods.

(g) Subsequently Discovered Earthquake Damage: Adjusters shall be trained on the basic requirements of current law regarding the obligation of the insurer to investigate any earthquake damage that is discovered or reported and when it may be appropriate to seek legal counsel to assist in making this determination.

(h) Programs Designed to Assist Earthquake Victims: Adjusters shall be trained regarding the existence of United States Small Business Administration and Federal Emergency Management Agency or other similar programs intended to assist earthquake victims. Training pursuant to this subsection shall include an overview of these programs and deadlines, and how these programs and deadlines interact with the underlying earthquake insurance claim.

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For more information, please review the following California Earthquake Authority web link: <https://www.earthquakeauthority.com/Insurance-Professionals/For-Adjusters>

## Additional Training Flood Training National Flood Insurance Program

The Federal Emergency Management Agency (FEMA) requires all independent insurance adjusters who adjust flood losses for the National Flood Insurance Program (NFIP) to be NFIP flood certified. The following are FEMA's adjustment standards and requirements that clarify NFIP expectations of flood adjusters ([NFIP Adjuster Claims Manual](#)).

**Authority of the Adjuster** – The NFIP expects every adjuster handling NFIP flood losses to understand and to communicate to the policyholders that the adjuster does not have the authority to deny a claim or to commit the NFIP or the Write Your Own (WYO) Company to pay a claim and that all adjustments are recommendations only, subject to review by the NFIP Servicing Agent or the WYO Company.

**Knowledge of the Program** – The NFIP expects every adjuster handling flood losses to be thoroughly familiar with the provisions of the Standard Flood Insurance Policy (SFIP). The adjusters should also know coverage interpretations issued by FEMA, and explained during the NFIP Claims Presentations. All claims are adjusted in compliance with these provisions.

**Professionalism** – Because the adjuster represents the NFIP to the policyholder and public, the NFIP expects that every adjuster will conduct themselves in accordance with the highest standards of integrity and ethics and be courteous and professional in all dealings with policyholders.



### **Specific Standards and Requirements**

**a. Adjuster Preliminary Damage Assessment.** The adjuster completes the Adjuster Preliminary Damage Assessment form (PDA) on building claims that meet the criteria for substantial damage. After the adjuster conducts the inspection of the risk, the form must be completed and submitted to the NFIP Bureau and Statistical Agent by fax at (301) 577-2421, e-mail [iservice\\_claims@ostglobal.com](mailto:iservice_claims@ostglobal.com), or by mail to P.O. Box 310, Lanham, MD 20706 (refer to FEMA Bulletin W-09077, issued November 20, 2009).

**b. Building Replacement Cost (RC) Special Loss Settlement, and Actual Cash Value (ACV).** The adjuster prepares accurate calculations of the insured building's replacement cost and actual cash value and properly conclude the claim on an RC or ACV basis as applicable.

**c. Contents Claim Adjustment.** The NFIP requires the adjuster to assist the insured when necessary with the preparation of the contents claim, to verify that all contents included in the adjustment are covered under the SFIP, and to determine or verify accurate local replacement costs and reasonable physical depreciation. Applicable depreciation should be shown separately for each item.

**d. Special Limits.** The special limitations on some contents (jewelry, furs, contents used in business, etc.) should be properly applied. Appropriate documentation supporting the claim value should accompany the worksheets.

**e. Loss Avoidance Measures.** Claims for removal of insured property due to the imminent danger of flooding must be documented and verified in order to be covered under the SFIP. Only the value of work performed by the insured and a member of the household is covered.

**f. Final Report.** The NFIP Final Report is required on all NFIP Direct and WYO losses. The adjuster should not close his or her file until all items on the Final Report are completed.

**g. Identification of Building Equipment and Major Appliances.** The NFIP requires the adjuster to provide identifying information (manufacturer, model, and serial number, and whenever possible, capacity, etc.) on major building equipment such as furnaces, central air conditioning units, and major appliances such as refrigerators, washers, dryers, televisions, etc.

**h. Identification of Minor Appliances.** The adjuster should provide identifying information on certain items for claims control and validation purposes.

**i. Inspection.** The adjuster is required to inspect the property within 48 hours of receiving the loss assignment. This is also time to complete the Adjuster Preliminary Damage Assessment Form. The Adjuster Preliminary Damage Assessment form must be completed and submitted to the NFIP Bureau and Statistical Agent by fax at (301) 577- 3421, e-mail [iservice\\_claims@ostglobal.com](mailto:iservice_claims@ostglobal.com), or by mail to P.O. Box 310, Lanham, MD 20706 (refer to FEMA Bulletin W-09077, issued November 20, 2009). The initial inspection will include preparation of a preliminary scope of damages. The adjuster assigned to the loss must inspect it personally and should not take a contractor along to inspect or scope the loss. If it is not possible for the adjuster to inspect the loss within the required time frame, the adjuster must explain why in the NFIP Preliminary Report and advise when the loss will be inspected. Visits to the insured risk without an appointment should be avoided.

