

CONSEQUENCES OF INADEQUATE HOME INSURANCE COVERAGE

Homeowners coverage, ~~while it can be~~ ~~can be~~ ~~deceiving,~~ ~~can also be~~ ~~and at the same time~~ far ranging ~~insurance coverage.~~ For example, ~~m~~My Orange County, California office ~~is~~ ~~has~~ had cases where we have been able to apply homeowners coverage to golf cart accidents in Mexico, horse riding accidents that did not occur on the property ~~applicable covered by to~~ the homeowners coverage, incidents involving intentional assaults, and even injuries sustained out-of-state ~~regarding injuries caused~~ by drunken fraternity brothers.

~~My firm's most recent example of that occurred~~ ~~Recently, my firm when we were able to get~~ ~~was able to obtain~~ compensation for a retired veterinarian for head injuries he sustained ~~when the golf cart he was a passenger in rolled over as a result of a golf cart rollover caused by the driver of his golf cart~~ as they were descending a steep hill on a private golf course. Despite the fact that all homeowner's policies exclude coverage for injuries sustained in connection to "vehicle" accidents, ~~my office~~ ~~Russell & Lazarus~~ was able to establish that the language within the defendant's ~~(the golf cart driver's)~~ policy was not sufficient to exclude coverage and therefore the ~~defendant's~~ insurance company ~~for the defendant~~ was obligated to ~~compensate our client pay their compensation~~ in the six-figure ~~range to our client.~~ In ~~that this~~ case, not only was our client satisfied that he was compensated sufficiently for his injuries, but the defendant was also happy that we were able to force his insurance company to provide coverage, ~~as not only was~~ ~~Not only was it~~ his friend ~~who was~~ ~~injured~~ ~~and deserving of compensation,~~ but he ~~also also had~~ ~~downed~~ significant assets that could have been attached ~~ifs~~ the insurance company ~~would not have had not~~ covered ~~the our client's~~ losses.

———It is good to keep in mind that the name of the game for insurance companies ~~in~~ this day and age is to make a lot of promises ~~and not have those promises that are not~~ backed up by sufficient policy language. The above claim reflects typical insurance company practices to try and avoid paying claims even if it puts their insured's at risk of personal exposure. The claim also symbolizes the reason why, as a society, insurance is important, ~~since~~ ~~Not~~ only did our client obtain fair compensation but ~~also~~ the defendant, who ~~has had~~ been ~~diligently~~ paying premiums his entire life, was not personally responsible for any of the damages that he caused.

———At this point ~~in time in~~ the evolution, ~~or de-evolution,~~ of the insurance industry practices, ~~or de-evolution if you will,~~ the insurance companies ~~fancy see~~ themselves more as investment companies than ~~the~~ insurance companies. Their goal seems to be to take money in and invest it, but never pay any money out. Unless the people of the state of California decide to start electing politicians who are more interested in protecting consumers than the profits of the insurance industry, ~~then~~ I fear that buying insurance will become akin to purchasing swampland in Florida ~~as;~~ neither will have any value.

———I will now delve into detail the consequences of having inadequate coverage under the SIX standard features of a Homeowners policy, ~~by taking them~~ in order of importance. The first feature, the *Personal Liability coverage*, is the most important of the six provisions as it relates to personal injury claims.

1. **Inadequate Personal Liability coverage under a Homeowners policy.**

One of the little-known ways that a homeowner can be responsible for serious injuries that take place on their property is ~~in the area of having when~~ contractors come onto the property for various home improvements. Under California law, if a ~~hired~~ contractor ~~who is hired~~ lies about having workers compensation insurance and one of his workers is injured as a result of the actions of the contractor, and the injured worker has been working for less than 56 hours at the home address, the owner of the home is personally responsible for the personal injuries that were sustained.

I would bet that most people in the state of California are unaware that they would be responsible under such a scenario. Unfortunately, the insurance industry does a horrible job ~~in of~~ educating their customers as to the type of coverage they need and why they need it. ~~UThere unfortunately, there~~ is an inherent conflict of interest when an insurance agent is attempting to sell an insurance policy. The conflict arises as a result of the insurance agent wanting to make the sale and ~~in that effort~~ shortchang~~ing~~e the customer on the type of coverage ~~that is being~~ offered in order to keep the rates attractive for the customer. ~~That This is one reasonis~~ why it is ~~so~~ critical that the consumer ~~educate him or herself in regardsbe educated on to~~ the types of ~~coverage and theand~~ extent of coverage ~~they needneeded~~ in order to properly protect themselves.

If the homeowner does not purchase sufficient liability coverage, ~~and the amount of which we will discuss in the next chapter,~~ in light of the significant injuries that can be sustained by construction workers who are climbing onto roofs and using heavy equipment, it is easy to imagine the homeowner being on the wrong end of a jury verdict. ~~of a significant amount in excess of the homeowners coverage that they have purchased under federal bankruptcy law a homeowner can only protect 120,000 \$275,000 of equity in their home from eight judgment.~~ Accordingly, if an individual ~~who~~ has retired and ~~has~~ paid off their home mortgage ~~(the value of the average home in California is \$450,000). on their home, the value of which home in California on averages of is about \$450,000, thenfederal law states that~~ the most that they can protect from ~~the a~~ judgment is \$175,000. That means that \$275,000 can be taken from the equity of their home upon the sale of the home.

