

Lawmakers unveil bills to protect wildfire victims

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Local lawmakers on Tuesday introduced a flurry of bills that would strengthen consumer protections for homeowners in the aftermath of the North Bay wildfires, where local residents have found themselves underinsured and overly burdened attempting to itemize their personal property destroyed in the blazes. “Californians whose homes have been destroyed totally or partially by wildfires should not get hung up in insurer red tape when trying to put their lives back together,” said state Insurance Commissioner Dave Jones, who joined local lawmakers in a Sacramento press conference to announce the package.

Most significantly, state Sen. Mike McGuire, D-Healdsburg, unveiled legislation that would apply to insurance claims in the aftermath of an emergency declaration by the governor. It would require carriers to pay out at least 80 percent of the maximum limit under a homeowner’s personal property coverage without requiring policyholders to itemize their losses. The legislation, SB 897, would apply retroactively to those who filed claims in the October fires, which have triggered about \$9 billion in insurance claims in the North Bay, with almost \$7.5 billion from Sonoma County alone.

McGuire said his office has received 111 complaints about insurers in the fires’ aftermath, some of which he described as horror stories.

“What they realize is that they will be soon be forced to relive that tragedy by producing an inventory of what they lost for the insurer,” McGuire said.

His office has heard from constituents that insurers are paying between 60 to 80 percent of personal property claims without any itemization, though one carrier that he did not name has reportedly paid out 100 percent of the limit for policyholders.

Jones has urged companies to pay out 100 percent of their personal property coverage limits without requiring policyholders to produce a detailed inventory list. He has asked carriers to voluntarily reply on whether they will comply with his request. His office is slated soon to release the results of the survey. Other bills addressed different issues. Many fire victims have found themselves severely underinsured when they discover the cost of replacing their structures, which have jumped following a spike in the

price of building materials and a shortage of labor. Even homeowners who purchased policies with extended replacement coverage have found themselves facing significant out-of-pocket costs. State Sen. Bill Dodd, D-Napa, announced legislation, SB 894, that would allow policyholders to combine their policies for different coverage areas — like their primary dwelling, other structures, contents and living expenses — to pay for any of the covered purposes. That would allow, for example, those who did not utilize their full coverage for personal property losses to allocate the unspent funds toward other costs, like rebuilding their primary residence.

“I really do believe that the state has the moral authority to act on this,” Dodd said.

The Dodd bill also would increase from one year to two years the length that carriers would be required to renew a homeowner policy in the aftermath of such disasters.

State data shows insurers have increasingly declined to renew insurance policies in high-risk fire areas. In counties designated at the highest fire risk by insurers, there was a 15 percent increase in non-renewals by insurers within the last year, according to the state insurance department.

The legislation also would expand the insurance coverage for additional living expenses from two years to three years. That protection provides payment for rental housing while the new structure is being rebuilt. Some builders have said the North Bay rebuilding effort will take more than two years before all residents can return to their replacement homes, placing some policyholders on the hook for their rental housing costs come November 2019.

Other notable bills include:

- AB 1722, by Assemblywoman Cecilia Aguiar-Curry, D-Winters, would, like Dodd’s bill, extend insurance coverage for additional living expenses from two years to three years.
- AB 1797, by Assemblyman Marc Levine, D-San Rafael, would require an insurer to offer a replacement cost estimate for rebuilding at each annual renewal and for new policies.
- AB 1800, by Levine, would require carriers to pay for the extended replacement cost coverage if the policyholder decided to rebuild or purchase a house in another location.
- AB 1875, by Assemblyman Jim Wood, D-Healdsburg, would require carriers to offer extended replacement cost coverage of at least 150 percent of the overall coverage limit.

Jones said he was hopeful that Democratic leadership would move the bills despite possible opposition from the insurance industry. “One only has to spend a minute listening to fire survivors and the challenges they are facing to recognize the importance of doing this,” he said.

Mark Sektnan, vice president of state government relations for the Property Casualty Insurers Association of America, said his group was reviewing the legislation. In a statement, he said the bills must not trigger

“unintended consequences that damage California’s highly competitive homeowners insurance marketplace.”

United Policyholders, a San Francisco-based consumer group, lauded the package.

“The bills target the chronic recovery obstacles,” said Amy Bach, executive director of the nonprofit group. “These include inadequate coverage, delays in benefit payments, unnecessary but painful, time-consuming paperwork.”