



SOUTHERN CALIFORNIA
EDISON

WILDFIRE RECOVERY COMPENSATION PROGRAM



Fast Pay offer example

RESIDENTIAL | OWNER-OCCUPANT: TOTAL LOSS PRIMARY STRUCTURE AND 600 SQ. FT. ADU

- Owner-occupied, single-family residence (two adults, two children)
- 1,500 sq. ft. primary structure and 600 sq. ft. ADU deemed a total loss
- Pre-fire property value of \$1,475,000
- Post-fire property value of \$600,000
- Owner intends to rebuild / currently owns property
- Claim submitted by attorney

INSURANCE POLICY COVERAGE

\$1,000,000 of coverage:

- \$600,000 of coverage for structure, landscaping and trees (\$360,000 received and \$240,000 unpaid)
- \$300,000 of personal property coverage
- \$100,000 of loss-of-use coverage

REAL PROPERTY / REBUILD¹ COSTS

METHODOLOGY

- Estimate market value change of property between pre-fire state and post-fire state
- Rebuild cost¹ per sq. ft. based on market value change/sq. ft. + \$200/sq. ft. (subject to range of \$550-\$850/sq. ft.)²
- Subtract total policy coverage for structure, landscaping and trees
- Only eligible for rebuild cost if claimant still owns property
- If property sold, claimant eligible for difference between pre-fire market value and sale price net of insurance coverage

GROSS REBUILD COST

Rebuild Cost per sq. ft. =
 $(\$1,475,000 - \$600,000) / 1,500 \text{ sq. ft.} + \$200 / \text{sq. ft.} = \$783 / \text{sq. ft.}$

Rebuild =
 $\$783 / \text{sq. ft.} * 1,500 \text{ sq. ft.} =$

\$1,175,000

INSURANCE OFFSET FOR STRUCTURE, LANDSCAPING AND TREES

\$360,000 insurance received
 + \$240,000 remaining under
 policy coverage limits =

\$600,000

CLAIMANT
OFFER

\$575,000

+ PERSONAL PROPERTY COSTS

METHODOLOGY

40% * gross rebuild costs (independent of actual rebuild decision)
 - personal property policy coverage limits

GROSS
 $40\% * \$1,175,000 =$

\$470,000

PERSONAL PROPERTY INSURANCE OFFSET

\$300,000

CLAIMANT
OFFER

+\$170,000

+ LOSS OF USE (LOU)

METHODOLOGY

42-month period
 Monthly Fair Rental Value = pre-fire property value ÷ (30
 price-to-annual-rent ratio * 12 months) – loss of use policy
 coverage limits

GROSS
 $(\$1,475,000 \div (30 * 12 \text{ mo.}) = \$4,097 / \text{mo.})$
 $42 \text{ months} * \$4,097 \text{ per month} =$

\$172,083

LOSS-OF-USE INSURANCE OFFSET

\$100,000

CLAIMANT
OFFER

+\$72,083

+ NON-ECONOMIC DAMAGES

METHODOLOGY

\$115,000/adult, \$75,000/child residing in household

ADULTS: 2 * \$115,000 +
 CHILDREN: 2 * \$75,000 =

\$380,000

INSURANCE OFFSET

N/A

CLAIMANT
OFFER

+\$380,000

+ DIRECT CLAIM PREMIUM

METHODOLOGY

\$200,000 for residential owner-occupant of a destroyed
 primary structure

WILDFIRE RECOVERY COMPENSATION PROGRAM
 \$200,000 direct claim premium, not available in litigation

+\$200,000

+ ATTORNEY FEES

METHODOLOGY

10% attorney fees on all damages (economic plus non- economic)
 net of insurance and excluding direct claim premium
Added for claims submitted by an attorney

NET DAMAGES

\$575,000: Net Rebuild
 +\$170,000: Net Personal Property
 +\$72,083: Net Loss of Use
 +\$380,000: Non-Economic Damages

\$1,197,083

X 10%

CLAIMANT
OFFER

+\$119,708

TOTALS

GROSS
AMOUNT

\$2,516,792

CLAIMANT INSURANCE
PAYOUT POTENTIAL³

\$1,000,000

CLAIMANT
OFFER

\$1,516,792

Notes: 1. Change in property value reflects impact on landscaping and secondary structure losses. 2. Maximum rebuild cost per sq. ft. increased from \$750 to \$850 due to the loss of an ADU. 3. Claimants can continue to pursue their insurers for unpaid insurance policy limits.