

## California AIG Sylmar Wildfire Survivors To Receive Additional Coverage

Insurance Journal

The California Department of Insurance (CDI) has secured between \$37 million and \$46 million in additional coverage from AIG for Sayre Fire survivors in Sylmar. Commissioner Poizner was joined by Los Angeles City Councilmember Richard Alarcón; Amy Bach, executive director of United Policyholders and a Sayre wildfire survivor and AIG policyholder who, until this agreement was reached, was unable to afford to rebuild her home.

“Losing your home and all your belongings in a wildfire is absolutely devastating,” said Commissioner Steve Poizner. “After years of making payments on their policies, homeowners count on their insurance companies to come through when they need them most - when they lose everything. I am pleased that through our decisive action and firm negotiations, the Department of Insurance and AIG were able to enter into an agreement that will secure up to \$46 million in additional coverage for wildfire survivors.”

The Sayre Fire tore through Sylmar in November 2008, completely destroying 485 mobile homes. AIG insured 370 of those mobile homes. It is CDI’s position that all 370 AIG policies included a stipulation that provides either 110 percent or 125 percent for additional coverage in the event of a total loss. After the Sayre Fire destroyed the homes of 370 AIG policyholders, the company advised the policyholders that the 110 percent enumerated in their policies actually meant 10 percent additional coverage, and 125 percent actually meant 25 percent additional coverage for policyholders. As many wildfire victims

attempted to rebuild their lives, they found that the policy limits being offered by AIG were insufficient to replace their mobile homes. Upon receiving complaints from fire survivors, CDI took immediate action. CDI took the position that coverage should be afforded for 110 percent or 125 percent of additional coverage and urged AIG to offer the higher policy limits to all wildfire victims. While CDI and AIG had different positions on how the policy should be interpreted, after weeks of negotiations, New Hampshire Insurance Company (an AIG company) agreed to offer its insureds the additional 110 percent or 125 percent of coverage being sought by the CDI. In reaching this agreement, the best interests of the policyholders are being served. The agreement will result in up to \$46 million in additional coverage for fire survivors, an average of about \$100,000 to \$125,000 in additional coverage per policy.

“We commend the Commissioner and his team for negotiating this important agreement on behalf of the hundreds of AIG policyholders who lost their Sylmar homes and need every promised dollar of insurance coverage to rebuild,” said Amy Bach, a consumer rights advocate and executive director of United Policyholders.

Los Angeles City Councilmember Richard Alarcón said, “I want to thank the local disaster recovery advocates who brought this to the attention of my office so we could work with the Insurance Commissioner to ensure that the Oakridge residents received what they were entitled to and I thank the Insurance Commissioner for following through.”

In January, Commissioner Poizner hosted an Insurance Recovery Forum for Sayre Fire survivors, where he was joined by local, state and federal officials, as well as representatives from the insurance industry, to answer specific insurance questions for fire victims. CDI has received 46 complaints involving a number of insurance companies from Sayre Fire survivors. These complaints mostly involve claims delays. Some involve claims denials and five involve an underinsurance allegation. The Department is currently investigating and mediating all these complaints to ensure that the Sayre Fire survivors obtain prompt and fair



settlements.

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