

## [How Hurricane Sandy created ‘the perfect storm’](#)

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Three years after Hurricane Sandy swept up the East Coast, homeowners are still working to collect money for the damage they sustained. It has been a long and frustrating fight for many. Media reports highlighted their efforts and some accused insurers and engineers of colluding to under-report the damage.

The reality is there were multiple failures and the blame should be shared by many, not just a few. Upon closer examination, there wasn't just one entity which made mistakes, mismanaged the situation or exploited opportunities, but multiple factors which exasperated the situation because no one had all of the facts or was prepared for a storm the magnitude of Hurricane Sandy.

Over a period of several months, adjusters, engineers, consumer organizations, attorneys and others were interviewed on how the reports were assigned, how peer reviews are conducted, where problems existed, and who or what was responsible. The issues, like the answers, are not black and white.

### When catastrophes come knocking

Whenever a catastrophe like Sandy, Katrina or Isabel impacts a large area, all resources are strained beyond capacity. Police and fire departments attempt to respond to citizens' needs. Insurance companies scramble to bring in adjusters to inspect and manage the thousands of claims from their policyholders. Restoration companies, roofers, water damage mitigation firms, building contractors, engineers and other service providers are equally taxed, working as quickly as possible to bring in additional resources to meet countless requests from residents.

There are never enough adjusters to respond to all of the policyholders filing claims. Insurance adjusters from other jurisdictions come in to help with the overflow, but they may lack experience, be unfamiliar with how buildings in a particular area are constructed and what to look for following a major disaster, or not understand that estimate pricing can vary significantly from one jurisdiction to another.

Catastrophe adjusters have special expertise. They know that getting into a devastated area means their hotel (if they can find one) may be several hours away from the losses they are adjusting; that there

won't be any electricity, air conditioning or possibly even lights in the buildings they are inspecting. There are looters, rioters and others who would seek to harm them for being in the right place at the wrong time. They've seen this level of devastation before and know how powerful rain, floods, winds and unruly waves can be. While finding addresses without street signs or building numbers is easier with today's global positioning systems, getting from one place to another still takes hours in areas where debris litters the streets, roads are washed away and entire neighborhoods look like desolate wastelands. They spend weeks meeting with policyholders, reviewing estimates and determining what damage was caused by the event, what may have been pre-existing, what is covered by insurance and how the policyholders will be compensated for their loss.

Traditional Homeowners insurance does not cover losses from floods or storm surge; a separate Flood insurance policy is required. Unfortunately, many of the agents selling Flood insurance and most of the homeowners purchasing it don't really understand what Flood insurance does and does not cover.

#### Flood insurance by the numbers

Floods are the number one disaster in the U.S. and the cost of recovery grows each year. According to the Federal Emergency Management Agency (FEMA), the average claims paid in 2014 ranged from \$10,746 to \$42,275. The average cost of a flood insurance policy in 2012 was \$650.

Flood insurance covers dwellings up to \$250,000 and contents up to \$100,000 and will not pay more than the policy limits for any claim. It does not cover items outside of the home like walkways, plants/trees, swimming pools, sea walls, patios or decks; most self-propelled vehicles e.g., cars, motorcycles, four-wheelers); damage caused by moisture that could have been prevented by the homeowner or renter; damage caused by settlement even after a flood event), and specialty items such as currency, precious metals and valuables.

FEMA's National Flood Insurance Program (NFIP) maintains a database of authorized adjusters. To obtain NFIP adjuster certification for residential, commercial and mobile homes, an individual must:

Have four consecutive years of full-time property loss adjusting experience;

Be able to prepare residential scope and estimates up to \$50,000 for mobile homes and \$500,000 for residential and commercial losses;

Have attended an NFIP workshop and be able to demonstrate knowledge of the standard Flood insurance policy (SFIP) and NFIP adjustment criteria for all policy forms; and

Be familiar with manufactured mobile home and increased cost of compliance techniques.

