

Insurance companies to stop paying monthly assistance to victims of Santa Rosa firestorm

KTVU

SANTA ROSA, Calif. (KTVU) – With less than two weeks until the second anniversary of the firestorm that devastated Santa Rosa, insured victims are getting some nasty surprises from the insurance companies that promised to protect them.

More than 5,000 homes were destroyed by wildfire. Victims were assured that two years of living expenses would be enough.

But, a lack of a sufficient labor force, overwhelming work, and slow negotiations with insurers are adding to the frustrations and financial crises many homeowners are now facing.

“It takes more than 24 months to rebuild 5,300 plus homes,” said policyholder Liza Frazee.

“They don’t contact us. They don’t. They’ve washed their hands of us really,” said policyholder Gloria Sanchez.

Many of the homeowners are facing an imminent cutoff of so-called “Additional Living Expenses” which are a part of almost all homeowners policies. They usually pay for two years living expenses.

Some insurers pay a single lump sum. Others pay over time up to a preset time limit.

“When the consumer thinks they are paying for one thing, and that is security, I do think the seller has an obligation to deliver that promised security,” said Amy Bach, Director of United Policyholders, a consumer advocacy group formed in the wake of the Oakland Hills Fire.

Bach said some insurers that hired companies to find rentals for victims are now sending them eviction

notices.

“They have not been able to rebuild by the two-year mark, through no fault of their own. Just such a huge disaster strained the resources of the community but their benefits, their insurance benefits for temporary rent are going to run out,” said Bach.

When they do run out, yet another financial disaster looms.

We spoke by phone to Janet Ruiz of the Insurance Information Institute. “We do want to talk to our policyholders to make sure we can do the best for them within the contract that we have together,” said Ruiz.

California recently passed a law that requires three years of additional living expenses; but it is not retroactive to these victims.

Ruiz says people should consult with their insurer to see if any further assistance is available.

“Each claim is individual and has to be taken on its own merits.” said Ruiz. “According to Sonoma County Legal Aid and other lawyers in the area, State Farm has just blanketly denied anybody whose asking for extensions,” said homeowner Frazee.

“It just strikes me as the some old thing. You know, ‘All we’re interested in as a big corporation, is the bottom line and it doesn’t matter who falls by the wayside,” said homeowner Sanchez.

Some insurers have extended additional living expenses while others look on a policy by policy bases. But others say a contract is a contract and a deal is a deal.