

[Do you have enough insurance to rebuild after disaster? Experts say 2 types of coverage are key](#)

ABC7

Twelve-thousand homes, businesses and more were destroyed by the SoCal wildfires. Entire communities are now in ruins. Most people say they want to rebuild. They might have insurance, but is it going to be enough?

“Over the years, three decades now and counting, two-thirds of wildfire victims find themselves underinsured,” said Amy Bach from United Policyholders.

Many policies usually increase coverage every year by a percentage to figure in inflation. But with so much destruction, those costs to rebuild are expected to jump.

“Right now, the cost of everything’s going to cost more. Not just the inflation. But you know, materials are going to be harder to get. Labor is going to be harder to get,” explained Rick Dinger from Crescenta Valley Insurance.

Replacement cost coverage

He said in order to make sure you can rebuild, you should have replacement cost coverage. And there are different levels of coverage that could cover the entire cost — even if it’s much more expensive.

“A lot of policies have anywhere from 0 to 25 to 50 to 100% extended replacement costs, which is awesome...The 100 is where you kind of need to be nowadays, and it basically doubles your dwelling amounts, whatever your house was insured for, it will give you twice as much coverage,” Dinger said.

Code upgrade coverage

Another thing some people overlook is code upgrade coverage. Rebuilding your home as it was might not be possible because building codes have changed and those changes will cost you more money.

“Code upgrades are things like better windows, more energy, efficient windows. Sometimes it requires sprinklers, and depending on the size of your home they require you put fire sprinklers in, which is a major expense,” Dinger explained.

The advice is to get an estimate of how much it would cost to rebuild your home and document everything you have. That way, you can figure out if you need more insurance to cover everything.

“You want the amount of insurance on your home, your dwelling to look right, if you paid a million bucks for your house a year ago, and you’re insured for \$500,000, that’s not right. Something there is off, right?” Bach said.

Most people put their insurance policies in a file or a drawer and don’t think about it. Bach says this is a reminder to look at that policy to make sure you have the right coverage.