**j. Insured's Copy.** When the claim has been concluded, the adjuster furnishes the insured with a copy of all building and contents worksheets and proof(s) of loss.

**k. Manufactured (Mobile) Home/Travel Trailer Worksheet.** The adjuster should complete a Manufactured (Mobile) Home/Travel Trailer Worksheet for every manufactured (mobile) home/travel trailer loss.

**I. Narrative Report.** One or more NFIP Narrative Reports may be submitted for any flood claim in which the circumstances are unusual, suspect, or especially complicated, and additional explanation is appropriate. Only facts should be included in reports. Opinions or accusations have no place in reports.

**m. Origin of Loss Verified.** The adjuster verifies that the reported claim was caused by direct physical loss by or from flood as defined in the SFIP.

**n. Partial (Advance) Payments.** FEMA encourages advance payments to the insured and the adjuster should advise the insured of the availability of a partial (advance) payment. If the insured requests a partial payment, the adjuster must prepare documentation necessary to support the recommendation to the insurer of the amount of payment requested, including an NFIP Proof of Loss form or advance payment receipt. The range of partial payment amounts will be approved by the WYO Companies or the NFIP Servicing Agent. The partial payment should not be for more than 50 percent of the anticipated total claim payment and preferably should be made against the contents claim. If paid under the building coverage, the mortgagee(s) must be included on the claim check.

**o. Preliminary Report Complete.** The NFIP Preliminary Report is required on all flood losses; however, adjusters who handle losses for WYO Companies may use the company's preliminary form or comparable form provided by the company. The Preliminary Report is due to the company within 15 days after the claim has been assigned to the adjuster and the adjuster should complete all items in the Preliminary Report. Information unknown at the time the Preliminary Report is submitted must be supplied in a later report. An estimated reserve amount (the dollar value of future payments) should be provided to the insurer. If there are changes in the value of future payments during the adjustment of the claim the adjuster should notify the insurer. The depth of flood water and its duration in the insured building are important and the duration should be verified by a local official when possible or when in the adjuster's judgment it seems necessary.

**p. Prior Losses Checked.** The adjuster should verify that damages from any prior loss have been repaired before the subject loss occurred, and must exclude from the adjustment any unrepaired prior damages. The adjuster is expected to review to the extent necessary, using judgment, experience, and investigative skills to determine if prior damage(s) have been repaired. In those instances, where prior loss history is warranted, the WYO Company representative should contact the NFIP Bureau and Statistical Agent to determine the prior losses history on claims if the previous losses were insured through a different carrier.

**q. Progress Notes in the File.** The adjuster's file should contain adequate notes about the progress of the claim and the scope of damages, calculations of replacement cost and actual cash value, and a diagram of the insured building with measurements. The adjuster will make his or her notes available to the NFIP General Adjuster(s) during the re-inspection process.

**r. Prompt Contact.** The adjuster initiates contact with the insured or agent by the end of the business day after receiving the loss assignment. This initial contact preferably will be by telephone; but, if contact by telephone is not possible, the adjuster should send the insured or agent a postcard or letter acknowledging the assignment. The postcard or letter should include the adjuster's telephone number where the adjuster can be reached. Also, when the insured, agent, or company staff person leaves a telephone message for the adjuster, the adjuster is expected to return the call by the end of the business day after the message was left. In the majority of flood events, these standards are easily met. However, there have been instances where the insured property was severely damaged, hindering the adjuster's ability to contact the insured within the required time. The adjuster should contact the carrier and seek guidance on how to proceed with the loss.

**s. Proof of Loss.** The adjuster may assist the insured in completing the Proof of Loss; however, this assistance is only a courtesy. Insureds must use their own judgment concerning the amount of the loss and they must justify that amount. A fully completed NFIP Proof of Loss form, signed and sworn to, with the required documentation is required on every claim on which any payment is recommended. Unless in very large events the Federal Insurance Administrator extends the time in writing (Bulletin) the insured must send the signed and sworn to Proof of Loss with all required supporting documentation to the insurer within 60 days after the date of loss. Only the Federal Insurance Administrator can waive this or any SFIP provision. All waiver requests are made through the insurer. Proofs of Loss and/or NFIP Final Reports are issued as follows: • On claims up to \$7,500, the signed NFIP Final Report form will suffice for this purpose. The WYO Company may request the policyholder's signature on the Final Report to be sworn to. If the claim payment is more than \$7,500, a separate Proof of Loss form is submitted. • If the insured qualifies for replacement cost coverage, the adjuster submits the Statement as to Full Cost of Repair or Replacement for the additional amount recoverable under the replacement cost provisions. • If the insured qualifies for Increased Cost of Compliance (ICC) coverage, a signed and sworn to Increased Cost of Compliance Proof of Loss form is submitted.

