[Oakland hills fire: homeowners in high-risk areas must make sure they have adequate coverage](https://uphelp.org/oakland-hills-fire-homeowners-in-high-risk-areas-must-make-sure-they-have-adequate-coverage/)

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For months after the 1991 Oakland hills fire reduced his home on Sherwick Drive to a charred heap, Howard Matis would return from work, then close his eyes and imagine the contents of every drawer, shelf, cupboard and closet of his two-story bungalow.
But how does a man make an inventory on a short deadline when everything has been destroyed?
“You stay up at night and think,” Matis said.
His was one of more than 3,300 single-family homes destroyed by the firestorm, which caused losses in excess of $1.5 billion. While the ashes of their ruined houses were still smoldering, homeowners such as Matis discovered that the safety net their insurance was supposed to provide was riddled with holes. That is how the firestorm survivors became the first league of policyholders to challenge the insurance companies en masse.
It took considerable pressure by homeowners, lawmakers and former California Insurance Commissioner John Garamendi to change the policies. But the firestorm triggered changes that still reverberate for homeowners today.
Some firestorm survivors were treated well by their insurers. But they were the exception.
“Dealing with the insurance company was probably just as bad as the fire,” Matis said. “They didn’t think in human terms.”
In fact, two of the largest insurers — Allstate and State Farm — were fined for mishandling claims.
Besides the fact that many homeowners were underinsured. some insurance companies “didn’t want to pay,” said Bob Castle, an Oakland-based tax attorney who helped usher in one of the most significant changes to come out of the firestorm — amending the IRS tax code.
Before the firestorm, the IRS gave disaster survivors two years before they had to pay taxes on their insurance proceeds. But the 1991 firestorm caused damage on such a massive scale that there were not

enough materials to rebuild within two years. So Castle pushed to have the law changed so that survivors in federally declared disaster zones would have four years before the insurance proceeds are taxed. That gave homeowners more time to rebuild and more money to do it with.

A list of other reforms emerged as a result of the firestorm.

Insurance companies now are required to send customers an annual disclosure report, which details what the policy does and does not cover and helps holders understand what their coverage may lack if their home is completely destroyed.

Carriers must assign one adjuster for as long as it takes to close a case, and there are laws governing how settlements are handled.

No longer do claimants have to provide tax returns to insurers to prove they had income sufficient to buy the items they claimed to have lost.

Insurance companies now deploy adjusters with expertise in wildfires. They work from mobile claim centers with laptops and Wi-Fi, allowing them to cut checks on the spot, said Tully Lehman, spokesman for the trade organization, Insurance Information Network.

Even insurance attorney Linda Klamm said her coverage proved inadequate to cover all the costs. She admitted that she had not read the details carefully enough and added that few do because they are so difficult to understand.

The policies are “still full of confusing legalese,” said Amy Bach, co-author of “The Disaster Recovery Handbook and Household Inventory Guide.” She also directs United Policyholders, a nonprofit organization that helped organize firestorm homeowners to bring about many of the reforms.

“If people think they’re fully protected, they won’t do anything,” Bach said.

Consumers, she added, think insurance companies have the responsibility to protect them.

“That is not the law. If you are underinsured, they’ll be off the hook,” Bach said. The only exception is if customers can prove their insurance company is not honoring promises made about the adequacy of their coverage. “But,” Bach said, “only if you have the proof.”

That is why she recommends homeowners protect themselves by calling their agent or company every year and asking specific questions about what is and is not covered. They should take notes during the conversation and store them in a safe place outside their home, along with a copy of their policy and any other important documents.

Homeowners also can ask their insurance company for an on-site appraisal of how much it would cost to replace their house and take out what is called extended replacement coverage, which bridges the difference between what coverage customers have and what they need if their home is completely

United Policyholders
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destroyed.
Above all, Bach said, they should read the fine print.
“Don’t assume you are fully covered,” she said. “And there’s still going to be an X-factor, because you can’t predict exactly how much rebuilding will cost in the future.”
Rebuilding took Matis more than two years. He said he got the settlement he deserved, “but it came at a sacrifice.”
Two decades later, Matis said he is ready to move on but he wasn’t sure if he would commemorate Thursday’s anniversary. He still gets nervous when the weather in October turns hot and windy, because those conditions provided the setting for the firestorm.
“We live in a dangerous area,” he said. “People need to be reminded that it could happen again.”
Property owners now have up to four years to rebuild before they must pay taxes on their insurance proceeds.
Insurers must send customers an annual disclosure report, explaining what is and is not covered by each customer’s policy.
Customers are not required to show tax returns to their insurers in order to prove they could afford to purchase claimed items.