

Should wildfire victims get more insurance money up front? Some lawmakers think so.

Colorado Newsline

When wildfire struck Grand County, Marjorie Cranston and her husband lost their home of 15 years.

The loss was hard enough, Cranston said, without spending months scouring her brain to remember every single item lost in the flames.

The 2020 [East Troublesome Fire](#) destroyed an estimated 366 homes, including Cranston's home between Grand Lake and Granby. Cranston, 72, and her husband had homeowners insurance that was supposed to cover the property and its contents.

Under a 2013 state law, insurers must pay disaster victims 30% of the value of their lost contents — as insured under their policy — immediately after a total loss. But Cranston soon learned just how difficult it would be getting the rest of the money they were owed.

The couple's first insurance adjuster "didn't advise us," Cranston said, declining to give the name of their insurance carrier. "He didn't really tell us too much as far as what to expect either. He just said, 'Start listing everything you had in that home down to toothpicks.'"

"You're still in shock, and you have all this debris to clean up and your foundation to dig out and you just are — you're totally lost, and you need somebody to just take you through the process easily," she reflected.

Wildfires increasingly threaten Colorado homeowners and renters, as climate change-driven drought intensifies across the state and as more people move to the "wildland urban interface" in the high country and foothills. Most recently, the [Marshall Fire](#) hit Superior and Louisville in Boulder County,

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destroying nearly 1,100 homes just before the New Year's holiday.

Some state lawmakers — including Rep. Judy Amabile, a Boulder Democrat, Sen. Bob Rankin, a Carbondale Republican, and Senate Majority Leader Steve Fenberg, another Democrat from Boulder — think it's time to update the 2013 law setting standards for how insurers should pay out claims for a lost property, its contents and policyholders' additional living expenses after a declared disaster.

If passed, [House Bill 22-1111](#) would be too late to help people who lost their homes in the Marshall Fire, "but going forward, it will help future disaster victims," Amabile said. HB-1111 was formally introduced on Jan. 21 and is set for its first hearing on Thursday.

Insurance companies are in talks with the bill sponsors, but they hope to see the legislation amended significantly, said Carole Walker, executive director of Rocky Mountain Insurance Information Association. The association advocates for property and casualty insurers in Colorado, New Mexico, Utah and Wyoming.

"The challenge is," Walker said, "insurance is a contract, and it is something where you purchase certain things within that coverage. Can we improve that? We think there are ways we can, but ... with the wildfire risk, we don't want to create an availability, affordability of insurance issue for everyone."

Bigger upfront payout for contents

Amabile told Newsline that the idea for HB-1111 was brought to her by constituents in Grand County who had lost their homes in the East Troublesome Fire.

"The most thorny thing that we've heard so many complaints about is this inventory, because it's just so hard to do," Amabile said. "So a lot of people end up settling for the 30% and their contents were probably worth quite a bit more than that."

If passed, HB-1111 would require insurers to pay disaster victims 80% of their lost home's covered contents, within 30 days and before receiving an inventory. This portion of the bill applies to both homeowners and renters.

The bill's supporters believe that raising the initial payout could allow some disaster victims to forgo the

burden of inventorying their lost items. With 80% of the value of their covered contents, fire victims could “get on with their life,” said Kerri Waite, the Colorado coordinator for United Policyholders, a national consumer advocacy organization that’s backing the bill. “And if they choose, once they’ve gotten other things established and going, they can document everything to get the rest.”

United Policyholders has historically pushed for 100% of contents claims to be paid out up front, Waite said.

“There are insurers who do that,” she said, “and we have survey results that show that there are insurers that without regulatory requirements do pay out the full contents limit. But there are also those that don’t and that really make it difficult for people.”

But Walker called an 80% threshold unrealistic. She pointed out that California has a law in place requiring 30% of contents claims to be paid up front.

“If you were to require insurance companies to pay out 80% of contents with no documentation, that would make Colorado an outlier,” she said. “We would be the only state in the country that has that high of a payout that’s required by insurers.”

Besides, Walker said, the way the process is supposed to work is that policyholders should start repairing or rebuilding their homes first, then replacing the contents. Otherwise, the money to replace the contents would be gone by the time the house was rebuilt.



The view from aboard a Colorado National Guard helicopter, in which Gov. Jared Polis on Dec. 31, 2021, got a flyover tour of Boulder County neighborhoods destroyed by wildfires the previous day. He was accompanied by Brig. Gen. Laura Clellan, Adjutant General of Colorado, and Boulder County Sheriff Joe Pelle. Colorado U.S. Sen. Michael Bennet and Rep. Joe Neguse also toured the area in a separate helicopter. (Hart Van Denburg/CPR, pool)

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Speeding up claims payments

Cranston ended up limiting her work hours from full-time to part-time so she would be able to complete an inventory of her lost contents and answer the insurance adjusters' questions. She and her husband eventually went through four different adjusters, and they didn't seem to communicate much with one another, she said. Once they finished the inventory, the adjusters asked Cranston and her husband questions like "Name your cookbooks" and "How old was the food in your refrigerator?"