Adjusters for commercial properties must have similar credentials and five or more years of experience with commercial claims of \$500,000 or more, submit recommendations from three insurance company

supervisory or claims management professionals, and carry Errors and Omissions insurance.

When a catastrophe occurs, unscrupulous individuals suddenly become experts in roofing, construction, insurance and other trades. These charlatans promise fast service, demand money up front, don't bother with the paperwork most reputable companies provide, and rarely take a job to completion. All of these factors and many more combined to create a perfect storm after Hurricane Sandy swept up the East Coast in October 2012.

It began with an engineering report

Very few individuals can write something perfectly the first time, not even professional writers. Important reports, articles, school assignments, manuscripts and even e-mails should be drafted and reviewed with fresh eyes and sometimes with input from peers who may see things that are incorrect or need further clarification.

In publishing, peer-reviewed journals send articles to knowledgeable professionals who carefully examine them to test the hypotheses, verify the facts and ensure that the information presented is accurate and not "made up stuff." The comments are shared with the author, who has the choice to accept or reject the recommended changes and comments.

The process is similar in the engineering field, where peer reviewing another professional's work is a common practice. "Every report is reviewed by a licensed professional engineer," explains Brian Erickson, an engineer with PIE Consulting & Engineering. "It can be written by an engineer or someone who is in training, but for 90% of the reports the final review is done by a senior engineer. Each report gets at least two sets of eyes, sometimes three if a supervisor looks at it."

Each engineering report also bears the stamp and signature of the engineer who wrote the report or of the professional engineer who is supervising the project.

While every engineering firm has its own internal review system, the practice of peer reviews is common in the engineering field. Like a physician who offers a second opinion on a patient he may not have seen, the individual offering the peer review may have more experience, but has usually not visited the property involved. The use of the peer review process is even outlined in the ASTM Standard E2713-11, Standard Guide to Forensic Engineering.

Justin Kestner, CEO of Haag Engineering, said that each report generated by their company receives a technical review and a grammatical review. "An engineer does the technical review, either someone at the senior engineer level or higher, and an administrative staff member handles the grammatical review."

One of the most widely reported cases involving an engineering peer review concerned an almost 80-year-old rental property about a block off of the beach in Long Beach, N.Y., owned by Deborah Ramey. According to court documents, Ramey reported that the home had been damaged by floodwaters from Hurricane Sandy and filed a claim with her insurer. Wright National Flood Insurance Company hired U.S. Forensic, LLC, an engineering company based in Metairie, La., to “perform an evaluation of the building and to determine the cause and extent of the reported damage.”

Like insurers who hire independent adjusters, engineering firms sometimes contract with engineers to supplement their existing staff. U.S. Forensic hired George Hernemar, PE, who went through the company’s training program in late November 2012, and the Ramey investigation was his first for the company.

Hernemar inspected the house on Dec. 4, 2012, and stated in his initial conclusions:

The physical evidence observed at the property indicated that the subject building was structurally damaged by hydrodynamic forces associated with the flood event of October 29, 2012. The hydrodynamic forces appear to have caused the foundation walls around the southwest corner of the building to collapse.

The extent of the overall damages of the building, its needed scope of repair combined with the age of the building and its simple structure, leads us to conclude that a repair of the building is not economically viable.

When Hernemar finished his draft report his first flood claim for FEMA), it went through U.S. Forensic’s internal peer review process. “Once an engineer hits draft report complete, it goes to the grammar reviewer for formatting and the grammar review,” explains Gary Bell, managing partner of U.S. Forensic. “Then it goes to the technical peer reviewer. The peer reviewer uses the redline feature of Microsoft Word and puts in changes, comments, questions about information and he sends it back to the engineer, and he has to accept or reject each change.”

When the technical reviewer received the report, he saw there were problems and asked Bell how specific he should be in his comments. Bell replied that he should mark any questions or issues because it would be the best way for Hernemar to learn their processes, what he had missed and what to look for during future inspections.

