

[Two years after Colorado's most destructive wildfire, victims are still struggling with insurance claims](#)

Aspen Public radio

It's been two years since the Marshall Fire burned more than a thousand homes in Boulder County. On December 30, 2021, winds of more than 100-miles-per-hour propelled the flames toward a heavily populated suburban area south of Boulder.

Two years on, many homeowners continue to grapple with insurance companies. Many victims found out they were underinsured, and many learned about the long and complicated process of collecting on insurance claims.

United Policyholders is a nationwide nonprofit that advocates for consumers around insurance issues. Their deputy director, Valerie Brown, says two years on from the fire, some victims are still struggling with insurers.

Valerie Brown: Yes, actually, yeah, there are quite a few people still struggling. If you look at the number of building permits pulled, you can see a lot of people have not pulled a permit yet because they still don't know how much insurance money they're going to have.

There are some people who are still trying to get a commitment from them of what they're going to pay. Other people are still waiting to be paid, if they're moving forward, they're taking it on faith that their insurance company is going to pay them what their policy says on paper for their extended coverage and their building code upgrade. While you look at your policy and you think 'this is how much money I have,' the insurance company is determining how you get paid that and what exactly they're going to pay you for.

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So it's a daunting position to be in to know what your number is and not knowing exactly how much of it you're going to get back from your insurance company.

Sam Fuqua: You know, a number of folks who lost their homes in the Marshall Fire found themselves underinsured. What advice can you give consumers there and how could insurance companies do better in terms of making sure people are adequately insured?

Valerie Brown: I think it's a challenge because that most people don't know how much money it takes to repair and replace your home. That's what your policy is for. It's not your mortgage note. The concern is, the contract reads that it's there to repair and replace your home up to your policy limits, and unless you've built a house or you built that house, you have no idea really of knowing how much it would cost, right?

I mean, if I ask you, 'what it would cost to repair your house?' I'm pretty sure you would have not a good knowledge of what that would entail, right?

Sam Fuqua: True.

Valerie Brown: I mean, most of us look at it and we're focused on, 'okay, it looks enough, it covers my mortgage or my property tax value of my home.' So it feels sufficient to us, but that's not what it's for. It's to repair and replace. And when you're looking at a full replacement, a rebuild after a catastrophic loss such as wildfire, it's a very expensive proposition.

And so as far as consumers who are looking to be better protected, the first thing is just get a complete copy of your policy and read through it. Know exactly what you have. Ask questions.

You know, when you look at it, if your dwelling coverage is \$500,000 and you have a 2500 square foot house, just do the sanity check of, 'how much does it cost to build a one-off, not a custom home, but a one-off home?' That's not a tract home with thousands of other homes being built, how much would that cost?

And when you look at those numbers, \$200 a square foot is generally not sufficient. After the CZU fire in Santa Cruz in 2020, I had folks with \$100 a square foot. The volunteer rebuild programs who are using

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volunteer labor can't even pull that off for materials and the trades that you have to hire in.

And so, you know, start with that.

Colorado has some fabulous offerings for the extended replacement coverage, so making sure that you've got that because that's what covers you for that surge demand after a catastrophe like this, where building prices increase. Or like with COVID, where material prices increase. So, making sure that's as high as you can make that.

For me, when I did those numbers on my own home, my policy was incredibly expensive, so I had to take the step of looking at how much coverage I felt like I needed. And then I ended up raising my deductible because, in my mind, my insurance is covering me for a catastrophe. If I have a small water leak, you know, something under \$2,500, I'm just going to cover that myself from savings. I'm not going to make the claim because I want to be adequately insured and I need to be able to afford my premium year-to-year. And that's the dwelling, you're looking at your building code upgrades.

If you have other structures, making sure that that's adequate. If you don't have a lot of exterior structures on your property, that percentage that you have, usually these are a percentage of your Coverage A which is for your dwelling, and so doing the math, if you just put a gazebo out, do you have enough to cover that, and the other things on your property?

So making sure that it at least passes the common-sense test of looking at this and how much do these things cost.

I mean, right now for you guys in Colorado, you have a great beta test of the Marshall fire with the rebuilding range, you know what people are actually paying per square foot and what type of home they might have had. So talking to those individuals to be able to see what they're paying gives you a good idea to benchmark that. Obviously, if you've got friends, family who are in the construction industry, you might be able to get more refined information about yours. But also knowing what's unique to your home. Eight-foot ceilings are standard, if you have ten or twelve, those are a lot more expensive. What type of flooring do you have? Do you have a masonry, a chimney, or a drop-in? You know, all of those things add to the cost greatly. And so being aware of those things.

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For your content, when you're looking at your policy language, you're looking for exclusions and limitations. Most policies limit jewelry, they'll limit electronics, cameras, money, things like that. So making sure that you have the coverage for everything that you own.

Sam Fuqua: The devil's in the details, right, you have to pay attention.

Valerie Brown: Exactly, yes. When we give our preparedness presentations we use that exact same phrase, because it is the devil's in the details.

And I will say, there's two things, that's the piece you have some control over, even though you've got a huge learning curve there. The other piece is the claims handling side. So when you have a loss, what is your insurance company going to do and how is this going to move forward and is it going to be easy or is it going to be complicated?

Depending on who your insurance company is and who your adjuster is, you may have great coverage, but you may have obstacles in securing all the funding without a hassle.

Sam Fuqua: Valerie Brown is deputy director of United Policyholders, a nationwide nonprofit that advocates for consumers around insurance issues. They've worked with many of the victims of the Marshall Fire. You can find them online by searching United Policyholders.

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