

Wildfire victim urges homeowners to check insurance policies

Bend Bulletin

Former Paradise, California, resident Barb West used to view insurance the way most homeowners do. “Who loses everything?” asked West, 64. Her husband, Roy West, is a building contractor, and she said that probably added to her false sense of security.

“If a tree came through, he could fix it. If the laundry room caught on fire, he could fix it.”

The Wests, who live in Bend now, were among thousands of Paradise residents who narrowly escaped the Camp Fire in November. Their home burned to the ground. They also lost an RV, a work truck and rental property. Emerging from a state of shock and starting to do the “homework” of rebuilding their lives, Barb West said she’s glad she had an extended replacement cost policy, which will pay 50 percent more than the limit on their main homeowners policy.

“People need — not tomorrow, but today — to look at their insurance policies,” West said.

The insurance industry and state regulators remind consumers on a regular basis to make sure they have adequate coverage, but Californians’ recent experience might be the best motivator. United Policyholders, a San Francisco-based consumer education group, surveyed wildfire victims early this year and found that two-thirds reported being underinsured by an average of \$317,000.

The industry issued a similar finding this year. Three out of five homes in the United States are underinsured by at least 20 percent of their full value, according to CoreLogic. Even with automatic “inflation guard clauses,” homeowners in rapidly appreciating regions like the Northwest could find that their policy limits didn’t keep up with costs, the Seattle-based NW Insurance Council noted.

“You’ve got to be educated about the asset,” said Amy Bach, executive director of United Policyholders. “Put some time into doing your own math.”

Bach recommends calculating how much a policy will cover per square foot and then surveying builders. Local construction costs are probably higher than the figure generated by an insurance company, she said.

“Then, you have to remember that after disasters, there’s some demand surge for labor,” Bach said.

The final point to keep in mind when reviewing a policy is whether it covers upgrades required by building codes, which have likely changed since the house was built, Bach said.

Adequate coverage doesn't have to be expensive. West said her extended coverage rider cost \$75 a year.

United Policyholders recommends extended coverage at 100 percent above the policy limit. The riders, also called endorsements, can cost \$100 to \$500 a year, Bach said.

The NW Insurance Council says consumers can shop for guaranteed replacement cost coverage, which is an open-ended policy. Bach said such policies are no longer widely available, at least in California.

West said her son, who moved into a new house in Paradise in February with his wife and two young children, chose his insurance company because it offered extended coverage. He learned after losing the house to the Camp Fire that the insurance agent failed to check the box for extended coverage.

"That's going to cost them \$150,000," West said.

West feels fortunate to have escaped with her life, two vehicles and pets. She credits a call from Reverse 911. She said it's been extra comforting to have important documents, including her insurance policies, on hand.

"It's like you just want five more minutes to take some things, but you don't have that time," West said.