



In light of the recent wildfires that have wreaked havoc across Hawai‘i, Lether Law Group has received numerous inquiries from individuals seeking basic information on property insurance. The information below will provide you with basic facts regarding homeowners, commercial, and rental insurance policies.

As a service to our Maui Ohana, we are providing this free information without any obligations. We are here to help you. If you do require formal legal assistance, please feel free to contact us.

Homeowners Insurance Policies

Most homeowners will have some form of property insurance. In addition, many renters likewise have similar types of insurance coverage (see below). Homeowners insurance provides coverage for a number of things. Specifically, the types of coverages include the following:

- **Damage or Loss to Building/Structure Coverage**
 - Most homeowners policies provide coverage for fire, smoke, or water damage. This coverage can be either on an actual cash value (ACV) or replacement cost value (RCV) basis. An actual cash value payment is based on the fair market value of the property or depreciated repair costs. Typically, policies on a replacement cost basis provide coverage for repair/replacement costs associated with fixing the damage. In many cases, that repair or replacement cost is not owed until the actual work is performed and completed. Rather, the subject policy provides for only the actual cash value payment or the depreciated repairs at fair market value until the repairs are performed.
- **Personal Property Coverage**
 - Personal property coverage is for your personal items or contents. This may also include the property of others such as family members. This includes damage or destruction by fire or smoke. Similar to structural coverage, this coverage is typically on an actual cash value or replacement cost value basis. The claims are adjusted and paid similar to a structure claim.
- **Additional Living Expenses**
 - Additional living expenses generally include the costs of temporary accommodations while your home is being repaired after a covered loss. This can include hotel expenses, rental expenses, increased meals or transportation costs, increased utility expenses, and pet boarding. This can also include reimbursement of rental income for portions of a home that is rented.

- **Landscape Coverage**
 - Most policies also provide coverage for damage to trees, plants, and shrubs. This includes smoke, water, and/or fire damage.
- **Building Code Coverage**
 - Homeowners policies may include this additional coverage for increased costs of construction related to building code requirements. For example, the costs to repair damage to an older home may be increased due to the new building code requirements. This additional coverage will be available for those costs.
- **Debris Removal Coverage**
 - Debris removal is often times an additional coverage which exists for the costs associated with removal of debris and/or damaged property.

Renters Insurance Policies

Renters insurance provides coverages which are very similar to homeowners policies. Typically, there is coverage for personal property and additional living expenses:

- **Personal Property Coverage**
 - Personal property coverage is for your personal items or contents. This coverage is typically on an actual cash value or replacement cost value basis as explained above.
- **Additional Living Expenses**
 - Additional living expenses generally include the costs of temporary accommodation while your home is being repaired after a covered loss. It also covers the same type of expenses identified above.

Commercial Insurance Policies

Commercial policies are similar to homeowners policies in many ways. They typically provide very similar types of coverage. Typically, commercial policies cover businesses, business property, and business interruption. Common types of commercial policy coverages include:

- **Structure Damage Coverage**
 - The structure damage aspect of a commercial policy is similar to homeowners policies outlined above. In regard to commercial policies, these claims are typically adjusted the same way as homeowners policies.
- **Personal Property Coverage**
 - Business personal property is typically the property a business owns and uses in its daily operations. They can include furniture, office equipment, computers, stock, or inventory. Once again, this coverage is also typically on a replacement cost and actual cash value basis as set forth above.
- **Business Interruption Coverage**
 - Business interruption coverage is designed to pay for a business' loss of net income resulting from a covered loss. It can include things such as continuing wages, monthly expenses, as well as loss of actual income.
- **Landscape Coverage**

- Most commercial policies also provide coverage for damage to trees, plants, and shrubs. This includes smoke, water, and/or fire damage.
- **Building Code Coverage**
 - Commercial policies may include this additional coverage for increased costs of construction related to code upgrades. This is similar to a homeowners policy as outlined above.
- **Debris Removal**
 - This is typically the same coverage as under a homeowners policy.

Things To Be Aware Of

The most important issue to be aware of is understanding the applicable policy limits under your insurance policy. The policy limits for each of the various types of coverages differ. You may find the applicable policy limits in the declarations page of your policy, typically at the beginning of the policy. In many instances, there will be special limits which apply to additional coverages. For example, there may be a specific limitation on debris removal or additional living expenses. There may also be specific limitations as to the specific amount covered for certain types of personal property (e.g. computers, jewelry, or fine arts). In addition to policy limits, you need to be aware of:

- **Exclusionary Policy Language**
 - Most policies are written on an “all risk” basis. This means the policy provides coverage for all risks subject to exclusions. The exclusions will be provided in the policy itself. These exclusions can also involve a number of different issues. For example, some policies may contain wildfire exclusions.
- **Time Limitations**
 - Most policies will have specific time limitations. This may include (1) the time allowed to sue an insurer, (2) time limitations on how long an insured has to replace property or complete repairs, and (3) time limits involving notice of providing a claim.
- **Policy Conditions**
 - All policies have express conditions and obligations with which an insured must comply.

What To Do if You Have Suffered a Loss

The most important thing to do is promptly contact your insurance agent or insurance company directly.

You do not need to have a copy of your policy and/or all of your policy information. Most insurers can help you identify your policy information based on your first/last name or property address. Once a claim is made, the insurer will follow a fairly standardized practice. It is also important that you cooperate with your insurer while your claim(s) are being reviewed and adjusted.

You should also promptly request a copy of your policy from your insurance company. Make sure it is a complete or certified copy which contains all the policy information and applicable endorsements.

At this time, the Hawai'i Department of Commerce and Consumer Affairs – Hawai'i Insurance Division has made some preliminary announcements regarding how insurers should approach the Maui Wildfire losses. We anticipate additional updated advisements and requirements applicable to insurers.

In the interim, all insureds in the state of Hawai'i are protected under Hawai'i law. As part of these protections, insurers are obligated to comply with the Unfair Claim Settlement Practices Act (FCSPA) which is applicable to insurance claims. Please see the following link to access this act.

[Unfair Claim Settlement Practices Act - HRS 431:13-102](#)

We also anticipate that catastrophic loss adjusters will be sent from various insurance companies to begin the adjustment process on individual claims. There will also be independent adjusters, potentially from out of state, who are also sent by insurance companies to assist.

You may also be approached by a public adjuster. A public adjuster is not employed by an insurer. Rather, they act as an independent adjuster retained solely by the policyholder or property owner to assist in the claims process. Typically, an independent adjuster will charge a fee which includes a percentage of any recoveries from an insurer. Make sure that if you are retaining a public adjuster, you carefully read any contracts that you enter into.

As always, if you have any questions regarding your insurance policy or any of the information provided above, please feel free to reach out to our office. Lether Law Group proudly employs attorneys who are born and raised on the islands of Maui, Oahu, and the Big Island. We are more than happy to provide you with guidance on understanding your specific policy coverages. Please see our office locations and attorney contact information below.

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The information being provided herein is for informational purposes only. It does not constitute legal advice. The terms and conditions of every insurance policy are different. Similarly, the facts and circumstances of every loss and insurance claim are unique. You may want to retain legal counsel to provide legal advice in this regard. To the extent you would like to discuss potentially retaining Lether Law Group with regard to your insurance claim, please feel free to reach out.