Based on the photos Hernemar provided with the report, it was obvious there was sand around portions of the exterior foundation of the house, covering some areas of the foundation. Hernemar had also not gone into the crawlspace of the home to see what damage was visible from the interior.

The peer reviewer recommended that the sand be removed from around the house and that Hernemar

return and conduct a more thorough inspection of the foundation from the crawlspace below. What transpired during the second inspection was what set off the chain of events that called into question the practice of peer-reviewed engineering reports.

#### What the report said

A report signed and sealed by Hernemar and submitted to Wright National Flood Insurance Company on December 28, 2012 included the following conclusions:

The physical evidence observed at the property indicated that the subject building was not [emphasis added] structurally damaged by hydrodynamic forces, hydrostatic forces, scour or erosion of the supporting soils, or buoyancy forces of the floodwaters associated with the subject flood event.

The physical evidence observed at the subject property indicated that the uneven roof slopes, leaning exterior walls and the uneven floor surfaces within the interior of the building, were the result of long-term differential movement of the building and foundation that was caused by long-term differential movement of the supporting soils at the site and long-term deflection of the building framing.

The findings were the exact opposite of what Hernemar had stated in his initial draft report. Based on this report, Wright Flood did not pay for any structural damage related to the claim, but did pay for interiors and contents. The company did not offer policy limits as Ramey requested because the report indicated that the building was not structurally damaged. After receiving this report, Ramey indicated that parts of the foundation were still covered in sand, and she requested that Wright reinspect the property a second time.

Following the second inspection on January 25, 2013 after the sand was removed, U.S. Forensic offered two supplemental conclusions:

Based on the conditions observed at the property during our follow-up inspection, we cannot rule out that hydrodynamic forces and buoyancy forces of the floodwaters damaged the lower reaches of the exterior siding material at the west end of the south wall of the building and displaced a leveling block from between the pier and beam in the crawlspace area beneath the southwest corner of the building.

In order to repair the structural damage to the building caused by the floodwaters associated with the flood event of October 29, 2012, we recommend that the displaced block between the foundation pier and floor beam beneath the southwest corner of the building be replaced with similar materials and that the floor framing be re-leveled. The damaged siding and parging at the southwest corner of the building, approximately 45 square feet, shall be replaced with similar materials. All repairs shall be performed by qualified contractors and in accordance with applicable state and local building codes and standards.

How did the draft report get released?

According to Bell, while Hernemar was conducting the second investigation, he said he left his bag with the draft report on the kitchen table and went into the crawlspace to get photos and measurements. He said that the owners removed the report from his bag and took a photo of it. The homeowners claim that Hernemar showed them his draft report on the computer screen. The photos produced of the report in court show it on a clipboard. Robert Kaible, Ramey's husband, later testified that he took photos of the first page of the report that Hernemar brought with him.

During an evidentiary hearing, Ramey said that the insurance company changed the report submitted by U.S. Forensic. Representatives from U.S. Forensic attended the hearing at the insurer's request and explained the investigation and peer review process to the judge. Hernemar testified under oath that he had accepted the changes and signed and sealed the final report because he believed it to be correct. According to Bell, the only person who had evaluated the report at that point was the magistrate judge, who took issue with the peer review process and said it was "gamesmanship." His opinion launched a media firestorm and called into question the findings of countless engineering reports and the peer review practice used by engineers.

Wright Flood paid Ramey \$80,000 for the damage sustained, well under the \$250,000 cap for the policy. Believing that U.S. Forensic and Wright Flood had colluded to alter the report so she would receive a lower payment, Ramey questioned the changed report and filed a lawsuit against Wright Flood. Similar practices have been alleged in other cases and in November 2014, U.S. Magistrate Judge Gary Brown questioned the use of the peer review. Saying he feared there were more conflicting reports, he issued an order demanding that all insurance companies being sued by Sandy homeowners release all information related to engineering and adjusting reports, including photos, reports and notes, and that all draft versions of the documents be provided to the court for review.

