

Quake's hidden damage may remain

Homeowners unaware of potential foundation problems, says ex-insurance official

By KAREN CLARK
Sentinel staff writer

BEN LOMOND — Some people living in homes that went through the Loma Prieta earthquake may be in serious danger, warned a former claims supervisor for State Farm Insurance Co.

"Anybody living on the side of a hill where there has been earth movement, which is going to include everybody on a hill, has the potential for a problem," said Ina DeLong, the woman who supervised claim adjustments in Santa Cruz County before quitting in protest last August after 22 years with the company.

DeLong charged that many homeowners are unaware they have serious foundation damage because claim adjusters sent out by State Farm and other insurance companies in the months after the 7.1 earthquake were not adequately trained to look for such problems.

"We didn't know what we were looking at," said DeLong. "Frequently the foundation system wasn't even inspected."

When the earthquake hit Oct. 17, 1989, De-



Dan Coyro/Sentinel

Ina DeLong says insurance adjusters were not trained to look for some problems.

Long was working out of a San Jose office. She was sent to Cupertino to supervise quake claims within a week.

In January 1990, she was sent to Santa Cruz to supervise quake claims and review cases already handled. It was during her review of

claims, said DeLong, that she spotted potential inadequacies in the adjusters' inspections.

When she wanted to reopen 1,400 cases, charged DeLong, she ran into problems with State Farm executives.

Marcela Iglesias, public affairs coordinator for State Farm based in Rohnert Park, denied there were problems in the way earthquake claims were handled.

"The way the process worked was that if any person had a problem they would call us," said Iglesias, adding that cases are "never closed."

Only 28 complaints were made out of 27,000 claims handled, she said, and State Farm paid out \$120 million to policy-holders.

But Iglesias encouraged any homeowner who had discovered subsequent damage to call his agent.

"We feel confident they (State Farm policy-holders) were handled fairly and treated well," said Iglesias, who would not address specific allegations made by DeLong because of privacy considerations.

Please see DANGER — A3

Danger

Continued from Page A1

In response to charges adjusters were not adequately trained for an earthquake of this magnitude, Iglesias said a two-day training program specifically prepared in the aftermath of the disaster dealing with both policy review and spotting structural damage was provided to all State Farm adjusters.

But, said DeLong, unlike adjusters out of the Cupertino office, files revealed the "Santa Cruz disaster office hadn't made a foundation inspection part of the requirement" when adjusters went out to review a claim.

Although DeLong worked for State Farm, she emphasized the problem wasn't confined to just one company.

"I'm not on a witch hunt (but) the deeper I dig the worse the story gets," said DeLong, who has been living off her savings since resigning her well-paying job at State Farm. "My endeavor here is to get the consumer to wake up. That adjuster who came out and told you you had no damage probably wasn't adequately trained."

Ben Lomond attorney Daniel Cooper is handling 35 (including five class actions) of the lawsuits filed by local homeowners charging insurance companies with improperly paying their claims.

"Many people are in precarious positions — many who do not know they're in a precarious position," said Cooper, who estimated hundreds of people in the county were "not paid or were short-sheeted" by their insurance companies.

Cooper said the most pressing problem is that "a house can have very significant damage without appearing to have any damage."

And that, he added, is a particular problem if a house with foundation damage is on the side of a hill and in danger of sliding down if another quake hits or normal rainfall resumes.

"And there are an awful lot of hillside homes in this county," said Cooper.

Both Cooper and DeLong said people who were persistent got the money they deserved from insurance companies, but many just "were glad to be alive. ... They were overwhelmed by what appeared to be superior knowledge (by the adjusters)."

You may have problems if ...

Soquel contractor Roy Taylor has a few tips for homeowners worried about whether their homes might have foundation problems caused by the earthquake.

