

Expert says Butte Fire homeowners should take time on insurance claims

Calaveras Enterprise

An expert on wildfire insurance claims Wednesday night told a small group of property owners who lost buildings in the Butte Fire not to be in a hurry to settle with their insurance carriers. “Statistics show that the longer your claim remains open, the more money you will get,” said Amy Bach, executive director of United Policyholders.

Bach and United Policy-holders staff attorney Dan Wade were in the Mountain Ranch Community Club Wednesday night to present a workshop on how property owners can advocate effectively for insurance settlements that reflect the true value of their losses.

They said that claims can take a long time to settle not because anyone is dragging their feet, but because of the complexity of documenting exactly what was destroyed and providing accurate estimates of the costs of rebuilding.

“We always encourage people to take your time,” Bach said.

Before the workshop, Wade told Mountain Ranch resident Stephen Wasik that it sometimes takes as long as two years after a wildfire to settle all of the insurance claims. He said his organization has data on the experience of property owners following other major fires in California, including the 2007 fires that destroyed more than 2,000 homes in San Diego County.

Bach said that many insurance company claims adjusters use software called Xactimate to calculate the dollar values of proposed insurance payments. She said that the software has limitations, including that it uses a unit pricing approach – based on such things as construction costs per square foot – to come up with a total.

In reality, however, contractors bid projects by considering the time and materials involved for various subcontractors to perform the work. That can make it difficult to compare a contractor’s bid on replacing a house with the insurance company estimate of that cost, Bach said.

Bach also said that it is important to document details about the kinds of materials and fixtures that were

in a home as that can make a substantial difference in the cost to rebuild. “What kinds of finishes. What kinds of windows,” she said.

Another problem: how can a property owner ask a contractor to go to the time and trouble to do a detailed bid if the property owner either does not plan to rebuild or is unsure whether he or she will rebuild?

Bach said that in some cases, property owners may decide to pay contractors for the work involved in doing detailed bids. Another option is to hire an independent insurance adjuster, usually in return for a percentage of the settlement.

Gregory A. Clifford of the Greenspan Co. in Sacramento is an adjuster who does that kind of work. He said during the workshop that property owners can ask their insurance companies for an “expanded scope” explanation of an offered settlement.

That expanded scope will detail costs for contractors and materials that were the basis of the insurance company’s offer. That then allows property owners to go to trade publications such as the Marshall and Swift Cost Index to see what current construction costs are in the region.

The point, Bach and Clifford said, is for property owners to be confident that the insurance payment really reflects how much it will take to replace the destroyed home. In cases where insurance policies are not enough to cover replacement costs, homeowners will still, in many cases, need to know that replacement cost in order to make decisions about rebuilding, they said.

And they said that under California law, insurance policy holders have the right the appropriate settlement regardless of whether they use the settlement to rebuild or to buy a different home.

Will Ebbett of Mountain Ranch was one of those in the audience. He said that clarity is exactly what he’s trying to find as he works on documenting how much he lost when the Butte Fire destroyed his three bedroom, two bath home.

“What I am going through with insurance is just trying to find out if my perception of what is going on is accurate,” Ebbett said. “I’m not here to squeeze any more money out of anybody, necessarily.”