



Fast Pay offer example

RESIDENTIAL | OWNER-OCCUPANT: TOTAL LOSS PRIMARY STRUCTURE

- Owner-occupied, single-family residence (two adults, two children)
- 1,500 sq. ft. primary structure deemed a total loss with lower-end of the rebuild cost
- Pre-fire property value of \$1,100,000
- Post-fire property value of \$600,000
- Owner intends to rebuild / currently owns property
- Claim submitted by attorney

INSURANCE POLICY COVERAGE

\$800,000 of coverage:

- \$500,000 of coverage for structure, landscaping and trees (\$300,000 received and \$200,000 unpaid)
- \$200,000 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-\$750/sq. ft.)
- 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. =
 $(\$1,100,000 - \$600,000) / 1,500 \text{ sq. ft.} + \$200 / \text{sq. ft.} = \$533 / \text{sq. ft.}$
Minimum \$550 / sq. ft.
Rebuild =
 $\$550 / \text{sq. ft.} * 1,500 \text{ sq. ft.} =$

\$825,000

INSURANCE
OFFSET FOR STRUCTURE,
LANDSCAPING AND TREES
\$360,000 insurance received
+ \$240,000 remaining under
policy coverage limits =

\$500,000

CLAIMANT
OFFER

\$325,000

+ PERSONAL PROPERTY COSTS

METHODOLOGY

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

GROSS
40% * \$825,000 =

\$330,000

PERSONAL PROPERTY
INSURANCE OFFSET

\$200,000

CLAIMANT
OFFER

+\$130,000

+ 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
 $(\$1,100,000 \div (30 * 12 \text{ mo.})) = \$3,056 / \text{mo.}$
42 months * \$3,056 per month =

\$128,333

LOSS-OF-USE
INSURANCE OFFSET

\$100,000

CLAIMANT
OFFER

+\$28,333

+ 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

- 20% 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
\$325,000: Net Rebuild
+\$130,000: Net Personal Property
+\$28,333 Net Loss of Use
+\$380,000: Non-Economic Damages

\$863,333

X

20%

CLAIMANT
OFFER

+\$172,666

TOTALS

GROSS
AMOUNT

\$2,036,000

CLAIMANT INSURANCE
PAYOUT POTENTIAL²

\$800,000

CLAIMANT
OFFER

\$1,236,000

Notes: 1. Includes value for landscaping damage. 2. Claimants can continue to pursue their insurers for unpaid insurance policy limits.

OFFER CHANGE DUE TO PROTOCOL UPDATE

+\$86,333 due to higher attorney fee compensation