Our firm recently represented an individual who was stuck by an elderly driver while walking in a crosswalk. Our client was thrown more than 30 feet and sustained serious injuries to her arm. Unfortunately, the doctor who was treating her failed to discover ~~another~~ serious ~~further~~ injury, which ~~obligated required~~ her to have emergency experimental surgery to save her arm. Under California law, the ~~older elderly lady driver who was~~ responsible for the collision was also responsible for the medical malpractice in conjunction with the doctor. Fortunately for ~~her the driver,~~ we were able to obtain approximately \$250,000 from the doctor who committed the malpractice,

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~~which still. But the driver still had caused her to~~ take out a \$100,000, first mortgage on her paid-off home. ~~But However, if~~ not for the contribution of the doctor, the older ~~lady driver causing responsible for~~ the collision could have lost almost 50% of the equity in her home as a result of having to compensate ~~are our~~ seriously injured client.

2. **Inadequate medical payments coverage.** ~~Of all the issues that we have and will discuss, this is one of the least significant. This is not really a significant issue of all the issues that we have discussed since as n~~ not having sufficient or significant medical payments coverage has no affect on the homeowner. ~~Furthermore, in addition,~~ the lack of ~~any~~ significant medical payments coverage typically does ~~notn't~~ have much ~~of an~~ impact on the ~~accident~~ victim ~~of an accident who is~~ making a claim against the homeowner's coverage, ~~since. This is because~~ if the homeowner ~~had is found to have~~ any responsibility for causing the injuries, the ~~incurred~~ medical bills ~~that are incurred~~ will be paid by the personal liability provision of the policy. It is always nice to have sufficient coverage for anyone who comes on to your property if they are injured through no fault of your own, but since the law of the land will be that all people will have health insurance under federal law by 2013, this provision has little effect on any of the parties involved in a injury causing accident.

3. **Inadequate loss of use coverage.** Again, this coverage only applies to situations where the homeowner is forced to leave his home due to calamities caused by nature or a breakdown in a feature of the home that prevents the home from being habitable. I should mention, however, this feature of the policy is ~~right ripe~~ for litigation as insurance companies are notorious for establishing unreasonable guidelines and regulations ~~as to relating to what makes when a home is inhabitable livable or not are uninhabitable.~~ Among the ~~other~~ significant bad faith ~~insurance~~ issues that arose in the Northridge earthquake aftermath, was this issue of 'loss of use issue.' There was significant class-action litigation ~~specifically~~ involving Allstate, Farmers, and 21st Century Insurance Company (now owned by Farmers) and their claims practices ~~in regards to not only surrounding delaying delayed payments for on paying for~~ loss of use damages ~~and but also in delaying on paying on~~ structural damages ~~as well. Unfortunately at At~~ the time, the statue ~~of~~ limitations ~~for bringing a claim against the insurance companies~~ was only one year, ~~which mean that and therefore~~ any homeowner who did not file a lawsuit within that ~~one year~~ period of time, was forever barred from making a claim against his insurance company. It was only through the extraordinary actions of the Sacramento legislature ~~(who passed in passing~~ a special bill extending the statue ~~of~~ limitations for the victims of the Northridge earthquake), ~~were that most many~~ of the damaged parties ~~able to finally were able to~~ get their insurance companies to reimburse them for the significant losses caused by the earthquake.

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4. **Inadequate personal property coverage.** As previously indicated, the ~~biggest fight that typically most common fight that~~ arises as a result of this coverage is not the amount of the coverage, but evidence of the property that has been lost. The insurance industry takes great pains ~~in attempting to~~ attempt to devalue all personal property items. If you cannot produce receipts, ~~and if you cannot produce~~ photographs, or videotape of the property items that you had in ~~the your~~ home, your insurance company will always take a default position that ~~the said items that you have described~~ did not exist. ~~It must be remembered that a~~ Unfortunately, the plaintiff (you) in an insurance lawsuit has the burden of proof ~~in establishing their to establish~~ a case by “a preponderance of the evidence”. The reason why most insurance companies literally get away with murder in this area of coverage is that the homeowner has not protected himself by adequately documenting the personal property contained within the home before the events that either damaged or caused those personal property items to no longer be available for review (as in the case of a burglary). If you are homeowner, do yourself a favor and not only keep your receipts off property (such as in a bank safe), but also take three a few minutes ~~out of your day and to~~ videotape all of the personal property items that you have in your home. ~~In this way you~~ By doing so, you will be able to prove to ~~a trier of fact the judge or jury if you are forced to file a lawsuit against your insurance company, which that~~ you in fact did possess the personal property items that you are alleging you possessed.

5. **Inadequate dwelling and other structures coverage.** It goes without saying that there is no excuse not to have adequate dwelling ~~in and~~ structures coverage. This is the easiest coverage to determine in terms of sufficiency, as whether or not it is sufficient since it is specifically stated on the declarations page of the policy (usually the first page). This is the amount of coverage that you have purchased in order to rebuild your home ~~and to rebuild and/or~~ any other structure that was damaged in a fire, flood or any other catastrophe. You will always be safe if you use ~~the rule of thumb of dividing this rule of thumb: divide~~ the total value of your home with the square footage ~~and coming up with to determine~~ a per square foot value. That per square foot value ~~is always going will to~~ exceed the cost of rebuilding the home, as the total value also includes the value of the land, which depending upon the location, is sometimes just as valuable, if not more valuable, than the structure itself.