When questions were raised about the accuracy of their engineering report, the law firm for U.S. Forensic, The Demmons Law Firm, LLC, hired another engineering firm to conduct an outside review and provide their opinion on the peer review process, the process used by U.S. Forensic, the substance of the reports, and the validity of the conclusions. James Cohen, PE, who was a structural engineer and the associate principal in the New York office of Arup, an international engineering and consulting firm at the time, conducted the review. He found that the initial draft report prepared by Hernemar "contained gross errors regarding observed damage and cause and was clearly a draft report not intended for issue." Cohen also found that the "report ultimately issued by U.S. Forensic following the peer review of Mr. Hernemar's draft report ... remedied the gross errors regarding observed damage and cause and is reasonable and accurate in its content and conclusions." The supplemental report after the visit on Jan.

25, 2013 was also found to be “reasonable in its content and conservative in its conclusions.”

### The reporting process

Engineers working for FEMA are typically paid a flat fee for their expertise, regardless of their conclusions. Interviews with engineers from multiple firms confirmed that no reputable engineer would be willing to jeopardize his or her reputation and credentials by filing a false engineering report.

“A client ‘not liking the answer’ is never a reason to change the report,” says Randy Clarksean, Ph.D., P.E., vice president of failure analysis for ARCCA, a Philadelphia-based forensic engineering firm. “The engineer investigating the loss or event should prepare the same report — no matter whose name is on the check.”

ARCCA uses the peer review process to “ensure the expert has covered all aspects of the loss and that the report is clear and reads well, along with making sure nothing was missed during the inspection phase. This last review is our quality control step,” stresses Clarksean.

The only reason to change a report after it’s been finalized, adds Clarksean, is if there is new data that was not considered when writing the original report. Documents are usually sent to clients in an Adobe Portable Document Format (pdf) to decrease the chances of their being edited or changed. And changing a report is unlikely to happen in ethical organizations without notifying the engineering manager and the author.

Kestner agrees, saying that Haag uses electronic signing and sealing so they can tell if a report has been modified after it has been signed and sealed.

Engineers are licensed by individual states and cannot sign a report for a state where they are not licensed. An engineer licensed in a different state can perform an inspection and help prepare a report, but the engineer of record who is responsible and signs a report must be licensed in that particular state. If a report needs to be changed after it is filed, an addendum like the one added to the Ramey case can be added and what was changed or added must be clearly marked.

The process for commercial or multi-tenant buildings is much more complex. Jon Colatrella, CEM, CBCP, is a senior manager with Howard L. Zimmerman Architects, P.C., a full-service engineering and architectural firm in New York City. The company deals in high rise buildings and had many clients along the New York coastline.

Their investigations start with a larger team comprising mechanical and structural engineers and architects. An investigation can last days or weeks and their reports are extensive, covering all of the different disciplines. “Multiple people write the report,” he said. “There could be the actual engineers in the field who are doing their respective portions of the field report that are then reviewed internally by

the department head of those disciplines and signed off by the principal of the firm. That's how any of our projects usually go."

The reports are then forwarded to the individual insurers. Sometimes the firm is hired to handle redesigns or corrective work. If other issues come to light as they handle those investigations and gather more information, the initial report is supplemented with that data.

The rest of the story

The lawsuit and judge's remarks made the headlines, but a deeper investigation into the issues involved in many claims finds that while there may have been underpaid claims, a host of factors contributed to the underpayments.

"Many homes were damaged by Sandy and inspected by engineers. There were some homes that should have been inspected but weren't," said Amy Bach, executive director of United Policyholders, a California-based non-profit that provides insurance information and serves as a voice for consumers in the U.S. "Most independent adjusters (IAs) were told to try and adjust the losses themselves. There have been a larger number of claims where the full extent of the Sandy damages were not assessed by engineers."

