[Companies, underinsured homeowners still in dispute over settlements stemming from 2007 wildfires](https://uphelp.org/companies-underinsured-homeowners-still-in-dispute-over-settlements-stemming-from-2007-wildfires/)

http://www.signonsandiego.com/news/business/20081012-9999-lz1b12coverag.html

They spent a recent Saturday creating detailed lists of the contents of their houses – everything from dishes and bed linens to socks and unopened tubes of toothpaste. When memories failed, they turned to each other's lists to jar their recollections.

It was a long and emotional process, but necessary because many insurers require meticulously itemized lists before paying the maximum amount allowed by each homeowners policy.

"It's just a nightmare," Nancy Garcia said. "You get mad at the insurance company for forcing us to do this."

Insurers and property owners have settled about 36,000 of the roughly 39,000 claims that resulted from the October 2007 wildfires. Insurance companies have paid out about $2.3 billion, said Candysse Miller, executive director of the Insurance Information Network of California, a Los Angeles-based insurance group.

Of the 3,000 claims that remain open, several hundred involve disputes between residents and insurers, said state Insurance Commissioner Steve Poizner.

The reason for some of those disagreements is a familiar one – homeowners were underinsured.

But state regulators and insurance industry officials said the level of inadequate insurance coverage among 2007 wildfire victims pales when compared with the large numbers of underinsured who lost homes in the 2003 Cedar and Paradise fires in San Diego County.

Regulators and insurance agents have speculated that many people updated their homeowners policies after learning about the underinsurance problems stemming from the 2003 blazes.

“For about two years, they heard from firefighters, insurers, activists, attorneys and) politicians about preparation and recovery,” Miller said.

Consumer advocates working with fire victims in San Diego County see things differently.

“We’re fighting the underinsurance battle again,” said Amy Bach, executive director of United Policyholders, based in San Francisco. “It’s still a super-serious problem.”

The nonprofit group, which educates disaster victims and others about home insurance issues, conducted an unscientific survey on the issue last spring. Among the 188 victims of the 2007 fires who answered questions about underinsurance, 139 of them said their policy limits didn’t cover the full cost of repairing or replacing their homes.

Last month, United Policyholders held a meeting in Rancho Bernardo that attracted about 100 fire victims from the area, Bach said. “When one speaker asked how many people were underinsured, every single person raised their hand,” she said.

When Stephen Stout’s insurer offered him $332,000 to rebuild his family’s four-bedroom home in the Westwood neighborhood of Rancho Bernardo, he knew the amount was far below what he needed to do the work. A few weeks later, his suspicions were confirmed when a consultant he hired came up with a rebuilding estimate of $600,000.

After months of negotiations, Stout in April accepted his insurer’s final offer of $485,000. He plans to make up the difference by using some of the $245,000 he hopes to collect for the lost contents of his home.

That leaves Stout with no room for error on the list of personal
items that he must complete by Oct. 22, the deadline set by his insurer.
He has identified 5,000 belongings.
REPORTING PROBLEMS
To file an insurance complaint, call the California Department
of Insurance toll-free at 800) 927-4357 or visit insurance.ca.gov.
RECOMMENDATIONS
• Get an estimate on the cost of replacing your home from
sources such as AccuCoverage.com. The online service, which charges
$7.95, combines information you provide with data used by the insurance
industry.
• Compare that estimate with limits shown on the declarations
page of your insurance policy. You need to be covered for 100 percent of
the rebuilding cost.
• Make sure your policy covers “replacement cost” instead of
“actual cash value,” which covers only the value of your home’s contents
at the time they were destroyed. Even some “replacement cost” policies
depreciate certain items, so read your policy thoroughly for such
exceptions.
• Most standard policies limit coverage of valuable
possessions – such as jewelry, artwork and antiques – to $2,500. Buy
floaters or riders to adequately cover those items.
• Add an inflation-guard clause so your policy’s coverage
limits will be adjusted automatically each year to account for rising
construction costs in your area.
•If you own an older home, consider buying a replacement-cost
endorsement for your policy that will cover the added expense of meeting
current building codes.
• Make a detailed list of your possessions and take
photographs of rooms and closets. The Insurance Information Network of
California offers free inventory software at iinc.org. Click on the

“e-Tools” button.
• Your insurance policy’s limits for additional living
expenses need to cover rent and other costs for at least two years after a total loss.
• Don’t be cheap. Spend as much as you can afford on your
policy, and don’t underestimate the value of your home’s amenities and your possessions.
Sources: United Policyholders, Insurance
Information Network of California “We’re fighting for the contents,” Stout said. “They’re making us itemize every toothpick, spoon and knife.”

As happened after the 2003 wildfires, plenty of finger-pointing
has ensued since last October’s blazes. Some homeowners said they were never advised to increase their coverage limits, and some said they were told their existing limits would more than pay for rebuilding.
Insurers and their agents said homeowners didn’t ensure that their policies were up to date and failed to set their coverage limits high enough to cover reconstruction costs.
State regulators now require insurance agents to take a course in construction value concepts so they can do a better job advising policyholders.
“It raises the bar for agents to understand the problem,” said
Peter Griffith, owner of C. Lee Williams and Associates, an independent insurance agency in Kearny Mesa.
“But the bottom line is reconstruction cost evaluation is really
the responsibility of the homeowner.”
Even when coverage limits have been adequate, tedious and
time-consuming battles have erupted over other issues.
When an insurer offered Hector and Norma Lopez just under $5,000
to replace a metal staircase that burned in October with the rest of their home in Rancho Bernardo, the couple balked.

“It was up to us to go out and figure out if it was realistic or not,” Hector Lopez said.
The insurer’s offer was based on an estimate generated by a computer program, but the Lopezes came up with a price of $50,000 when they put the staircase out for bid.
“Finally, the insurer) ended up getting a bid for $40,000, and that’s what they paid,” Hector said.
Although no major insurers have pulled out of areas affected by the 2007 wildfires, some are trying to limit their risk exposure in fire-prone areas by requiring policyholders to increase brush-free zones around their homes or denying coverage for structures too close to the edge of canyons, where fire dangers are higher.
Griffith said he represents one insurer that has dropped about 8 percent of its homeowner policyholders after re-evaluating their properties’ risk for brush fires.
“In oversimplified terms, if you live on a hillside covered with brush that is located in a geographic wind tunnel, you will pay more for insurance) than the homeowner with a clay roof on flat lands with well-maintained, defensible space,” said Miller with the Insurance Information Network of California.
Poizner, the insurance commissioner, said his department is committed to taking a hard line with with insurers that violate regulations or throw up obstacles to block the quick settlement of claims.
“I have and will continue to make it clear to insurance companies that they must play by the rules,” he said. “I urge any consumers who are facing these tough issues during their recovery process to contact us. We review every single complaint we receive and aggressively advocate for consumers whenever possible.”
But his department hasn’t pursued enforcement actions against any

insurer in connection with a 2007 wildfire claim. Such measures would single out insurers publicly for regulatory violations and possibly result in fines.
Poizner said his agency has focused on using mediation to resolve conflicts between homeowners and insurers.
“If we find examples of claims that aren’t getting paid properly and insurance companies not meeting their legal responsibilities, I will use my full power as insurance commissioner to pursue cases,” he said.
Bach called Poizner’s approach “very disappointing.”
“We don’t see enforcement as a last-ditch effort. We see it as an important tool to motivate insurers to address problems,” she said. “You don’t motivate insurance companies by having meetings behind closed doors. You motivate them by putting disputes) in the public eye.”