

Fourmile Fire reveals snags in insurance claim process

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The frustrations of area residents who lost their homes last year in the Fourmile Fire could lead to changes in the way the state regulates insurance companies and how insurance agents work with clients. The Fourmile Fire, which started Sept. 6, 2010, burned more than 6,000 acres and destroyed 149 homes. The Rocky Mountain Insurance Information Association estimates the damage cost \$217 million, making it the most expensive wildfire in Colorado history.

Rebuilding in the area affected by the fire has been slow. Only three homes have been built and occupied, and 46 building permits have been issued, said Garry Sanfacon, Boulder County's fire recovery manager.

A major factor slowing rebuilding, or influencing the decisions for those who will not rebuild, are disputes with insurers, Sanfacon said.

As of the first anniversary of the fire, only 64 percent of the victims had settled their insurance claims, according to United Policyholders, a nonprofit advocacy group for insurance costumers. The organization, which is based in San Francisco, California, has partnered with Boulder County to try to represent residents.

United Policyholders surveys have found that 64 percent of victims are underinsured by an average of \$200,000, 35 percent will run out of living expense benefits, which include money for rent, before their homes are rebuilt, and 43 percent do not believe a fair value was placed on their possessions.

The effect has created a "double whammy" for victims and led some to believe "dealing with the insurance companies was worse than dealing with the fire," Sanfacon said.

Even residents who have settled claims, like Brooke Weathers, who lost her family home in Sunshine Canyon, found the process exhausting and extremely difficult to follow.

"It was never easy. It was really a part-time job," Weathers said. She and her husband will begin rebuilding their home this winter.

Weathers was among those who were underinsured, despite increasing the amount the home was

insured for a few years ago.

A major source of frustration for Weathers was a feeling that the relationship between insurers and companies was out of balance. Insurers spend their careers understanding regulations and how to write policies, while customers hopefully never have to go through the process of filing a fire claim, she said. Determining the amount of coverage is a mystery.

"I don't know how our agent came up with our original number," Weathers said.

Fire victims have expressed their concerns at public meetings with county officials, representatives of United Policyholders and lawmakers. Their troubles might lead to changes.

State Rep. Claire Levy, whose district represents most of western Boulder County and the area affected by the fire, said she plans on introducing legislation during this coming winter's General Assembly that would try to fix some of the common complaints from Fourmile Fire victims.

While it will be a few months before the measure is crafted – the Legislature meets in January – a few ideas have gained traction.

One is to require policies to be more customized for specific areas and properties.

Building a home in the mountains can be far more expensive than building the equivalent home in a city. Boulder County's building codes also raise the price of rebuilding, Levy said.

Another change might require insurance companies to extend the amount of time they pay additional living expenses in the case of a natural disaster, Levy said. Many policies are limited to 12 months.

Other measures could require agents spend more time with clients and go into greater detail about policies and the claims process.

"The solution to some of these problems might be as simple as requiring insurance agents to explain policies much more clearly," Levy said.

The policy changes likely will increase the cost of fire insurance, but policies will be better and property owners will be less likely to face nasty surprises, Levy said.

"It will actually be the coverage people believe they are getting," she said.

The policy changes would not benefit the victims of the Fourmile Fire, but they could help their neighbors and other Colorado residents who live in fire prone areas, Levy said.

"It's a tragic learning experience, and it's going to happen again," Levy said. "Colorado is ripe for multiple fires like this."