She says that the number of false engineering reports is fairly small. "The number of incomplete reports is larger. The problem is that those overlooked certain elements — either the engineers didn't provide an opinion because they weren't asked to check those things or they missed them. Plus it is also hard to assess pre-existing damage. The quantum of truth of what was caused by a given event is a challenge — especially where things have been washed away. There will be challenges to figure out what was there before the event."

Bach says another issue involved the experience of the adjusters working the losses. "Most independent adjusters operated under the principles that all adjusters work under — get in, get out, close the file, move on. There was a lot of pressure to get an adjuster out as soon as possible to a loss. There were limitations with the adjusting force. A lot of guys got out there and focused on making a payment to the homeowner."

She adds that some were experienced catastrophe adjusters and others were new to the process. This lack of experience meant that while adjusters were certified for the program, they may not have had the practical skills needed to handle these types of losses.

"There are a number of pressures on independent adjusters to under-report and it's not nefarious. They have a lot of empathy and want to help the homeowners. It's just that empathy gets outweighed by the rules of the program and the way the IAs get paid."

Dave Charles, a public adjuster and president of Master Claims in New Jersey, says that every adjuster knows where their bread is buttered. “It’s the same behavior that occurs on every storm. This was the first time they’ve hung the engineers out to dry. The engineers know they’ll keep getting paid if they deliver the goods. The only reports altered were the ones from the honest guys. The rest were already written by engineers who knew what the insurers wanted.”

While there were some knowledgeable adjusters, for many, unfamiliarity with catastrophes and the challenges of the area worked against everyone. “They didn’t know what to look for or how to price things in Xactimate [an estimating software program],” says Bach. An adjuster from Alabama didn’t know how to price the losses the way a New York adjuster would. There are different construction issues, debris removal costs and a host of other expenses that must be considered as part of the estimate. Melissa Luckman, practitioner in residence for the Disaster Relief Clinic at the Touro Law Center in New York agrees. “We’ve had clients with every issue — simple things like no overhead and profit was added in or no sales tax. Some clients had five to six feet of water and the adjusters just didn’t do a thorough job.”

All of the insurers are having different issues. “It’s really the adjusters who went out from the [NFIP] firms where there are problems. People assumed they were underpaid, but that was not the case. The issues were adjuster dependent and not with the actual companies. A lot of adjusters went up to New Jersey and Connecticut and didn’t have the proper experience and no one looked at their work,” she explains.

“Adjusters have a lot of leeway. That doesn’t mean it was wrong or intentional, they just weren’t prepared for the onslaught of claims and didn’t have the training to handle catastrophe losses.”

Another issue involved all the different adjusters working on the files. “Some were thorough, but the majority were not,” says Luckman. “I think they were overwhelmed and didn’t have the experience for a catastrophic event. They were trying to get through as many files as possible to make more money. They were motivated by getting as many files as possible.”

“Adjusters are paid on a fee schedule,” explained Charles, who has worked more than 10,000 flood claims in his career. “A common excuse given by NFIP was that adjusters had no incentive to hold down claims. The refrain was always, “The more they write on the estimates, the more they get paid. But by taking the low-hanging fruit and writing 60% of the damage on these claims, you could make more money because you could work more claims. It’s called running and gunning. Every adjuster knows what it is and does it. They go for the easy stuff and leave the rest for someone else. The problem was the system broke down because there wasn’t an effective way to deal with the other 40% of the claims. Adjusters were working 14 hours a day, seven days a week and there wasn’t enough time.”

## Engineering report issues

Luckman explained that the clinic provides pro bono legal services for any issue stemming from Hurricane Sandy. They have spoken to more than 2,700 households and taken 600 cases for representation. Originally the clinic was involved in just flood insurance litigation because so many people were reportedly underpaid. But now the clinic is seeing more issues with contractor disputes and mortgage modifications.

