

# PRESS RELEASE

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### **The Wildfire Season Is Upon Us...Is Your Insurance Policy Ready?** *Insurers improve practices to enhance customers' coverage*

The wildfire season began early in Arizona this year, and the continuous warm, dry weather produces a great potential for a severe wildfire season throughout the state. Homes and businesses, particularly those near wooded areas, should take steps now, to prepare for the season and to prevent loss or damage.

This threat of wildfires serves as a timely reminder for Arizonans to review their homeowners and business insurance policies to ensure sufficient coverage for property and belongings in the event of loss or damage. Personal insurance is the first and primary source of wildfire disaster recovery assistance. After the 2003 Aspen fire that destroyed the town of Summer Haven on Mt. Lemmon, the Arizona Department of Insurance (ADOI) heard from more than 70 families who discovered too late that their homeowners' insurance coverage was inadequate. In conducting market conduct examinations of several insurance companies involved in the Aspen fire claims, ADOI discovered insufficient and/or inaccurate insurer methodology for estimating appropriate dwelling coverage limits and the lack of a meaningful process to periodically re-evaluate policyholder coverage limits.

ADOI is pleased to report that, so far, seven (7) insurers, Harford Insurance Company of the Midwest, Property & Casualty Insurance Company of Hartford, Country Mutual Insurance Company, American Family Mutual Insurance Company, Farmers Insurance Company of Arizona, Allstate Insurance Company, and Allstate Indemnity Company, signed Consent Orders to establish new policies and procedures to increase the accuracy and improve the quality of their coverage estimations for their policyholders. In particular, these insurers agreed to: (a) issue regular, periodic inquiries to their customers to verify current construction features and/or improvements to the dwelling; and, (b) re-calculate and adjust the policy limits of insureds who respond with new information indicating structural changes that affect the replacement cost of their home.

Liberty Mutual voluntarily agreed to adopt these 'best practices' standards, USAA instituted similar 'best practices' many years ago, and ADOI is working with other insurers to join in these market practice improvements. Nonetheless, even with these positive changes in insurance company practices, homeowners and business owners, especially those in wooded areas, should get an insurance check-up and take responsible steps to make sure their coverage is adequate. "Given the complaints we received from homeowners who discovered their insurance coverage was inadequate, and considering ADOI's examination findings, I strongly urge homeowners to contact their insurance company to evaluate their coverage limits, particularly in light of the dangerous fire season ahead," said Christina Urias, Director of Insurance.

#### **Getting an Insurance Check-Up**

"An insurance check-up is simply a periodic review of your coverage," said Urias. "An annual review of insurance coverage can help prevent problems after a loss occurs. We recommend property owners read their policy, contact their insurance agent, or company, and set a date to review and analyze their coverage needs." ADOI has a [Homeowners Insurance Check-Up Checklist](#) pamphlet to help you get started. Call the ADOI at 602.364.2499, or 800.325.2548 (outside Phoenix) to request a copy, or visit the ADOI website at

[www.id.state.az.us](http://www.id.state.az.us), which also has a list of *Home Replacement Cost Estimators*, to assist you in determining the replacement cost of your home.

ADOI suggests you verify your property's square footage and make sure your insurer has the correct information on record, document the exterior appearance of your property and its contents with photographs and/or a home video tour (and store the video in a safe place, away from home!). "An inventory of your personal belongings will help determine the appropriate level of coverage and will greatly facilitate claim settlement in the event of a loss," said Director Urias. There is a free, on-line home-inventory tool at <http://www.knowyourstuff.org/>.

Homeowners insurance usually covers the structure of your home as well as its contents - your personal belongings. You should periodically consider property values, improvements (remodeling, additions, etc.), and/or significant new personal property acquisitions (new tools, furniture, appliances, etc.), and get an insurance check-up to make sure you have the coverage you need!

### **Home Businesses**

According to the Independent Insurance Agents & Brokers of America (IIABA at [www.iiaba.org](http://www.iiaba.org)), many individuals operating a business out of their home mistakenly assume ordinary homeowners insurance covers their business property and/or equipment or, perhaps feel that their business is too small to insure. Home-based business owners should ask their agent about the benefits of a home-business endorsement to their homeowners' policy, or an in-home business policy that would afford protection for business equipment and provide coverage for financial losses and business interruptions if disaster strikes.

### **Flood insurance**

Floods are more common in Arizona than many realize. Although the federal government provides the coverage, licensed insurance agents sell flood insurance that covers direct physical losses from severe storms, flash floods, or mudflows. If you are concerned about the risk of flood in your area, contact your agent or insurer for more information, or visit [www.floodsmart.gov](http://www.floodsmart.gov).

### **Fire Prevention and Preparedness**

Mitigate the potential for fire damage and reduce the risk of wildfire losses by creating a defensible zone around your home and/or business in wooded areas. Check your policy for specific requirements, or call your agent or insurer to inquire about policyholder obligations for establishing a defensible space around your home.

For fire prevention and preparedness tips, contact the Institute for Business and Home Safety ([www.ibhs.org](http://www.ibhs.org)) and the Arizona Red Cross ([www.arizonaredcross.org](http://www.arizonaredcross.org)). For more insurance tips, contact:

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### **Consumer Resources**

#### *Insurance:*

Arizona Department of Insurance, [www.id.state.az.us](http://www.id.state.az.us)  
National Flood Insurance Program, [www.fema.gov/nfip](http://www.fema.gov/nfip)  
Arizona Insurance Information Association, [www.azinsurance.org](http://www.azinsurance.org)  
Insurance Information Institute, [www.iii.org](http://www.iii.org)  
Independent Insurance Agent & Brokers of America, [www.iiaba.org](http://www.iiaba.org)

#### *Disaster Preparedness:*

Arizona Division of Emergency Management, [www.dem.state.az.us](http://www.dem.state.az.us)  
Arizona 2-1-1 Online, [www.az211.gov](http://www.az211.gov)  
Arizona Red Cross, [www.arizonaredcross.org](http://www.arizonaredcross.org)  
Institute for Business and Home Safety, [www.ibhs.org](http://www.ibhs.org)

