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## Valley Poised for More Quake Payments

Jennifer Netherby

Six years after the Northridge temblor, damage has again taken center stage -- this time in Sacramento, where state lawmakers are considering a bill to reopen the insurance claims process.

If the bill passes, it could be a windfall for Valley homeowners, perhaps resulting in billions of dollars in payments. But local observers say there is little prospect that businesses will see new reimbursements for quake damage.

The legislation is being considered amid ongoing investigations of Insurance Commissioner Chuck Quackenbush, who is accused of diverting money from an insurance relief fund for his own political purposes and giving insurers a break when it came to fulfilling their earthquake commitments.

With Quackenbush in the hot seat, the state Senate passed legislation to reopen the claims process for people whose homes were damaged by the earthquake, giving them another year to file a claim. The legislation is awaiting a vote in the Assembly.

While the deal could be a boon to homeowners, San Fernando Valley business leaders say that whatever happens in Sacramento will come too late for most business owners impacted by the quake.

"Right now, no one in the Valley remembers the quake," said Maureen Freid, president of the Northridge Chamber of Commerce. "Things have been fixed. And many places look even better."

Those businesses that couldn't survive the damage sold or went bankrupt long ago.

"A lot of businesses packed up and left or went, into other things," Freid said. "There's a lot of people that left and sought their fortunes elsewhere."

Keith Stark, owner of Chatsworth-based Pacific Fixture Co. Inc., a builder of interiors for retail stores, is an example of the many local business owners that were hurt badly by the Northridge earthquake in 1994.

Aside from building damage from a roof cave-in, Stark lost millions immediately after the quake when his customers, mostly small merchants, went under because they had no earthquake insurance or because of delays in getting their businesses running again.

Nonetheless, today the earthquake is little more than a faded memory. Stark's business is again on the upswing, and he expects to generate roughly \$2 million in revenues this year, the same as the year before the earthquake sliced his sales in half.

For Stark and others like him, the latest flap over the Northridge earthquake has aroused plenty of anger, but little expectation of reparation. The strong economy has turned things right-side up for most businesses damaged by the quake. As a result, few commercial structures have gone unrepaired.

A survey by the Valley Economic Development Center earlier this year found that of hundreds of buildings damaged by the disaster, just five remain unfixed.

"Most were fixed with the strong economic demand for commercial and industrial space," said Roberto Barragan, executive director of the VEDC. "That was the main impetus for rebuilding."

The VEDC helped dozens of businesses recoup after the quake, providing guidance and financial assistance. Barragan said most building owners had insurance to cover damage losses. Those that didn't sold their buildings, and the new owners paid for fixes.

And while some apartment owners still encounter damage from the temblor, few expect any help now, said Shari Rosen, executive director of the Apartment Association of the San Fernando Valley.

"There are probably a few that are still dealing with damage," Rosen said. "Every once in awhile, someone comes in looking for help. It doesn't seem to matter what happens in Sacramento, though. Most of the big stuff has been taken care of."

Even the Valley Industry and Commerce Association has heard little from members expecting relief from the state, said Executive Director Bonnie Herman. However, VICA is looking into what effect, if any, the Quackenbush scandal has had on business and may recommend legislation based on its conclusions.

While businesses seem to have moved on, many owners say they are angry about the Quackenbush mess.

"The initial reaction from many business people I talked to was, 'that SOB,'" Freid said. "Right now in my own mind, I want to listen to everything before I rush to judgment."

Others are not so charitable.

"It's disgusting," Barragan said. "Most people I talk to are mad and they basically think he should resign. He used the office to his own benefit and didn't even put the money back into the community."

Howard Meister, who lost \$250,000 in inventory at his Van Nuys-based Wine and Liquor Depot in the quake, agrees.

"What he did is unconscionable," he said. "He didn't hurt (our business directly), but I'm still a taxpayer."

Boon for homeowners

Homeowners will likely feel the biggest effect from any Sacramento legislation aimed at righting Quackenbush's alleged wrongs. While businesses certainly took a hit from the quake, the claims they filed with insurers represented only a fraction of the amount sought by homeowners.

A 1999 survey by the Institute of Home and Business Safety, an insurance-industry trade group showed that business claims accounted for 28 percent, or \$4 billion, of the overall \$15.3 billion insurers paid out for earthquake damage.

Lawyer Glenn Kantor, who has filed a classaction lawsuit against 21st Century Insurance Co. and other insurers, says he believes it will take more suits like his before homeowners see help.

The suit involves homeowners who had additional quake damage that wasn't discovered until after the one-year deadline to file claims following the Northridge temblor. Many times, insurers sent adjusters back and found more damage, but refused to pay because the deadline had passed.

If the bill in Sacramento to reopen claims is passed, it could mean a windfall for local homeowners. Community activists estimate that any payout could be huge.

"A lot of claims will be reopened," said George Kehrer, executive director of Community Assisting Recovery, a group that mobilized after the quake to help homeowners deal with insurers. "We estimate that it could potentially reach several billion dollars."

Business owners, meanwhile, are simply taking the lessons learned from the quake and moving on.

Stark of Pacific Fixtures has no earthquake insurance. But he says he's better prepared for the next quake because most of his customers are now big retail stores that do carry insurance and are able to be up and running faster.

"We looked at earthquake safety in our building, so the next one won't impact us as much," said Stark. "But it's kind of part of life and one of the gambles of living in Southern California. I hope it doesn't happen again."

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