The clinic has seen a fair number of changed engineering reports, says Luckman. “Out of the 144,000 flood insurance claims, engineering issues were involved in only about 16,000 of those. If you change an engineering report that said the cause of the damage was Sandy to it was not Sandy, it’s a huge blow to the homeowner. There are harsher consequences in terms of what homeowners have to pay and it maxes out their policies sooner.”

She adds that engineers have told them, “The report I wrote was correct, but I never looked back at it. I noticed all of my reports were changed.” She doesn’t know if they were changed during the peer review, by the adjuster, the insurer or somewhere else in the process. Some answers may come to light with FEMA reopening thousands of cases. Luckman says that FEMA doesn’t know where in the process the reports were changed and is trying to identify how it occurred.

Jeff Major with Canopy Claims Management in New York was going to be one of the experts for Ramey before the case settled. He has reviewed several hundred engineering reports and found similar language in the reports from multiple engineers. “In the majority of the engineering reports that I’ve reviewed on different houses and multiple scenarios, the findings were exactly the same on the reports.” He said he spoke to one engineer for those companies who said he was not asked to write a report, but was given a list of four things to look for during an inspection. He looked at those items and signed the report given to him. This occurred with multiple companies.

Charles described the earth movement exclusion in the NFIP policy and said it gave them a “hammer” to deny claims that should have been paid. “Subsidence or settlement were the terms used to deny coverage,” and he says they were “bogus issues.”

He believes the focus is weighted more towards profits than the greater good and doing what is best for the homeowner. “It’s a perfect storm of badness with no fear of retribution. Bad faith is a very real sword for everyone but the NFIP. There are no checks and balances that apply to other insurers. If you don’t have a penalty system, then any number of bad behaviors evolve out of it.”

Erickson says he has never been asked to change a report in favor of an insurer, but that it is possible that some companies will write what they think the insurer wants to hear. “Insurers just want to know what they owe and they do not expect us to minimize the damage or tailor the report to a non-covered

loss. If there is ambiguity or the cause of damage is due to multiple factors including a covered peril, in my experience insurers typically side with coverage.”

Multiple experts believe that the issues with the changed engineering reports were blown out of proportion by the mainstream media and exacerbated by attorneys, politicians and others seeking to take advantage of the situation. However, that does not excuse any companies that participated in these practices.

As far as the claims he’s handled, Major says that he was not aware of anyone trying to manage the outcomes of the investigations. However there were incomplete estimates. “An adjuster may spend 25 minutes in a house and write an estimate for only half of the damage, like \$100,000 for \$250,000 worth of damage.” He said he found gross underpayments in scope pricing and saw less than a handful of adjusters who went out of their way to write proper estimates. The majority wrote deficient ones. But he says that the responsibility doesn’t fall solely on the adjusters. “The NFIP is not informing the adjusters. They are not being educated on what could be damaged and are not being instructed on what to look for.”

If there were changed reports or deficient estimates, they are only part of the problem. Homeowners bear some of the blame for not having the proper coverage or not understanding their coverage and policy limits, a fact confirmed by Luckman. “They didn’t know their policy limits and what it covers. They had no idea what their coverages were.” She said the first thing she does for clients is provide them with an explanation of flood insurance and what it does and does not cover. “Policyholders are stunned to see that. They didn’t read their policies when they purchased them.”

### Software challenges

The software used by the adjusters to create the estimates also contributed to claims being underpaid. “Xactimate is part of the problem,” said Bach. “It is a tool. The pricing system is only as good as the person who is inputting the information and the homeowners always end up on the short end of the stick.”

The issue is not with the software, but with the numbers used to create the estimates. “The Xactimate price guide is a massive problem,” says Major.” Xactimate says if the price is different, you have to change it. CAT adjusters are instructed not to change the pricing in Xactimate. You have to price it correctly, but most adjusters don’t know how to use it to price estimates correctly.”

