

[Fire victims who lost homes face insurance challenges](#)

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State Farm insurance agent Miguel Alfaro has taken hundreds of client calls since Monday from those who have lost so much in the region's massive wildfires.

Some are concerned that they may be underinsured. Some have smoke damage in their homes. Some lost their cars.

And some lost everything.

"We are in uncharted territory. We have never had anything like this," said Alfaro, who was working and living out of his downtown Petaluma office after his family was evacuated from their Bennett Valley home. "It's going to be quite an experience."

Thousands of North Coast residents are now embarking upon that experience as they file property claims with their insurance companies, starting a long process that will likely be challenging, befuddling and, at times, frustrating as they seek to rebuild their lives.

One company, State Farm has reported 2,400 homeowner insurance claims and 900 auto insurance claims as of Friday morning in California as a result of the wildfires, most of those in the North Bay. Industry officials urged residents to contact their insurance companies as soon as possible to start the claims process. It is especially important for those who are displaced, who can start receiving money intended for temporary living expenses.

"They can help get you out of the evacuation center," said Nicole Mahrt Ganley, director of public affairs for Association of California Insurance Companies. "It can help you get to a hotel or temporary housing." The typical homeowner and renter policy has coverage for "additional living expenses" during natural disasters, which provides funding for food and housing costs, furniture rental, relocation and storage, and extra transportation expenses until they are able to go back to their primary residence.

The homeowner is still responsible for paying their mortgage and property taxes — which are not covered by the insurance policy — and they should continue paying them, industry representatives said. The County of Sonoma announced on Thursday that it is working to identify and adjust property values

and tax bills on properties damaged by the fires.

The state will ask insurers to adhere to a voluntary agreement used to guide the distribution of payments in past disasters, such as Lake County's Valley fire. Under the agreement, insurers would provide upfront payment for up to four months of additional living expenses, advance 25 percent of policy limits for their personal property losses, and agree to reduce the standards to itemize the property lost in the fires, for example, not requiring policyholders to list every title for books burned in the blaze.

California Insurance Commissioner Doug Jones expects the insurers will comply the request. "This could very well be one the biggest ones fires) that we have had," he said.

A big challenge for victims will be finding long-term temporary housing in the North Bay's tight rental market. A recent report found that median rent in April was at \$2,285 a month for a two-bedroom rental. Even if the displaced find housing, insurance coverage for additional living expenses only extends for a maximum of two years. That time frame could be problematic given the hurdles for the rebuilding process, which include remediation and cleanup of toxic waste from sites; permits and applications that must be filed for new structures; and assembling enough construction workers to rebuild homes lost in the fire. That will put tremendous pressure on local officials to streamline the rebuilding process, especially with permitting, builders said.

"I wouldn't be surprised if this is two years or longer," said Keith Woods, president and CEO of North Coast Builders Exchange. "Nothing of this magnitude has ever hit us. ... This is horrific."

Customers should expect a "give and take" when they work with a claims adjuster during the rebuilding process, as the insurer will want to ensure the contracting costs are justified, said Janet Ruiz, California representative for the Insurance Information Institute. "People feel bad if they get questions," Ruiz said. One consumer advocate said policyholders may want to consider hiring a public adjuster who can advocate for them with the insurer.

"We just caution that when the adjuster tries to settle on the first visit right on the spot, we would recommend that you don't agree to that right out front," said Amy Bach, executive director of United Policyholders, a nonprofit consumer protection group. "Time is on your side. The longer your claim stays open, the more money you tend to collect."

During disasters, insurers can implement a temporary moratorium on writing new policies or making changes to existing policies to protect them from those who know with "reasonable certainty" they will be filing a claim, Mahrt Ganley said. At State Farm, significant portions of Sonoma County are under a moratorium prohibiting new policies or changes in coverage at this time, said spokesman Sevag Sarkissian.

Those who don't have insurance or find themselves underinsured can turn to the federal government.

Ruiz noted that some longtime homeowners may have not updated their policy in many years, and find that the replacement costs may not equal what they will receive from their claim, especially to keep up with new building codes.

FEMA offers disaster grants up to \$34,000 to provide for temporary housing, essential home repairs and losses that are not covered under personal property or homeowner policies. The Small Business Administration offers loans up to \$200,000 per homeowner at a rate of 1.75 percent to make repairs not covered by insurance.