

North Bay fire survivors face financial hardship as insurers stop paying their monthly living expenses

The Press Democrat

Since retiring from her law practice, Robin Gabbert feels like she's had a full-time job trying to rebuild after the devastating 2017 North Bay wildfires.

Gabbert and her husband, Con Jager, are like thousands of other fire survivors who will not finish building new homes by the second anniversary of the fires in early October. Gabbert and Jager have been hampered by numerous delays rebuilding their Fountaingrove condominium, one of 30 that burned down at the Stonefield condo complex in Santa Rosa during the Tubbs fire.

"It's a constant drain. It's exhausting," said Gabbert, who sits on the board of the condo association and has taken a key role helping neighbors navigate rebuilding challenges.

While fire survivors have dealt with a variety of obstacles delaying completion of their new homes, wrangling with insurance companies has been a common frustration. Now to make matters worse, in less than two weeks most of them face the prospect of having home insurers stop paying for their monthly living expenses.

Gabbert and Jager hope to move into their new condo by next April, however their Allstate insurance policy covers only 24 months of temporary living costs. Allstate has refused to extend monthly rental payments despite Gabbert's pleas, likely forcing the couple to pay \$3,500 a month for rent plus the mortgage payment on their destroyed condo.

"It's all about the profits. They say they are your good neighbor, or Nationwide is on your side, or they are the good hands people, ... but you see what their priority is," Gabbert said. Allstate said in a statement it will continue working with the couple on their fire claim.

The specter of thousands of Sonoma County fire survivors still rebuilding, but come early October being forced to pay their monthly living costs on top of mortgages for their burned homes will have significant

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Source:

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ramifications. Some will have to dip into their retirement savings, while others might opt to sell their fire lots. Overall, since nearly 85% of fire survivors remain in some stage of rebuilding, the local economy is expected to take a hit as they curtail discretionary spending in order to afford their living expenses without the bulk paid by insurers.

"I'm a little concerned for everybody. It's not going to put us in recession. ... I think we are going to lose some more residents) because of the October impact," Redwood Credit Union CEO Brett Martinez said. Fire survivors' futile attempts in recent months to get home insurers to extend coverage for temporary home rental costs is the latest skirmish in what's been for many two years of insurance woes after the 2017 blazes that killed 24 people in Sonoma County. The Tubbs fire, the largest of regional infernos, torched 5,334 homes in the county. That fire, the most destructive in California at the time, caused nearly \$9.5 billion of insured losses, while the Atlas fire in Napa County resulted in \$4.5 billion of insured losses, according to the Insurance Information Institute.

An estimated two-thirds of Sonoma County fire survivors were underinsured on their homes, with a few more than \$1 million underwater, according to a survey by United Policyholders, a nonprofit that assists consumers with insurance information. Some people have sued their insurers. Many were angered their insurers required them to itemize personal things destroyed in their homes to get full payment for their claims, even though their houses were wiped out by the flames.

"It sounds to me like business as usual with the insurance companies. You get what you are able to negotiate," said Amy Bach, executive director of United Policyholders. "The pressure doesn't seem to be moving the needle."

Exasperated fire survivors will hold a rally Friday evening at Old Courthouse Square in downtown Santa Rosa to exert last-ditch public pressure on home insurers to extend monthly living expense payments beyond the two-year mark since the blazes. More than 8,000 people have signed a Change.org petition asking insurers to extend the time limit.

California Insurance Commissioner Ricardo Lara said this week that only two insurers — CSAA Insurance, the AAA insurer for Northern California, and Farmers — are voluntarily extending monthly living expense payments for a third year for 2017 fire victims. In late May, Lara visited Santa Rosa and announced he was making a request to insurers to provide the one-year extension.

"No other companies have informed me that they intend to honor this request," Lara wrote.

The frustration runs deep for the county's 2017 fire survivors because the state Legislature passed a law last year that extended living expense payments from two to three years — beginning in September

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2018. Originally, the bill sponsored by state Sen. Bill Dodd, D-Napa, included 2017 fire survivors, but the insurance lobby succeeded in getting the retroactive language deleted from the measure before lawmakers approved it.

For its part, the insurance industry contends that it's adjusting to the new prevalence of wildfires statewide, especially after paying billions in property owner claims for fires in 2017 and 2018. Typically, home insurers can only boost premiums up to 6.9% a year without the state insurance department Insurance allowing policyholders to challenge higher rate hike proposals through a hearing, said Rex Frazier, president of the Personal Insurance Federation of California, which represents large insurers. "There is a push and pull," Frazier said. "It takes a really long time to raise prices."

Both State Farm and Nationwide have been cited by area fire survivors and advocates for their inflexibility. In a statement, Nationwide said, "We have concluded that we are applying the appropriate coverage for each individual based on the insuring contract."

Meanwhile, State Farm said in a statement that "we will work closely with our customers to address their concerns and see if there is anything more we can do to support them in their recovery process."

But Lisa Frazee and her family, whose Wikiup home was destroyed in the Tubbs inferno, said that hasn't been her experience with State Farm.

The Frazee family has taken a creative approach to rebuilding, realizing they are \$300,000 to \$400,000 underinsured on their burned home. Lisa Frazee's mom, Gloria Sanchez, also had her home gutted in the same fire, so she moved in with Frazee's family in a Windsor home while their new Wikiup house is being built.

Frazee and her mom both have received monthly rental payments from insurers which helps the family save some money they can use toward construction of the Wikiup house. The new family home will include a granny unit for Sanchez, who plans to sell her property to help make up the difference in her daughter's underinsured property. Frazee has sent three letters to State Farm asking for a rent payment extension and has received three denials.

"It's our lifeline to being able to rebuild," Frazee said of the monthly living expense payments. If State Farm stops the monthly payments in October as expected, she estimates that her family could lose as much as \$50,000 before they can move into their new Wikiup house sometime next year. "It's a huge impact on what we can do."

Some fire survivors are irked because companies that work for insurers to handle rent payments and other services such as furniture rentals already have contacted them via written notices about the end of

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monthly living stipends. In some cases, people have said these expiration notices have been sent to landlords unbeknownst to fire survivors who are tenants — with State Farm contractors being cited as a worst offender. The state insurance department is asking Sonoma County residents to report any misleading move-out letters that have been sent to landlords.

“I am concerned that these notices may have caused survivors more distress and confusion,” Lara said. State Farm in a statement said that sending such notifications to landlords without the knowledge of a policyholder “is not consistent with our approach to communicating with our customers.”

Jeff Okrepkie, who lost his Coffey Park home in the fire and is the founder of the neighborhood group Coffey Strong, is a Nationwide policyholder who received such a letter.

“I told them I’m not moving until I’m done with my home),” Okrepkie said, noting his new house likely won’t be finished until December.

Okrepkie said he has pleaded with Nationwide for a monthly living expense extension, to no avail even though he works as an insurance agent.

“Is it worth it to be the bad guy for this one instance?” he said of his request to Nationwide for two or three more months of living expenses.

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