Major says it is critical for the insurers to change the prices in the estimating program so they will be accurate. “If you don’t alter it, it doesn’t change, and that is part of the Sandy problem. Everything written in Xactimate with repressed pricing keeps the non-cat database down for the regular claims in

the insurance industry. They have to put catastrophe pricing in because it's a very different set of circumstances."

Filing supplemental claims has also been a huge issue with the NFIP, says Charles, who has been involved in disaster relief and catastrophe claims for almost 40 years. "Private carriers know there will be supplemental claims after a major disaster and will set up a clean-up operation. The government did not and it's been impossible to get a supplemental claim approved," he said. "The estimates had to go through Xactimate or Simsol to have them look at it." Charles says he has since gotten the NFIP to agree to change that requirement.

Luckman adds that the NFIP "insurance companies were asking for ridiculous amounts of information for supplemental claims." She described one case where they submitted a contractor's invoice with line items spelled out, a letter of satisfaction, proof showing the invoice was paid in full, and the insurer still asked for proof of the payments to the contractor and the withdrawals from the insured's bank account. She says that under the review process, FEMA will accept more of this information at face value.

While there is hope that the reviews by FEMA will result in more money for homeowners, many have opted not to pursue them because they don't feel it is worth the additional time and effort. Others are concerned that they may have to return funds they've already received because of duplicate payments. Countless homeowners do not have formal estimates or tried to repair the damage themselves and failed to save receipts or track expenses. Homeowners who intend to appeal their payouts should ensure they have very complete files of information. According to Charles they should include:

All of the estimates and reports that NFIP compiled to make their decision

Contractors' estimates

Photos of the damage

Any documentation — expert reports, what they paid, what they denied

Any documentation that will contradict the reason why the claim didn't get paid

The deadline for homeowners appealing estimate payments was extended from September 15 to October 15, 2015.

Making it better for the next time

A June 2015 report from the U.S. Senate Committee on Banking, Housing and Urban Affairs found there did not appear to be any systematic incentives for participants in the NFIP to underpay claims, and that overpayments were more common than underpayments. It also offered recommendations for improving the NFIP system.

Several of the experts interviewed shared specifics for improving the process next time.

## Homeowners

Understand what is covered and read the policies in full before purchasing.

If necessary, change agents now before the next major event.

As new items are purchased, take photos, write down serial numbers and inventory them.

Homeowners should take photos of their homes before and after the damage and save them on the cloud or on a flash drive.

Put power of attorney, e-transfers, insurance policies and other important documents in one place so they can be easily found.

Commercial building owners working with new carriers should request a risk management review to ensure all risks are covered.

Know what information needs to be included as part of a claim file and keep good records.

## FEMA/NFIP

Provide better training and continuing education for adjusters. Many did not have catastrophe experience or know how to use the estimating software programs.

Understand the pricing differentials for various markets.

Encourage adjusters to update the catastrophe pricing in software programs.

Provide checklists/guides for adjusters — e.g., specific issues to look for following a flood so they are included in the initial estimates. Canopy Claims Management created a document based on the key issues missing in the reopened Sandy claims.

Include state tax in estimates.

Provide the estimates and engineering reports on which coverage decisions were based. NFIP promised to provide them to homeowners appealing their payments, but has not done so to date.

Put the proper information in reports.

Plan for supplemental claims.

There were a host of missed opportunities and mistakes following Hurricane Sandy. Many adjusters were poorly trained and ill-prepared for the conditions they encountered. FEMA and the NFIP were undermanned and underfunded to address the issues arising from more than 140,000 insurance claims. The politicians who used these opportunities to grandstand exacerbated an already difficult situation. Some unethical individuals promised far more than they could ever deliver when working with NFIP clients. Homeowners did not read their insurance policies and were unaware of what coverage they had. When combined, these factors created a tempest that would far outlast Sandy.