

[California fire victims say slow insurance payouts have stalled efforts to rebuild](#)

NPR

California fire victims say they're struggling to rebuild because insurance payouts have been slow or insufficient. Some lawmakers say home insurance is failing those facing climate change.

Transcript:

MICHEL MARTIN, HOST:

A year after wildfires began sweeping across Los Angeles County, many homeowners are just starting to recover. Here's NPR's Michael Copley on their battles with insurance companies.

MICHAEL COPLEY, BYLINE: Mark Johnson's family home in Altadena sat at the end of a quiet street where his daughter used to play with neighbors.

MARK JOHNSON: It was really a beautiful place. It was lovely to go walking around there. It had some nice parks nearby that we could walk to as well.

COPLEY: When fires tore through the area last January, Johnson's house and everything around it burned down.

JOHNSON: There were a number of times driving up there, you know, later on, where we'd miss the turn just because all of the landmarks that we're used to were gone.

COPLEY: After the fires, Johnson's family quickly got an advance payment on part of their insurance claim from State Farm. But then the problems started. Over the next nine months, Johnson dealt with a rotating cast of insurance adjusters, and he had to scramble to find alternative sources of money to try to rebuild

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as his case with State Farm languished. It got so bad, Johnson finally asked State Farm to negotiate a settlement.

JOHNSON: I was on the verge of leaving money on the table just to get some kind of assurance of what we could move forward with.

COPLEY: Then, just before Thanksgiving, Johnson got word from State Farm that money was on the way.

JOHNSON: Needless to say, it was a huge relief.

COPLEY: Johnson wasn't alone. A lot of State Farm policyholders started getting checks after LA County opened an investigation into the insurer in mid-November. That's according to Joy Chen, executive director of the Eaton Fire Survivors Network.

JOY CHEN: This shows they could have paid all along, and they didn't pay because they never had to.

COPLEY: State Farm is California's top home insurer. For its customers, Chen says the delays were devastating.

CHEN: Around February or March, I realized that whether a family was recovering or not depended largely on which insurance company they were with.

COPLEY: LA County said it started investigating State Farm after getting complaints. The company delayed, underpaid and denied legitimate insurance claims. State Farm faces similar allegations in Oklahoma, where the state's Republican attorney general has accused the company of running a scheme to deny and minimize payments for roof damage from hail and storms. Amy Bach says the alleged behavior isn't new. Bach runs United Policyholders, a national consumer advocate.

AMY BACH: It's just gotten a lot worse and more sophisticated.

COPLEY: It's normal for companies to cut expenses to boost profits, but Bach says insurers are selling a different product than most companies.

BACH: They're selling peace of mind, and they're going to be held to that. People expect them to deliver

what they promised.

COPLEY: NPR asked State Farm about its handling of insurance claims. The company responded with a statement from its website, saying it takes every claim seriously and works to provide customers with appropriate coverage. Frustration with insurance companies is growing nationwide after homeowners have faced years of rising premiums, in part because climate change is fueling more extreme weather that damages and destroys property. In Texas, Democratic state Representative Mihaela Plesa said on a recent call with reporters that families struggling to pay for home insurance routinely have their claims denied.

MIHAELA PLESA: That's not insurance. That's extraction. That's a system that's designed to pull maximum dollars out of Texas' pocket and providing minimum protection when disaster strikes.

COPLEY: American Property Casualty Insurance Association, an industry group, said claims are most often denied because damage is below the deductible or because damage isn't covered by the policy. Back in California, Mark Johnson hopes to move into his rebuilt home by fall. But a lot of homeowners still have a long way to go, especially those whose houses survived the fires but were contaminated with lead and other toxins from the smoke. And Chen worries last year's disaster will further weaken the state's home insurance market.

CHEN: We can't be assured of being able to buy or renew our insurance coverage.

COPLEY: Even if homeowners can get coverage, Chen says there's no guarantee companies will pay after the next disaster.

Michael Copley, NPR News.

(SOUNDBITE OF MUSIC)