

[Survey: Hundreds Underinsured in Last Year's California Wildfires](#)

Insurance Journal

Hundreds of people who lost homes in last year's wildfires did not have enough insurance to cover their rebuilding costs, according to a survey sponsored by United Policyholders, a San Francisco consumer organization. The survey asked 274 people about the losses they incurred in the wildfires that last fall swept across Southern California. Three-quarters of respondents said they didn't have enough insurance to pay their rebuilding costs.

And only 46 percent of those in the survey settled claims with their insurance companies; only a third of these said they were offered enough money to cover increased construction costs.

For instance, Stan Newman figured it will cost close to \$400,000 to rebuild his three-bedroom home, which burned to the ground in the San Diego County community of Rancho Bernardo.

But his insurer, Amica Mutual Insurance Co., planned to pay him no more than \$240,000 for the 1,500-square-foot structure — less than the \$304,000 he said he was due. Newman is negotiating with the firm. Like other fire victims, Newman found out too late he was underinsured and the value of his insurance had not kept pace with the increasing home construction costs.

Insurance companies and consumers disagree over who is to blame. Insurance firms say they can't force people to pay for more coverage, while consumer advocates counter insurance agents offer cut-rate policies without adequately telling customers about potential shortcomings.



State Insurance Commissioner Steve Poizner said his department believes the responsibility of ensuring a home has sufficient coverage lies with both the homeowner and the insurer. The wildfires destroyed nearly 2,200 homes and scorched areas totaling 800 square miles from Malibu to the U.S.-Mexico border.

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