

# USI's Property Resources Assist Clients Impacted by California Wildfires

The Los Angeles wildfires are wreaking havoc on local communities — with the largest blazes consuming more than 34,000 acres and forcing evacuation orders for more than 180,000 residents. Over 10,000 homes have been destroyed, and the death toll continues to rise.

According to CAL FIRE, as of January 10, 2025, there are five active fires in the region — all in various stages of containment. Current information about each fire can be found at <https://www.fire.ca.gov>.

Wildfires are extremely fast-moving and unpredictable, especially when combined with the current wind conditions in and around Los Angeles. Monitoring and following emergency management directives and orders is critical and could save lives.

Property risk consultants at **USI Insurance Services** and their carrier partners are monitoring the California wildfire situation closely. USI's immediate goal is to help distressed clients in the region minimize further losses and initiate an orderly claims and recovery process.



## Commercial Property Claims

The property claim situation is evolving as a multitude of fires are currently burning. These fires start and grow quickly and are highly unpredictable. While it is too early to project the full extent of damages, property damage is considerable, with early estimates of economic losses exceeding \$50 billion and insured losses of \$10 billion. Business disruptions are only beginning to present themselves, but these will also be widespread and have a long-term impact on affected areas.

In the commercial space, USI property experts anticipate significant **direct property damage claims** from a wide variety of entities.

Substantial **business income (BI) claims** from direct and indirect property damage are likely. BI coverage, which allows businesses to **recoup lost income**, may be available for entities that are unable to conduct normal business operations due to direct property loss or indirect causes such as road closures and evacuations.

## What Insureds Can Do

The importance of timely claims reporting cannot be overemphasized and is a requirement of all insurance policies.

Here are a few basic but critical tips from USI property experts:

- Contact your broker and carrier as soon as possible to discuss how the fires are impacting your operations.
- Coverage is driven by details, but these can be hard to come by and are constantly changing during natural disasters. Document those details (i.e., specifics driving evacuation orders, etc.) as they will impact coverage application during the adjustment process.
- Set up an internal cost code to track all expenses tied to the event, including any efforts to mitigate potential damages.
- Take photos of property (pre- and post-loss).
- Prepare an inventory of damaged items and include quantities, descriptions, and values.
- Retain damaged property until a claims adjuster approves its disposal.
- Notify police if theft or looting is suspected.

As noted, these fires are fast-moving and extremely unpredictable. Efforts to mitigate damage should be conducted only if the area is deemed safe by local authorities. Stay informed and comply with all civil orders, such as evacuations.



## How USI Can Help

USI works with carrier partners and adjusters to facilitate the claims process and offers technical resources to assist clients affected by wildfires. The initial effort is aimed at helping clients through existing contingency plans, such as operating out of alternate locations or putting other operational mitigation plans in place.

For most insureds, an immediate coverage review will be necessary to determine which individual policies may apply to specific loss scenarios. Matching the policy against the specific/documented details driving losses will determine coverage response. Many claims have the potential of grey areas where coverages merge. Direct physical damage claims (i.e., fire, soot, smoke, ash, etc.) are usually straightforward. However, some time- element losses may result from a combination of both direct physical damage and the non-direct physical damage triggers noted below. A detailed review needs to be conducted to determine policy response.

Policies **may** include non-direct physical damage coverage extensions that could be triggered during events, such as:

- Protection of property
- Civil authority orders
- Ingress/egress coverage
- Service interruption
- Contingent time element
- Attraction property
- Extended period of indemnity

It's important to note that each extension has limitations, triggered by specific requirements. For example, coverage may or may not trigger when there is a mandatory evacuation order in place and the applicable policy has civil authority coverage. Civil authority coverages differ between policies. Almost all forms require damage in the vicinity of the insured location, while some have specific distance and time qualifiers that must be met before coverage is afforded.

In many cases, if the damage has significantly affected continuing operations, USI will work to secure partial or advance payments and expedite the claim process.

With a catastrophic (CAT) event of this magnitude, USI is warning insureds to beware of common fraud schemes. If resources such as emergency response contractors are needed, USI claim advocates can provide contact information for appropriate vendors that will respond on a priority basis. Consult a broker or property specialist before making any decisions about hiring someone to handle your claim.

For additional information or individual assistance, contact your local USI property team or visit [www.usi.com](http://www.usi.com).

DISCLAIMER: The information contained in this document is for informational purposes only and is not intended as, nor does it constitute, legal or professional advice to the reader. In no event will USI or any of its affiliates be liable in tort or in contract to anyone who has access to or uses this information. USI does not warrant that the information in this document constitutes a complete and finite list of each and every item or procedure related to the topics and issues referenced herein. Federal, state, and local laws, regulations, standards and codes may change over time, and the reader should always refer to the most current requirements, as applicable.

© 2025 USI Insurance Services. All rights reserved.