

## Homeowners Wary of a "Third Strike"

By John Millrany - January 22, 2001

The specter of a third blow resulting from the 1994 Northridge earthquake is on the minds of homeowners and a nonprofit victims' organization in and around ground zero of the January 1994 shaker that caused 57 deaths and at least \$15 billion in property damage.

"Seven years ago, people were victimized by a massive earthquake," said **California State Treasurer** Philip Angelides. "Many of them were victimized for a second time by insurance companies that didn't step up to the plate."

Angelides, who appeared at a meeting of **Community Assisting Recovery** in the west San Fernando Valley, added, "The time has come to put good quality earthquake insurance in place so that (people) are not victimized a third time."

The state official is urging reform of California's **Department of Insurance** and calling for reopening of old Northridge earthquake claims under a bill that took effect Jan. 1. Reform of the **California Earthquake Authority**, which was legislated in 1995 when underwriters began abandoning the home insurance market, should be a top legislative priority, he said.

Among topics discussed at the West Hills meeting was Senate Bill 1899, which extends the deadline for reopening Northridge-related insurance claims to Dec. 31, 2001.

Addressing members of the press, several homeowners told stories of frustration dealing with insurance companies. "By our calculations," said George Kehrer, director of Community Assisting Recovery, "there is at least \$4 billion in unpaid claims that should be revisited."

Jessica Hamper of West Hills said, "My claim was originally denied because my insurance company said I had waited too long (to file)." She said she later found out that damage to her home exceeded the policy's \$18,000 deductible. She has reopened her claim with **21<sup>st</sup> Century**.

Dan Dunmoyer, president of the **Personal Insurance Federation of California**, criticized SB 1899 as a ploy by lawyers to win class-action settlements. "It is nothing but a get-rich-quick scheme for lawyers to make hundreds of millions on the backs of satisfied customers."

On industry spokesman suggested that fewer than 20 percent of state homeowners carry earthquake insurance, but "Homeowners who do not carry earthquake insurance are essentially rolling the dice with the biggest investment of their lives," said Candysse Miller, executive director of the **Insurance Information Network of California**. It is her contention that those who opt out of coverage simply deny that their homes or at risk or are willing to let government or charity bail them out in case of another catastrophe.

Meanwhile, the second person to be indicted in the California Department of Insurance scandal, Brian K. Thompson of Sacramento, has been indicted by a grand jury.

Thompson was accused Jan. 18 of receiving about \$90,000 in siphoned proceeds from the **California Research and Assistance Fund** by allegedly colluding with former state Deputy Insurance Commissioner George Grays in a kickback scheme. Grays pleaded guilty Jan. 16 to two counts of mail fraud and conspiracy to commit money laundering relative to CRAF, which was bankrolled by \$12 million in insurers' payments.

Grays, who was a top aide to former Department of Insurance Commissioner Chuck Quakenbush (who is also being investigated by state and federal authorities), faces up to 30 years in prison and fines exceeding \$1 million.