

Fire Relevant Insurance POLICY Features

by Wayne Moore, Larkspur Fire District Board Member

As many people in Superior and Louisville tragically discovered following the Marshall Fire, they did not have adequate homeowner's insurance to cover their losses or costs to rebuild. Emphasizing the concern held by all of us, wildfire within the LFPD area has happened and will happen again! A recent example occurred on June 20th at 3:35pm when a smoke plume was sighted on a steep rugged mountainside west of Sandstone Ranch Open Space. When the smoke (which was light and intermittent) location was identified, the LFPD captain immediately requested the designated Douglas County wildfire helicopter for water drops, which were continued until dusk. That was a lucky day for us! But what if it wasn't? What would your circumstances be if your home suffered damage or a catastrophic loss due to a wildfire?

Here's some basic information regarding fire relevant insurance policy features, pertinent additional coverage options, and further considerations. These are important to understand in preparing for a wildfire and in no way are intended to circumvent performing a comprehensive insurance policy review. LFPD strongly encourages you to closely examine the details of insurance coverage with your agent at regular intervals.

Coverage A: Dwelling Amount – This is an estimate of what it would cost to rebuild the structure of your home. This is a VERY significant coverage clause to fully understand as many other coverage features will use a percentage of this amount. The policy may or may not have a clause called Inflation Coverage Guard, which would automatically adjust the dwelling replacement amount to compensate for inflation. The home you built in 1991 for \$100/sq. ft. may cost well over \$250/sq. ft. today. Another potential clause is Dwelling Extension, which gives an additional rebuilding cushion as a percentage over the Dwelling Amount.

Coverage B: Other Structures – Structures not attached to the home such as detached garages, sheds, fences. This is calculated as a percentage of the Dwelling Amount and potentially can be increased as a decision in tailoring your policy. Basic coverage is standard with all policies and removing it will not reduce your premium.

Coverage C: Personal Property – All your belongings that are not affixed to the house such as appliances, furnishings, clothing. This is calculated as a percentage of the Dwelling Amount and Fire Relevant Insurance Policy could potentially be increased as a decision in tailoring your policy. Having a video or photo inventory of your home with a copy stored in a secure location would be helpful during the claim process. Some insurance companies may require owners to list in the claim every single item destroyed, which would be a very daunting task! Basic coverage is standard with all policies and removing it will not reduce your premium.

Coverage D: Loss of Use - Covers housing accommodation expenses during the time required to repair or rebuild your home following an insured loss. This also covers loss of rental income as a landlord. Be aware of any time or monetary limits such as a one-year limitation since it may take several years to rebuild.

Pertinent additional coverage options:

Scheduled or Blanket Personal Property - Provides coverage beyond Personal Property for unique or higher value articles such as: cameras, fine art, golf equipment, guns, jewelry, musical instruments. Each covered item is specifically listed and given a monetary insured value amount.

Ordinance and Law - Covers when civil authorities require you to comply with demolition, building, or zoning codes that will increase your costs to repair or rebuild your home. Many times, this will be offered as a percentage of the Dwelling Amount. Homeowners who lost their homes in 2010 from the Four Mile Canyon Fire in Boulder County each faced over \$100,000 in additional costs to meet new building codes. *Larkspur Sentinel, August 2022, Page 11*

Demolition and Site Cleanup – Be sure this will cover foundation removal as well as dead tree removal. If your home is a complete loss, the foundation will be structurally damaged by heat that may have exceeded 1,800° for many hours.

Cash Settlement – Coverage giving the option to “walk away” following a total loss to the dwelling, within the policy limits, instead of requiring rebuilding on the same location. Subsequently, the insurance company will own all dwelling assets specifically described in the policy. Personal property within the dwelling would be settled separately.

Further considerations:

Post-fire Flooding – If your home survives the fire but is damaged due to severe water runoff or mud/debris flows, this may not be covered. Homeowner policies rarely cover loss due to this type of “flooding.” Coverage for flooding is available separately through the National Flood Program.

Fireproof Safes – If you are relying on a fireproof safe, be aware these offer limited protection. If you check the fire rating, it will typically withstand 1,200-1,400° for 30-45 minutes. A home completely burned in a wildfire will sustain temperatures exceeding 1,800o for many hours. In summary, property fire mitigation measures, knowing your evacuation notice actions, and having adequate insurance coverage are all vital components in your home wildfire plan. Please contact the LFPD Fire Marshall, Randy Johnson, at 303-681-3284 for assistance with your fire prevention/protection questions.