



Insurance Checkup: A Special Report

Need more insurance?

If wildfire ever destroys a home at Tahoe, the cost of rebuilding could leave the owner wanting

Gregory Crofton
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While Tom Davis knew the threat of wildfire is real to the region, it took lessons learned from two friends living outside the basin who lost their homes to fire for the former South Lake Tahoe mayor to upgrade his insurance policy.

"Both of my friends who lost their homes, one in San Diego and

one in Sacramento, were underinsured," Davis said. "I saw all the pain and suffering these guys went through. Now I pay a little bit more, but I sleep better. It's not a matter of if there will be a fire in the basin, it's a matter of when."

The cost of building at South Shore - an isolated area that requires reinforced roofs to handle the snow load, and has a short construction season and escalating property values - has nearly doubled in the last decade. Today building a home costs between \$150 and \$200 a square foot, South Shore builders and architects said.

But the cost runs even higher when dozens of homeowners are in the market for contractors and building materials, said George Kehrer, who established CARE, Community Assisting Recovery, after he lost his home in the 1991 Oakland Hills fire.

Even builders are surprised at how the economics of rebuilding can wildly swing following wildfires.

"Market forces and other dynamics change the prices," Kehrer said. "They increase about 30 percent. It's a totally different animal. It costs more and doesn't cost less. It's not easier, it's harder, and builders and homeowners need to know it."

Those prices, coupled with inflation and the fire danger in the Sierra Nevada, make it crucial for

Erika Stevens, an agent for Farmers Insurance Group at South Lake Tahoe, says she reminds her clients, with phone calls and postcards, to update their insurance annually.



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homeowners to update their insurance policies once a year.

"The key is not just pay the bill and walk away from it," said Dick Horn, an agent for State Farm Insurance at South Lake Tahoe. "If someone hasn't reviewed their policy in the last three years, most likely they are underinsured. The cost of materials, contractor fees, architectural fees have all gone up."

Typically insurance agents contact their clients annually and ask them to come in and review their policy. A small number of people come in, but the majority don't, according to industry experts. Others realize they don't have enough insurance but still ignore the issue.

"They feel nothing is going to happen to them," said Erika Stevens, an agent for Farmers Insurance Group at South Lake Tahoe. "And they are willing to take that risk."

The risk at South Shore is real. Two summers ago the area experienced two large wildfires, the Gondola fire and the Showers fire.

The Gondola fire, sparked by a cigarette, burned 673 acres and forced the evacuation of homes on Upper Kingsbury Grade. The Showers fire, ignited by a plane crash, burned 273 acres near Luther Pass. It had the potential to burn homes at Meyers, but the wind shifted and fire officials did not have to order an evacuation.

Last summer, two large wildfires charred land east and west of the basin. The Waterfall fire, started by an illegal campfire in July, burned 8,723 acres around Carson City and destroyed 18 homes and one business.

Insurance Don'ts

-- Do not assume the cost to rebuild your home is synonymous with its appraised or market value. Contact an architect or builder to find out what it would cost to rebuild your home, then buy enough insurance to rebuild.

-- Do not understate the size and characteristics so you can pay a cheaper insurance rate.

-- Loyalty gets you nowhere. Don't be afraid to switch to a

The Fred fire in October, suspected of being started by downed power lines, created mudslide danger, which led to the closure of Highway 50 for about a week. The fire charred 7,700 acres and forced an evacuation of the communities of Silver Fork and Kyburz.

The Lake Tahoe Basin averages about 70 wildfires a year on its 165,000 acres of national forest land. Most of the fires are extinguished quickly.

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Insurance Do's

-- Tell the agent you want to fully insure your home so that in the event of total loss, it can be fully rebuilt. Your agent may fear that the cost of such a policy will drive you to another company.

-- Answer all questions about your home truthfully and include any unique characteristics, high-quality materials or recent improvements.

-- Document the fact that your insurer has confirmed that your insurance policy is adequate to cover the cost of rebuilding.

-- Seek out "extended replacement" coverage or something similar. It extends coverage 25 to 100 percentage over the policy's limits. It can help cover the rising costs associated with construction.

-- Make sure you have enough coverage to replace the contents of your home. The coverage is often based on the limit of your policy.

-- Keep an inventory of

different insurance company.

-- Do not wait until after a loss to have your valuables appraised.

Source: United Policyholders and the Insurance Information Network of California

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personal property using a video or still camera to record the contents of each room in your home, and save receipts for major purchases you make.

-- Store documents, photos or videotape outside of your home in a safe place.

-- Check to see if your policy includes required county building code coverage for upgrades.

-- Living expenses should be covered by your insurer for at least two years.

Rebuilding always takes longer than you think it will.

-- Opt for higher deductibles. Often the move will lower your premium.