

# **Proposal to restore integrity to the National Flood Insurance Program**

United Policyholders today called for Congress to require the National Flood Insurance Program (NFIP) to give its policyholders access to their claim files, including copies of estimates, reports and any other documents.

In the wake of testimony from homeowners and comments from lawmakers earlier this week at a U.S. Senate Sandy Task Force hearing in Washington, D.C., this initiative will give Sandy and future disaster victims critical information and help restore integrity to the troubled program. This simple proposal is already [law in California](#) for state-supervised insurance claims, but state laws don't apply to the NFIP, a federal/national insurance program.

The three U.S. Senators involved in this week's hearing – Robert Menendez, Charles Schumer and Kirsten Gillibrand – support UP's proposal.

"Just like your own medical records, you should be able to see the estimates and reports commissioned by your insurance company on your home or business after you submit a claim," said Amy Bach, Executive Director of United Policyholders. "Errors are very common, and policyholders/consumers deserve the right to negotiate their claim settlement from an informed position about their own property."

An altered engineering report scandal has been a catalyst for re-opening over 144,000 Sandy claims. As the reopen process takes shape, it is clear that the NFIP relies too heavily on, and puts too much trust in, private insurance companies to adjust claims, review appeals and keep records. Incorrect damage estimates and reports are very common and can be devastating to a property owner relying on an insurance settlement to get back in a damaged home. There aren't enough checks and balances and flood victims and taxpayers pay the price.

"This bite-sized piece of legislation will make a big difference — not only for Sandy victims re-opening

their claims but also for future flood victims — and for restoring the integrity of the NFIP,” Bach added. “This modest change will provide a critical safeguard against bad practices such as falsified reports, lowballing and wrongful denials.

United Policyholders is proposing the following addition to the regulations on supervision and adjustment of flood claims in the Code of Federal Regulations at 44 C.F.R. 62.23(i) that would also be incorporated into all NFIP claim handling manuals and handbooks and become standard practice for Write Your Own (WYO) adjusters:

**“The National Flood Insurance Program Direct and Write Your Own insurers shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, “claim-related documents” means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, the insurer shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.”**

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