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Haggle Now, Settle Later

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After disaster strikes, it's tempting for homeowners to repair the damage and move on.

But settling quickly with your insurance company is not always the prudent thing to do, says George Kehrer, executive director of Community Assisting Recovery Inc. or CARE (www.carehelp.org). The nonprofit organization, founded with a grant from **Fannie Mae** ([FNM Quote - Cramer on FNM - Stock Picks](#)) in 1994 after the Northridge, Calif. earthquake, has assisted thousands of homeowners at no cost in obtaining information about rebuilding their homes following natural disasters. The Web site offers a detailed consumer walk-through of the [insurance claim](#) process.

Kehrer, who himself lost a home in the Oakland, Calif. fire, says he is already starting to hear from victims of the Florida hurricanes. And he's concerned they will get shortchanged.

If a home suffers damage from water streaming in at ground level, then that must be covered by flood [insurance](#), a special insurance backed by the federal government and sold in cooperation with private insurers. Most homeowners don't carry flood insurance. Water damage is covered by homeowners insurance only if the home is penetrated, say by wind or a falling tree, that allows water to enter.

Kehrer predicts there will be "significant arguments" between consumers and insurers over how water entered homes.

Owners of damaged homes, cautions Kehrer, should avoid accepting a check for all damages on the spot from an insurance adjuster. "A lot of these issues don't settle up until down the road," he says. "The damage is more than meets the eye."

For example, he says, after previous hurricanes some homes suffered wind damage, such as scrapes from blowing boards or missing shingles, that weren't apparent until the next rain storm.

After the Northridge earthquake, Kehrer recalls, some damage took months to detect, in the form of minute cracks and moisture built up along building walls. During a fire, chlorinated water snatched from a swimming pool to salvage a home can corrode aluminum window frame and brass hardware, which should be covered under homeowners policies.

Insurer adjusters sent by [insurance companies](#) to assess damage are likely to appear helpful. But don't confuse their interests with yours, advises Kehrer. Typically, the faster they settle the claim, the less the payout for the insurance company.

"They're friendly, but they're not your friend," he says. "Their job is to save money for the company."

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