

[California Bush Fire Victims Discover Belatedly They Are Underinsured](http://www.allheadlinenews.com/articles/7011187190)

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Los Angeles, CA AHN) – A survey by United Policyholders slated for release Friday states widespread underinsurance of properties in California, unveiled by the recent wild bushfires.

The San Francisco-based consumer organization surveyed 274 residents on the extent of the damage the wildfires caused on their properties. Three-fourths of the survey respondents said they were underinsured, while 46 percent received settlement claims from their insurance policies, but only a third got the amount they need to rebuild their charred units.

San Diego County resident Stan Newman estimated it would cost him \$400,000 to build another three-bedroom house, but the insurance firm paid only \$240,000, below the \$304,000 he was expecting. The situation has led the 274 bushfire victims to ask whose duty is it to ensure that insured homes' coverage must be sufficient. Insurance firms insisted they offered residents options available, but the natural tendency is for policy holders to keep their premiums to a minimum.

Consumer groups pointed out underinsuring is the result of cutthroat competition among insurance companies. Taking the middle ground, California's Insurance Commissioner Steve Poizner said having a sufficient level of insurance cover is the joint responsibility of both homeowner and insurance company. Poizner explained, quoted by the Los Angeles Times, "The homeowner is responsible for keeping the insurance company up to date about additions and purchasing of new assets... If the homeowner does his job, then the responsibility completely shifts to the insurance company. They are experts in construction costs. Their job is to calculate how much you need to pay for a loss."

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