

## **Flood program must focus more on needs of disaster victims, new chief says**

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The newly appointed director of the National Flood Insurance Program said the organization needs to focus more on the welfare of disaster victims and rethink gaps in coverage that bedeviled homeowners after superstorm Sandy. Roy Wright, who takes over the federal program next week, said in an interview Tuesday that flood insurance policies have become laden with complex loopholes that nickel-and-dime homeowners and undermine their ability to rebuild after floods. “The center of gravity needs to continue to shift in favor of the policyholder,” Wright said. Wright said that the program had already instituted some measures to increase its direct contact with policyholders, including establishing a call center for flood victims in Texas and Oklahoma to report any problems with flood insurance claims directly to the Federal Emergency Management Agency. “We have to put in place a way by which we can detect and monitor and feel these pulses early. And so this hotline is a way to ensure that,” he said. Wright assumes leadership of the flood insurance program, run by FEMA, as it continues to grapple with fallout from allegations that homeowners were intentionally underpaid after Sandy. In the last six months, dozens of storm victims have accused private companies hired by the government of forging documents to improperly deny settlements to cover damage from the 2012 storm. The allegations have led to an ongoing criminal probe and the departure of two top officials at the flood insurance program. FEMA, meanwhile, has launched a sweeping process this month to review up to 142,000 claims. So far, roughly 2,200 homeowners have signed up. Wright, who has worked for FEMA since 2007, said he would be judged largely on the outcome of that process and said he would be “relentless” about making it run smoothly. Yet more important, he said, is fixing the program so policyholders aren’t underpaid again. Those reforms, Wright said, are apt to include rethinking fine print in policies that sharply limit how much homeowners can be paid for damage in finished basements, in sunken living rooms and in instances when waters washes out soil from beneath foundations. He stopped short of saying he would repeal those exclusions, which led to thousands of lawsuits after Sandy in New York and New Jersey. But Wright said: “You may believe that’s a reasonable assertion in terms of where I’m going.” The flood insurance

program's outgoing director, Brad Kieserman, who is leaving for the job at the Red Cross, was tapped four months ago to begin the reforms and said a key piece is overhauling the flood insurance business model. That model, which dates to the 1980s, relies on outsourcing the tasks of selling policies, collecting premiums and adjusting claims to more than 80 separate companies. In turn, many of those private insurers subcontract the work to a handful of businesses that specialize in flood insurance. The result, Kieserman said, is a sprawling tangle of contractors and subcontractors. The flood insurance program, which has roughly 50 employees, lost its ability to oversee how homeowners were treated, he said. "That business model," Kieserman said, "needs to be analyzed and then restructured." Wright said it was too early to determine the role that private insurance companies would continue to play in flood insurance. But he stressed that the government could not run the program on its own. "We will never fully federalize this," he said.