

Two neighboring families lost their houses in a Colorado wildfire. One was reimbursed for the contents of their home within seven weeks, and the other is still fighting.



By Rukmini Callimachi

Rukmini Callimachi spent two days in Louisville, Colo., interviewing victims of the 2021 Marshall fire.

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Before the fire, the two couples, and the homes they loved, were nearly identical.

The Ackermans and the Spaldings bought their houses — a few hundred feet apart, framed by windows facing dramatic views of the Rocky Mountains — 15 years ago.

Both homes in Louisville, Colo., were roomy, each with three stories, four bedrooms and a finished basement. And the couples grew their families to fill them, welcoming their first children — daughters who later served in the same Girl Scout troop — around the time they moved in. Two years later, each couple welcomed a second child, another daughter for the Ackermans and a son for the Spaldings.

On Dec. 30, 2021, as smoke descended over the cul-de-sacs dotted with maple trees, the families escaped a wildfire that destroyed more than 1,000 structures. Both couples returned the next day to find that their subdivision had been obliterated, the destruction so complete that they had to rely on street signs and charred trees to identify the plots where their homes once stood.



More than three years ago, the Marshall fire jumped a freeway and engulfed the town of Louisville, Colo. Christian Murdock/The Gazette, via Associated Press

Each family soon reached out to their insurers to begin rebuilding their lives. And that's when their paths diverged — sharply.

The Spaldings received a check for \$311,810 from their insurer Safeco in seven weeks to cover the belongings lost in the blaze, after little more than a phone interview with the adjuster. More than a year later, State Farm, the insurer for the Ackermans, offered just \$131,275 to cover their contents, and only after the couple produced an exhaustive, 50-page Excel spreadsheet including items as minor as the Lego set and Barbie dolls their daughters had lost.

Though the Ackermans eventually received over \$850,000, the money was paid to them in dribs and drabs, following a yearslong fight, and it was far short of the \$1.1 million they spent to rebuild. They sued State Farm last year arguing that the

insurer acted in bad faith and intentionally delayed their claim. The lawsuit is still pending.

“If you’re standing on our lot and there’s like literally nothing here, just pay out the policy. Like why? Why drag it out over years?” said Lara Ackerman, 48, an administrator at the University of Colorado.



Lara and Trevor Ackerman are still fighting to be paid by their insurer, three years after their home was incinerated. Chet Strange for The New York Times

The contrasting experiences of the neighbors with their insurers offer a window into an industry in crisis. As climate change has fueled a growing number of natural disasters, the spotlight is on the onerous requirements that delay or deny the claims of policyholders.

Tens of thousands of more people are now wading through processes that were once isolated to the single neighbor down the street or the nameless residents of a small town ruined by a flood. In Los Angeles, where over 16,000 homes and structures were destroyed in January, insurance companies have already paid \$6.9 billion in claims, according to a tracker from the California Department of Insurance. That figure is only a small share of the estimated \$35 to \$45 billion in total insured losses, according to data firm CoreLogic.

In 2021, Louisville, Colo., which is northwest of Denver, was decimated by the Marshall fire — 115-mile-per-hour winds pushed the inferno across a freeway — that resulted in over \$2 billion in losses.

As many as two-thirds of the households were underinsured, according to a report from the Colorado Division of Insurance, meaning that even if insurance companies had paid the full coverage limit, many would have struggled to rebuild.

“A Moonscape” and Milk



Snow fell just after the devastating fire, and both families described walking through the snow, past buildings that were still smoldering. Michael Ciaglo/Getty Images

When the Ackermans and the Spaldings returned to their subdivision where the streets curve like commas, they saw nothing but destruction.

“A moonscape,” Ms. Ackerman said, describing how she had to count the lots from the corner to recognize which one belonged to her family.

“Like the surface of the moon,” said Jennifer Spalding, 45, a marketing director, who could only recognize her lot because of a maple tree — her children’s swing still hanging from a branch and the holiday lights her husband had put up still wrapped around the trunk.

Ms. Spalding, her husband, Ryan, and their two children initially moved in with her in-laws. They called Safeco, a subsidiary of Liberty Mutual Insurance, and were told that the adjuster would call them for a “lifestyle interview.” On the phone, as she broke down crying at times, the adjuster asked her what she could remember from each room of her house: What brands did she have? How many items of each object? When she got off the phone, Ms. Spalding sent receipts for some of the big ticket items and pictures of each room.



Jennifer and Ryan Spalding and their two children, Taylor, 15, and Blake, 11, in their new home. Chet Strange for The New York Times

The family’s premium was around \$3,000 a year. Like other homeowner’s policies, theirs consisted of a Coverage A, for the structure, Coverage B for detached buildings like a garage, and Coverage C, for the contents, which she was told to

think of like this: If you could flip your house over and shake it real hard, the contents policy would cover anything that fell down.

They received the contents check less than two months after the fire, at the end of February 2022.

Lara and Trevor Ackerman paid less for their premium — \$2,000 in the year before the fire — but were insured for nearly the same amount: Just under \$326,000 for their contents. And the thought of the coverage comforted them, even as they found nothing more than four pools of aluminum sitting underneath where one of their cars had been left inside the garage, the silver puddles representing where the car's wheels had been. “We both turned to each other and said, at least we have good insurance,” said Mr. Ackerman, 52, a software engineer.