If you have experienced any of these problems, he said, "I would tell people to ask for help:"

- Squeaking or bouncing floors.
- Doors or windows that are sticking, or doors that no longer have uniform space around them.
- Cracks or air space around windows.
- If you can get under the house, tap the pier and post system. If it sounds hollow, "it's probably not attached" anymore.
- Seeing the raw wood.
- Cracking in the stucco or sheetrock around doors or windows.
- Sagging floors that were once level.

Cooper estimated that between \$50 million and \$150 million in legitimate claims in Santa Cruz County remain unpaid by insurance companies.

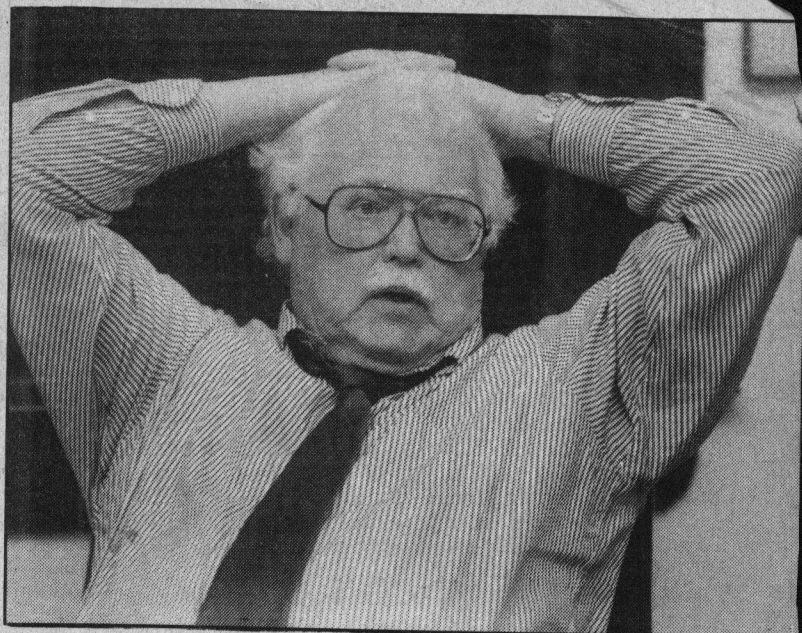
Despite that, he emphasized that "the majority of the cases were handled well" by the companies. Insurance industry statistics show more than \$600 million was paid to homeowners from the earthquake.

DeLong said the problem of inadequately trained adjusters is a nationwide one that occurs during every disaster — but trying to cope with the third-worst earthquake in U.S. history made it a bigger problem.

"These people didn't know enough to know they didn't know," said DeLong. "It's a nationwide problem. It's bigger here because it's endangering life."

Roy Taylor, owner of Mountain View Builders of Soquel, said he has done between \$5 million and \$6 million in repair work since the quake struck.

He worked for DeLong while she was at State Farm in helping ad-



Dan Coyro/Sentinel

Ben Lomond attorney Daniel Cooper represents homeowners who are charging insurance companies with improper payment.

justers spot damage while making initial or follow-up inspections. Some of them, he said, involved homes where he was not going to get the bid to do the work.

Taylor said his purpose in coming from Nevada to Santa Cruz County after the earthquake was to make money, but he also wants to see people treated fairly.

He said he has seen many cases where significant foundation problems were overlooked by insurance adjusters.

"There are a lot of problems that were never addressed," said Taylor. "You cannot take a structure that weighs many, many, many tons and shake it violently for 15 seconds and not have a lot of problems. It doesn't take Rhodes scholar to figure out something would

happen to the foundation."

Not all the homes Taylor has done construction work on turned out to have soils problems that led to foundation cracks and shifting.

But, he said, if your neighbor's house had big problems with the foundation after the quake, it would be logical to ask for a review of your claim.

He said homes with foundation damage from the quake now could be showing indications of that problem (see box), and homeowners should be alert to the changes.

"In general, it looked like they (insurance companies) had a lot of adjusters trying to do a good job because they could see people were in a bind," said Taylor. "They just didn't have a lot of expertise or experience ... to fix the problem."