

United Policyholders Praises California Supreme Court Decision That Will Help Underinsured Wildfire Victims

Insurance Companies now held to a higher standard for setting homeowners policy limits;

Court finds Insurance Commissioner has authority to regulate replacement cost estimates

SAN FRANCISCO, CA – January 23, 2017 – United Policyholders (UP), a nonprofit insurance consumer organization, today praised a California Supreme Court decision that will protect underinsured wildfire victims.

The Court ruled against insurers’ attempt to challenge the State’s regulator’s authority to strengthen protections for wildfire victims and policyholders throughout California.

“Consumers will now be protected by a regulation that requires insurers to provide thorough replacement cost estimates when they insure a home. This is an important step in the right direction to tackle the underinsurance epidemic, which we have been fighting for decades,” said Amy Bach, Executive Director of UP.

“From the Oakland Firestorm to the recent fires in Lake County, time and time again wildfire victims have not had enough insurance to rebuild,” Bach continued. “Until now, insurers have been immune under the law for setting low limits. Now they will have to take the time to get it right. Our State Supreme Court showed appropriate respect for the role of the Insurance Commissioner.”

In a long-awaited decision from the California Supreme Court, the Justices ruled in favor of the Insurance Commissioner in the court case ACIC v. Dave Jones. The Justices reversed and unanimously upheld the

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Insurance Commissioner's authority to regulate home insurance replacement cost estimates.

The Supreme Court, in its decision, cited findings from UP's 2007 Roadmap to Recovery Survey showing that nearly 75% of disaster victims lacked adequate insurance to repair or rebuild their homes. These homeowners were underinsured by an average of \$240,000.

"I was one of those devastated homeowners," said Karen Reimus, a survivor of the 2003 Cedar Fire that affected San Diego County. "I relied on the expertise of my insurance agent when I bought my home and only found out after the fire that I was significantly underinsured. Because of that struggle, I have been volunteering with UP ever since. This decision will make the road to recovery a bit easier for the next generation of wildfire survivors."

Homeowners shouldn't rely on insurance professionals to provide them with adequate coverage. United Policyholders urges all homeowners to do a home insurance checkup. Call your insurance agent and ask them: "Will this policy be adequate if I have a total or large loss? Will it cover the cost of rebuilding my home to its pre-loss condition, including demolition, debris removal, and replacement of the foundation and roof to current building code standards?"

UP submitted an amicus brief in the case [Association of California Insurance Companies et al. v. Dave Jones, in his capacity as Insurance Commissioner for the State of California](#). Because of its experience assisting underinsured homeowners, beginning with the 1991 Oakland-Berkeley Firestorm, UP was able to bring an important perspective to the Court. We thank and acknowledge the *pro bono* assistance of Kerr & Wagstaffe LLP attorneys Ivo Labar and Dan Veroff. For more information, view [this case](#), and see "[Wise UP: The Savvy Consumer's Guide to Insurance](#)" for the straight scoop on buying insurance.

About United Policyholders:

UP is a nonprofit organization that serves as a voice and an information resource for insurance consumers in all 50 States. For more information, visit [our website](#).

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