

# United States Senate

WASHINGTON, DC 20510

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March 5, 2025

Jon Farney  
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Michael Zukerman  
President and CEO  
CSAA Insurance Group

Tim Sweeney  
President and CEO  
Liberty Mutual Insurance Company

Gene Boehm  
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Alan David Schnitzer  
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Mercury Insurance

Tom Wilson  
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William Westrate  
CEO  
American Family Insurance Group

Raul Vargas  
CEO  
Farmers Insurance

Dear Mr. Farney, Mr. Peacock, Mr. Zukerman, Mr. Sweeney, Mr. Boehm, Mr. Schnitzer, Mr. Tirador, Mr. Wilson, Mr. Westrate, and Mr. Vargas,

Beginning on January 7, 2025, California experienced two of the most devastating natural disasters in our state's history. The Palisades and Eaton fires destroyed thousands of structures and uprooted entire communities, leaving many Angelenos displaced. Those whose homes are still standing will eventually be able to return to their communities but must not be forced to do so until their homes have been tested, cleaned, repaired, and are safe and habitable. On behalf of my constituents, I am urgently requesting information on your companies' efforts to provide Additional Living Expenses coverage (ALE) benefits to policyholders displaced by the fires.

The California Insurance Commissioner has announced several actions to protect communities affected by the Los Angeles County wildfires following Governor Newsom's emergency declaration on January 7, 2025.<sup>1</sup> In addition to enforcing a legislatively authorized one-year moratorium on cancellations or non-renewals of residential insurance policies in areas within or adjacent to the fire perimeters, the California Department of Insurance is also enforcing

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<sup>1</sup> Executive Department State of California, "Proclamation of a State Emergency," (January 7, 2025), [https://www.gov.ca.gov/wp-content/uploads/2025/01/SOE\\_Palisades-Fire\\_1-7-25\\_Formatted.pdf](https://www.gov.ca.gov/wp-content/uploads/2025/01/SOE_Palisades-Fire_1-7-25_Formatted.pdf).

California law ensuring that adequate ALE benefits are paid to evacuees. ALE benefits cover housing, furniture rental, relocation, storage, extra transportation, and other expenses evacuees incur due to losing the use of their homes.

California law requires insurance companies to pay at least two weeks of ALE benefits to evacuees and provide an advance payment of no less than four months of ALE for policyholders who experienced a total loss.<sup>2</sup> Insurers are further required to provide ALE coverage for a minimum of 24 months after a state of emergency, plus an extension of 12 months if there is a delay in the reconstruction process that are the result of circumstances beyond the policyholder's control.<sup>3</sup> Those who have lost their homes should feel confident that the insurance companies they have paid premiums to will support them in covering their temporary housing and living expenses as they work to rebuild their lives.

This issue is further exacerbated by contaminated water, smoke damage, and hazardous pollutants – all of which can have lasting health impacts if evacuees are forced to return home before their homes have been properly cleaned and restored.<sup>4</sup> Many Angelenos must wait until the federal and state Environmental Protection Agencies assess, remove, and safely dispose of the hazardous waste left behind by the fires before they can safely return home.<sup>5</sup> According to the Los Angeles County Department of Public Health, the fire debris and ash that resulted from these fires may contain asbestos, heavy metals, chemicals, and other hazardous substances and pose significant threats to public health through inhalation of dust particles and contamination of drinking water.<sup>6</sup> “Do Not Drink Notices” are also still in effect and power has not been completely restored in some areas impacted by the fires. The Department of Insurance has thus advised that, until Phase 1 and 2 of the fire debris removal and cleanup have been completed, impacted areas remain hazardous due to unstable structures, sharp metal, and ash with potentially toxic substances.<sup>7</sup>

My office is hearing from affected homeowners who are having difficulty accessing their ALE benefits until they can safely return home. Some policyholders are reporting that they have had to reapply for ALE benefits on a monthly basis. The Commissioner's office confirmed these reports in their February 14 Notice citing concerns from policyholders and local elected leaders that some insurance companies are terminating ALE coverage for certain claimants.<sup>8</sup> The

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<sup>2</sup> CA Insurance Code § 2061

<sup>3</sup> Cal. Ins. Code section 2060[b][1]

<sup>4</sup> Tina Hesman Saey, *Toxic dangers lurk in LA, even in homes that didn't burn*, ScienceNews (February 4, 2024), <https://www.sciencenews.org/article/toxic-danger-lurk-burn-los-angeles-fire>.

<sup>5</sup> Pien Huang, *Hazmat crews tackle toxic waste left behind by LA's fires*, NPR (January 18, 2025), <https://www.npr.org/sections/shots-health-news/2025/01/17/nx-s1-5261085/los-angeles-wildfires-hazardous-waste>.

<sup>6</sup> Notice on Additional Living Expense Coverage When Homes are Uninhabitable as a Result of 2025 Los Angeles Wildfires, California Department of Insurance (February 14, 2025), <https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/upload/Notice-Re-Additional-Living-Expense-Coverage-When-Homes-are-Uninhabitable-as-a-Result-of-2025-Los-Angeles-Wildfires.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

Commissioner's Notice advises all admitted and non-admitted insurance companies of their requirement to exercise due diligence in determining whether a home is habitable or uninhabitable, especially given the ongoing health and safety concerns.

I am therefore writing to request information on behalf of California policyholders to ensure your companies are expeditiously and fairly providing ALE benefits to those who have been displaced by the fires.

In the interest of ensuring that those recovering from unimaginable tragedy are not subject to undue administrative burdens, I am requesting responses to the following questions no later than March 14, 2025:

- 1) Please provide a comprehensive list of all ALE expenses eligible for reimbursement, as required by California law.
- 2) What benefits are you making available to evacuees who did not experience a total loss, but whose homes have been deemed uninhabitable and unsafe to return to by state and federal agencies? And will you commit to not forcing residents to return to their homes even before they are deemed inhabitable and safe?
- 3) What indoor air quality and cleanliness standards do you apply to determine whether a home you have insured is habitable?
  - a) How do you take into account lack of potable water, downed power lines, smoke damage, hazardous debris, and other factors when making a determination about a policyholder's ability to safely return to their home?
- 4) Please provide details on how your company is adhering to the state statutory requirement to provide policyholders with an advance payment of no less than four months of living expenses, including the process for policyholders to access this advance payment.
- 5) How can policyholders continue to access ALE benefits after the initial advance payment of no less than four months, as required by statute, in the case that it remains unsafe for them to return home?
- 6) How does your company determine that a home you have insured is safe for habitation?
  - a) What type of examination and testing is your company conducting?
  - b) Who is conducting that examination and testing?
  - c) What is your company's remediation/restoration protocol for damage caused by wildfire smoke, extreme heat, and ash?

- 7) How is your company streamlining the ALE application and disbursement process to make accessing ALE benefits as easy as possible for those who have been impacted by the LA fires?

My constituents expect their homeowners' insurance to provide them peace of mind that they will have a safe place to live when unthinkable tragedies like the Palisades and Eaton fires occur. It is incumbent on insurers to cover policyholders' ALE expenses in accordance with state law. Just because a home is accessible does not mean it is habitable.

Thank you for your prompt response to this urgent matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam B. Schiff". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Adam B. Schiff  
United States Senator

cc: Victoria Roach, President, California FAIR Plan Association  
Commissioner Ricardo Lara, California Department of Insurance  
David A. Sampson, President and CEO, American Property Casualty Insurance  
Association