**t. Proper Building Depreciation.** Depreciation is applied reasonably and accurately. This refers both to the determination of the building's actual cash value (replacement cost less the value of physical depreciation) and the repair estimate. Depreciation is shown separately, as applicable, for each line item in the adjustment, including overhead and profit. "Lump sum" depreciation is not acceptable. Replacement cost, depreciation, and actual cash value for each item are shown in this manner on all claims, regardless of whether the claim is concluded on an RCV or ACV basis.

**u. WYO Errors (Proper Building Scope and Estimate).** The NFIP expects the adjuster to accurately identify the covered damages caused by flood and to allow only the cost of flood. The WYO Companies and the NFIP Servicing Agent rely upon the judgment of adjusters in the preparation of the scope of loss and the estimate of damage. It is natural and expected that the judgment or opinion of the adjuster at the scene immediately after the disaster may differ from those reviewing estimates either on



the scene at a later date or by a reviewer in a remote location after the claim has been resolved. Claim payments arising out of policies issued by the insurer are binding upon the Federal government. However, non-judgmental errors, at its discretion, are not binding on the Federal Government.

- Non-judgmental matters involving inadvertent error (e.g., payment of a loss under a policy issued on an ineligible risk, payment of a loss, twice, for the same item of damage, payment for nonexistent items of damage, payment of a loss in respect to which the damages are unverified, such as where an adjuster might scope the damage as to one building, then settle multiple, similar buildings on the same basis without actually verifying the damage, etc.) are governed by Article IX of the Arrangement, dealing with errors and omissions, in which it is provided that the responsible party (Federal Emergency Management Agency (FEMA) or the WYO Company) will rectify the error as soon as possible after discovery. FEMA management, in such cases, will resolve the manner in which the error is to be rectified with the WYO Company management. In such cases, redress may be sought, for example, from the policyholder or adjusting firm responsible for the error, either by the company, in a claim for reimbursement, or FEMA in a federal claims collect effort, as is appropriate. NFIP and WYO Company joint re-inspection representatives are encouraged to highlight the above situations in their reports, thereby calling such instances to the attention of WYO Company and FEMA management.
- Judgmental matters where there may be a difference of opinion between WYO claims Management and the Federal Emergency Management Agency (FEMA) as to whether a claim payment involved on excessive or inadequate loss payment (e.g., differing views on the amount of depreciation taken, whether a general condition of flooding existed, whether sufficient verification of damages was obtained, etc.) are governed by Article II (F) of the Arrangement, which provides that “The Company shall investigate, adjust, settle, and defend all claims or losses arising from policies issued under this Arrangement. Payment of flood insurance claims by the Company shall be binding upon the FEMA.” Such matters will be subjected of claims operational reviews and special meetings between WYO management and FEMA management. The above wording was designed primarily for re-inspections of buildings and may not express the documentation requirements of large commercial contents claims. What is expressed is the long-held principal that FEMA will not recoup from the WYO Companies or the NFIP Direct Servicing Agent when an error is judgmental.

**v. Proper Photographs.** The adjuster should take as many photographs as are necessary to portray the damage. Photographs of non-damaged property can oftentimes be as important as photographs of damaged property.

**w. Salvage.** The salvage value of all total-loss items must be considered. Where the size of the salvageable loss makes it appropriate, a salvor should be engaged with the authorization of the NFIP Servicing Agent or WYO Company. Otherwise, the reasonable salvage value of property left with the insured is deducted from the covered loss.

**x. Subrogation.** When the adjuster identifies subrogation potential, he or she must determine the grounds for a possible subrogation recovery. The investigation is considered a routine part of a loss adjustment. The adjuster completes the Cause of Loss and Subrogation Report form and any details of the investigation should be provided to the insurer.

**y. Timely Reporting.** The adjuster's NFIP Preliminary Report is submitted within 15 days after receipt of the loss assignment. The NFIP Final Report is due 30 days later. If the claim has not been concluded within 45 days, subsequent reports are due every 30 days after the Preliminary Report, or otherwise as specifically directed by the claims examiner, until the claim is concluded.

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CDI does not regulate the [NFIP](#). Flood insurance is a federal program. Please contact the [NFIP](#) for additional information.

For information on adjuster participation in the National Flood Insurance Program, please review the following link: <https://www.fema.gov/adjuster-participation-national-flood-insurance-program>