

For Some Sandy Victims, Insurance Falls Short

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NEW YORK — Many homeowners who got slammed by Superstorm Sandy are finding their flood insurance checks are nowhere near large enough to cover their repairs, and consumer advocates put some of the blame on errors by the multitude of adjusters who were hired in a hurry after the disaster. They say policyholders are being shortchanged — sometimes by tens of thousands of dollars — because of adjusters' inexperience and their overreliance on computer programs, rather than construction know-how, to estimate rebuilding costs.

Those critics point to policyholders like John Lambert and Lee Ann Newland, whose house in Neptune, N.J., is still a moldy wreck a year after Sandy filled it with 4 1/2 feet of water.

If you buy drywall, flooring or a new boiler in New Jersey, you have to pay sales tax. But when the insurance adjuster was using computer software to calculate the cost of repairing the home, he neglected to click a box adding taxes to the estimate, according to a consultant hired by the couple. That cost the family \$11,000, and they say it wasn't the only thing left out of their claim: The adjuster failed to account for phone jacks that needed to be replaced, ceiling paint in one room, pipes that rusted because of contact with salt water, baseboard heating in places and other items.

"It was stupid things. Little things. But it added up to be a huge amount of money," Newland said. She is trying to get the insurance company handling her claim to add \$49,000 to her settlement. "In our case, that is the difference between us rebuilding, or not."

Another homeowner, Joanne Harrington of Tuckerton Beach, N.J., said her adjuster had her down inaccurately as having electric heat instead of forced hot water. He said she had ceramic tile, when she had more expensive porcelain.

A similar pattern has been repeated up and down the East Coast as insurance companies working with the federal government have processed nearly 144,000 claims filed with the National Flood Insurance Program after the storm.

Insurance companies dispute that large numbers of customers are being paid less than what they are owed. They say the vast majority of adjusters do a methodical, professional job, and any oversights are easily corrected if homeowners can produce proof that a covered expense has been overlooked.

"In a big event, you are going to get some people entering the industry ... and a percentage of those people are going to do great, because they are good people and they are smart, and they want to do a good job," said Jeff Moore, vice president of claims for Wright Flood, which handled more Sandy-related flood cases than any other company. "And there will be another percentage that don't do so well ... and those are the ones you get to write about in the paper."

Computer technology, he added, has made it easier than ever for newcomers to write up a claim properly, even if they know nothing about construction or insurance. "The software that they use, it's very easy. I could take you in a day and teach you to write an estimate," Moore said.

Some consumer advocates and homeowners don't see it that way at all.

Immediately after the storm, insurance companies brought in an army of adjusters from all corners of the country. They arrived with varying degrees of expertise. All would have had to have passed a certification test in at least one state. Many were veterans of past floods and hurricanes, but not all.

The Federal Emergency Management Agency, which oversees the flood insurance program, requires adjusters to have four years' experience. But newcomers with no track record can start work after a brief training period under certain circumstances, if they are working for one of the major insurance carriers that handle the bulk of flood claims.

Amy Bach, executive director of United Policyholders, an advocacy group for insurance consumers, said that for adjusters with no background in construction, there is a tendency to rely too much on software like Simsol, Xactimate and Symbility to tell them how much a repair job is going to cost.

"Some of these guys could have been selling oranges last week at a fruit stand, and this week they are an insurance adjuster," Bach said. "Instead of using the software as a tool to check the estimates produced by the contractors, they use them as a last word. But computers don't rebuild and repair homes. Contractors do."

Claims software is widely used in the industry after major disasters and represents a break with the old practice of getting estimates directly from contractors. It is designed to take out the guesswork while offering a check against contractors who exaggerate the cost of a job.

The programs supply detailed prices, by ZIP code, for carpets, cabinets, light fixtures and almost every other part of a house, as well as the labor costs for tasks as simple as putting masking tape around electrical outlets before painting a room.

Using those programs properly involves entering an inventory of every piece of damage in the house, and every possible task that might be required to put the building back into its proper state. There are thousands of variables. Miss a few, and that means less money for storm victims.

Simsol's president, John Postava, said that like any computer program, it is only as good as the data people feed into the system: "Garbage in, garbage out."

Simsol also operates an adjusting firm and had 158 adjusters working in the Northeast on Sandy claims. Postava said he is confident the great majority did a good job.

Two of the largest adjustment firms involved in the Sandy effort, Colonial Claims Corp. and Pilot Catastrophe Services, declined to make executives available for an interview.

Earlier this month, FEMA gave homeowners an extension until next spring to submit proof of their storm losses after lawmakers complained that thousands of constituents were still arguing with their insurance companies.

To date, insurers have approved \$7.8 billion in flood program payments to policyholders. Close to 92 percent of all claimants got at least some money. The average check was for \$54,754, according to FEMA.

FEMA said it does not keep track of how many claims are still being disputed. But Moore estimated as many as 30 percent of Wright Flood's customers are probably still seeking a bigger settlement a year after Sandy — an unusually high percentage, even for a major disaster.

He blamed a number of factors, including delays in having contractors start work because of uncertainty in many communities about what sorts of flood-proofing to require in rebuilt homes.

He said many homeowners are, indeed, getting stuck with repair bills significantly larger than their insurance settlements, but he blamed strict limits on what the flood program covers, not bad adjustments.

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