It took them months to complete the bulk of the inventory — a voluminous spreadsheet containing 2,483 items, from expensive purchases like their refrigerator, to the most minute, including the half-gallon of milk that was cremated inside the fridge. To be credited for each line item, State Farm required not just a description of the object, but also how much it cost and its condition.

The total cost they tallied for their lost belongings: \$322,624.



Daisy Ackerman, 12, plays with the family's one-year-old puppy on the floor of their new home. Chet Strange for The New York Times

It was now more than a year since the fire, and they waited another month for State Farm to send the spreadsheet back. With no explanation, the insurer had changed nearly every item in their list to “average,” even though many items, like the milk, had been entered as “above average” or as “new.”

Next, the insurer depreciated nearly everything in their inventory, concluding that the couple was owed just over \$131,000.

It was the beginning of a yearslong ping pong between the couple and the insurance company. From a sofa in the rental where the family moved, Ms. Ackerman would review a printout of the exhaustive list and circle what she believed were errors. Weeks later when the new inventory arrived, some of the errors had been fixed, only for new ones to be introduced, the couple said.

For example, the large, potted ficus tree which the couple had been given as a wedding gift decades earlier had been depreciated to \$94, even though it would cost \$500 to buy a new potted one of that size. “I don’t think trees depreciate,” Ms. Ackerman said wryly.

Depreciation



In their new home, the Spaldings keep a framed picture of their original home as a reminder of what they have lost and endured. Chet Strange for The New York Times

One of the little understood clauses in many insurance contracts involves “depreciated value” — a measure of how much an object has lost in value since its purchase.

Decades ago, State Farm limited the depreciation of any given item to 50 percent, said Stephen Strzelec, who spent 17 years working for State Farm, including as the section manager in the company's Alaska division in the 1990s. For example, a \$1,000 couch could be depreciated to no lower than \$500.

The company has since then increased the depreciation all the way to 90 percent. Now a \$1,000 couch can be turned into as little as \$100, said Mr. Strzelec, who has testified in dozens of insurance lawsuits since he left the company in 2002.

The reduction in what the insurer pays out was part of an overhaul in the industry that began before the Allstate Corporation became a publicly traded company, according to the research of investigative journalists Walt Bogdanich and Michael Forsythe in "When McKinsey Comes to Town: The Hidden Influence of the World's Most Powerful Consulting Firm."

Allstate hired the consulting firm McKinsey and Company to help it boost profits. As a result of its McKinsey makeover, Allstate instructed its adjusters to settle claims as quickly and cheaply as possible, according to documents revealed in court proceedings. By mid-1995, State Farm — Allstate's competitor — tapped McKinsey, too, and sent its managers instructions on a new claims approach: the Advancing Claims Excellence program, or ACE, Mr. Strzelec said.

The program called for adjusters to reduce "slippage," "leakage" and "shortfall" — terms that denoted the difference between what was paid on a claim and the lesser amount that the insurer could have paid, according to Mr. Strzelec.

From the late 1980s to the mid-1990s, insurers paid 70 cents in claims for every dollar they received in premiums. Two years after the McKinsey makeover in 1997, the payout had fallen to 60.2 cents. By 2006, despite the huge number of claims resulting from Hurricane Katrina, the ratio had dropped to 53.2, according to data from the Consumer Federation of America.

"Every company is entitled to make a profit," Mr. Strzelec said. "The question becomes, you know, how do you make the profit?"

In an emailed statement, State Farm spokesman Justin Tomczak said that the allegations about the company's claims procedures "do not align with our practices, our values, or our commitment to being there for our customers." He also said that the company cannot comment on a claim that is in litigation, and that the filing of a lawsuit does not substantiate the allegations. He added that State Farm "is committed to paying what we owe promptly."

Ribbon Becomes Red Tape



The Ackermans' new home sits next to an empty lot, one of many in the subdivision where some homeowners have not been able to rebuild. Chet Strange for The New York Times

For the Ackermans, the claims process caused so much stress and strife that they ended up in marriage counseling. A back-and-forth with State Farm over the costs of three holiday-themed ribbons — green, red and white — pushed them over the

edge.

In updating the endless inventory of the belongings they lost in the fire, the couple had forgotten to enter the total of \$9 for the ribbon, they said.

The insurance adjuster had refused to update their inventory because they had omitted the dollar amount of each ribbon, worth \$3 each, Ms. Ackerman said.

It was a strikingly different experience than their neighbors the Spaldings.



The Spaldings' newly built home. Just about the only thing that survived the fire is the street sign. Chet Strange for The New York Times

Both families moved into brand-new homes in December 2023, days before the two-year anniversary of the fire.

For the Spaldings, it was an upgrade: They used a custom builder, and their new house is approximately 1,000 square feet larger than the one that burned down.

With no money readily available, the Ackermans took out a second mortgage and started a GoFundMe. “The process that we went through definitely ground salt into the wound,” Mr. Ackerman said.

They ended up buying what they could afford: a modular home that was assembled in a factory and lowered onto their empty lot. It fit together like the Legos they were asked to enumerate.

Read by Rukmini Callimachi

Audio produced by Sarah Diamond.

A correction was made on March 7, 2025: An earlier version of this article misstated the financial loss caused by the Marshall fire in Colorado. It caused over \$2 billion in losses, not \$1 trillion.

When we learn of a mistake, we acknowledge it with a correction. If you spot an error, please let us know at nytnews@nytimes.com. [Learn more](#)

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