

October Wildfire Survivors File Class Action Suit Against Insurance Companies

A class-action lawsuit was filed on May 5 against four major insurance companies who write homeowner's insurance in California. The lawsuit filed against State Farm, Allstate, Farmers and Safeco, alleges that the insurance companies acted in bad faith, committed fraud and engaged in unfair and unlawful business practices by charging their insureds a full renewal premium for their homes and personal property that burned in last October's wildfires and no longer exist.

The lawsuit was brought by: Lavonne Luscombe-Schwab, a State Farm insured; Pamela Gardner, an Allstate insured; Peter Gaffney, a Farmers insured; and Robert Fine, a Safeco insured; all residents of San Bernardino County and John Caliri, an Allstate insured, a resident who lost two homes in Los Angeles County.

The plaintiffs are represented by attorneys from four of California's top plaintiff and insurance bad faith law firms: Michael Bidart and William Shernoff of Shernoff Bidart & Darras LLP; Jerry Ramsey of Engstrom Lipscomb & Lack; Tom Girardi of Girardi & Keese; and Harvey Levine and Richard Huver of Levine, Steinberg, Miller & Huver, who have been volunteering at fire victim outreaches all over Southern California to provide highly sought after answers about insurance policies and coverage.

"In effect, the insurance companies are selling snake oil-coverage on homes they recognize no longer exist," said Claremont attorney Michael Bidart, who has been working with Los Angeles and San Bernardino county residents

"It's bad enough that we can't get the insurance company to pay our claim in a timely manner so we can rebuild our house, but for the insurance company to charge us again to cover a home that isn't there-that's just not right," Gardner said.

Attorneys Harvey Levine and Richard Huver, who represent many fire survivors in San Diego County, 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 homeowner's insurance policy," Levine said. "These tactics represent another layer of unlawful and fraudulent conduct being perpetrated against policyholders by certain insurance companies."

The lawsuit, filed under California's Business and Professions code section 17200, 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 have been charged an insurance premium for their home, personal property, and loss of use coverage for 2004 through 2005, at a time when the structure and property no longer exists.

"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.