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Fire victims file lawsuit against insurance companies

A class-action lawsuit was filed Wednesday, May 5 against State Farm, Allstate, Farmers and Safeco-insurance companies that write homeowner's insurance in California.

The lawsuit was brought by residents of San Bernardino County and Los Angeles County resident of Palmer Canyon, John Caliri, who lost their homes in the October 2003 wildfires.

The lawsuit alleges that the insurance companies acted in bad-faith, committed fraud and engaged in unfair and unlawful business practices by charging the insured parties a full renewal premium for their homes that no longer exist due to the fire.

Among the other attorneys representing the plaintiffs are the lawyers of the locally-based firm Shernoff Bidart & Darras LLP.

"In effect, the insurance companies are selling snake oil-coverage on homes they recognize no longer exist," said Claremont attorney Michael Bidart.

As noted in a statement release by Shernoff Bidart & Darras, attorneys Harvey Levine and Richard Huver, who represent fire survivors in San Diego County, claim they have heard that some agents threaten and cajole policyholders into paying the full insurance premium.

"Some agents have basically told these already victimized families to either pay the thousand-plus dollar premium or risk complete cancellation of their home owner's insurance policy," said Mr. Levine.

The suit was filed as a class action on behalf of all California residents who have suffered a total loss of their home and personal property, and loss of use coverage for 2004 through 2005, at a time when the structure and property has been razed.

"These insurance companies are punishing fire survivors by charging full premiums on their homeowner's insurance when their homes don't exist and at a time when they need the extra money to rebuild their lives," said attorney William Shernoff.

This is a civil action seeking compensatory and punitive damages, and injunctive and restitutionary relief.

On October 26, 2003, Mr. Caliri and his wife, Elvira, suffered total loss of their dwelling and personal contents. The Caliris owned and lost two homes in Palmer Canyon. Shortly after the fire, Mr. Caliri filed a claim with his homeowner's insurer, Allstate, for dwelling, contents and loss of use coverage under his policy.

Prior to his loss, he received a renewal premium notice from Allstate, which charged a full premium for the policy period of October 11, 2003 to October 11, 2004. Just 15 days into his policy, his two homes and personal property were completely destroyed. (He and his wife bought their first home and moved into the canyon just 4 months before the fire. They purchased a second home in Palmer Canyon just two weeks prior to the blaze.)

"We are indirectly being forced into litigation," Mr. Caliri said, adding that all he and his neighbors would like is to begin rebuilding their homes hassle-free.

According to a statement from Shernoff Bidart & Darras, Allstate Insurance has continued to retain the entire renewal premium for the year despite the fact that the Caliris suffered a total loss that has not yet been replaced.

"Allstate has continued to retain a full premium for illusory coverage," the document notes.

Mr. Caliri said he hopes to receive a reimbursement for the months of uninsured service.

A sum for punitive damages is to be determined at the time of trial.

State Farm spokesman Scott Smith said the company has settled 73 percent of the 4,000 claims that arose from the California wildfires and had no comment on the pending litigation.

Representatives for Allstate declined comment, saying they had not yet seen the lawsuit.