

FEMA Seeks Thousands of Insurance Records

WHSU

The Federal Emergency Management Agency (FEMA) is beginning its probe into the allegedly lowballed Superstorm Sandy claims by asking flood insurance companies to turn over thousands of records by the end of the week. The data request includes the name of the engineering company and the amount of the damage that was not included in the final payout.

There are an estimated 15,000 Sandy claims with engineering reports. These are the ones that have drawn the most intense scrutiny from officials because hundreds of homeowners have said their engineering reports were altered to indicate less damage and, therefore, less insurance money. FEMA doesn't actually have access to this data, which has drawn the concern of advocates of policyholders.

"This is information that they absolutely should have but probably have not been adequately monitoring, and that may be a resource problem, or it may be intentional," said Amy Bach, Executive Director of United Policyholders.

The National Flood Insurance Program is backed by FEMA, but administered by many different private insurance companies. Those companies in turn outsource to servicing companies, who outsource to adjusters, who outsource the actual engineers.

Insurance companies say FEMA is asking for a lot of records in a short amount of time.

"This is absolutely unprecedented," said Robert Hartwig, president of the Insurance Information Institute. "The fact of the matter is the vast majority of these claims have been closed, most of them for the better part of two years."

Hartwig adds that insurance companies were only following FEMA's rules for administering flood claims and have no financial incentive for lowering insurance payouts because the government ultimately pays the claim.

FEMA has vowed to reopen all 144,000 Sandy claims, which stretch from North Carolina all the way to Maine.