The couple got their final payout in December — more than a year after they lost their home to the fire, Cranston said.

Such experiences are common among people who lose their homes in disasters, according to her attorney, Natascha O'Flaherty, who advocates for wildfire victims.

"With most carriers, I find the most time-consuming, exceptionally cruel part of the claim is that to claim the contents, most carriers require the insureds to create these inventories of all that they owned, down to, 'I own 35 pairs of socks,'" O'Flaherty said.

Policyholders must list the age of each lost item, its condition and the cost of getting it replaced. Insurance adjusters depreciate the value of each item based on age and condition. They're required to pay the replacement cost of the item less depreciation, which is the actual cash value. After the homeowner or renter buys a replacement item, they can submit the receipt to collect the depreciation if they have a replacement cost policy.

"For a successful list, you need thousands of items," O'Flaherty said. "I find it so exceptionally cruel and so very time-consuming for people with full-time jobs to spend hundreds of hours working on this inventory, and then it's so insulting — some carriers will come back and be like ... 'How old was that dog food?' They literally questioned a client's \$40 bra: 'It seems excessive.'"

After a renter or homeowner who lost possessions in a wildfire or other declared disaster submitted an inventory of lost contents, HB-1111 would require insurers to request any additional information within 30 days, and to pay out the claim within 90 days of receiving the inventory. Insurers would also need to reimburse their policyholders for debris removal within 30 days of receiving a receipt.

Walker said insurers understand how frustrating the inventory process can be and want to help improve it.

Insurance companies are asking, “How can we put some best practices in place, make the process more streamlined and better for homeowners?” Walker said. “I think we’re still hopeful that we can work through this and find common ground that’s good for the insureds affected, that’s good for everyone who has insurance in Colorado, and strike that balance.”

More time to rebuild

HB-1111 would require homeowners insurance policies to give disaster victims at least two years to submit receipts and invoices related to their rebuilding efforts. If a rebuild is delayed by unforeseen circumstances such as building permit delays, shortages of construction materials or lack of contractor availability, the policyholder would be able to receive two six-month extensions of their living expenses coverage.

The law would require insurers to cover a disaster victim’s additional living expenses for up to three years while they rebuild, with the option to purchase policies covering up to four years of living expenses. Under [current state law](#), homeowners insurance policies must cover living expenses for at least one year, though insurers can sell policies that include coverage for up to two years.

But labor shortages and the high cost of building materials are [raising questions](#) about how quickly homes can be rebuilt after the Marshall Fire.

“In this current world, a year (to rebuild) may not be enough,” Walker acknowledged. “That’s one area we really see that maybe we can work with the bill sponsors to try to improve those options for customers, at the same time understanding that if we expand the coverage too much on the claims settlement side, it’s also going to increase the price of insurance.”

With many properties being rented out on Airbnb and VRBO for short-term stays, Cranston and her husband struggled to find a rental property in Grand County where they could live while they rebuilt their home. The first place they stayed was a home owned by people who’d hired Cranston to do construction planning and design.

“They offered it to us for six months and then we had to move again,” Cranston said. “The second time that we moved, the insurance company did not give us the OK until three days before we had to get out, so that was unbelievably stressful.”

She was offended when at one point their insurer said they would have to look for a place to rent outside of Grand County, where Cranston and her husband both work. “We couldn’t have done this without an attorney,” Cranston said, adding that the Grand Foundation, a community-based nonprofit, had covered their attorney’s fees.

Cranston said her background in construction and design had helped her answer questions from adjusters about intricate details of her former home’s framing, insulation, plumbing and lighting in order to get reimbursed for the rebuilding costs. The couple’s new home should be ready in May — more than a year and a half after the fire, she said.

That’s better than others who lost their homes in the East Troublesome Fire can say, according to Waite.

“There are people being told right now they don’t even have access to a builder to start a project until next year,” Waite said.

Cranston advised any wildfire victims having trouble “from the get-go” with their insurance company to consult an attorney. They should also be “very, very careful” about the contractors and private adjusters they do business with, she said, and seek assistance wherever they could find it.

The decision to rebuild on the same site was a no-brainer, though it wasn’t an easy process.

“It’s not just your home — it’s your environment, your neighbors,” she said. “You lose more than your home.”

Resources for wildfire victims

Disaster victims can access resources about how to advocate for themselves on United Policyholders’ website, uphelp.org. United Policyholders also has a [specific webpage](#) for Marshall Fire victims.

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The Colorado Division of Insurance has a [webpage](#) to help Marshall Fire victims understand their insurance rights and the state's regulations.

DOI's consumer services team will help answer questions about insurance policies. They can be reached at 800-930-3745 or DORA_Insurance@state.co.us.

Boulder County recently released a [guide to rebuilding and repairs](#) in unincorporated areas of the county. Other resources for wildfire victims are available on the county's [Marshall Fire webpage](#).

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