

## [Sandy insurers may have falsely denied Liers' claims, federal judge says](#)

Newsday

A federal judge on Long Island has ordered insurance companies to release thousands of documents used to deny superstorm Sandy flood claims, saying it appears engineers falsified reports to avoid paying homeowners.

In a 27-page order, Magistrate Judge Gary Brown said an engineering firm hired by one of the nation's largest flood insurance companies secretly rewrote a report to wrongly claim that a house in Long Beach was damaged by long-term erosion, rather than the storm.

"Worse yet, evidence suggests that these unprincipled practices may be widespread," Brown wrote in his order, issued Nov. 7 in Central Islip.

The ruling sets a 30-day deadline for all insurance companies being sued by Sandy victims to release copies of any notes, reports, pictures and other draft materials from engineering and adjusting reports. Advocates and lawyers for homeowners say the move could have a sweeping impact on hundreds of Long Island Sandy victims who have lawsuits pending against insurers. Engineering and adjusting reports are the bedrock of many claim denials, and Brown's ruling, they say, could throw them into question.

Impact on policyholders

"This ruling breaks open one of the chronic issues that has hobbled policyholders," said Amy Bach, executive director of United Policy Holders, a nonprofit in San Francisco that assists insurance policyholders. "It's huge."

The insurer, Wright National Flood Insurance Co., plans to appeal the ruling. An attorney for the engineering firm, U.S. Forensics LLC, said the company "respectfully disagrees" with the judge's decision. The ruling arises from one of the more than 1,000 lawsuits filed in federal court by Long Island policyholders who say they were underpaid for flood insurance claims after Sandy.

The homeowners who filed the suit, Deborah Ramey and her stepfather, Larry Raisfeld, have a house about one block from the beach. The house was inundated by the storm. They filed a flood-insurance claim, saying their floors shifted during the surge. An engineer arrived within weeks.

Trained in Sweden, the engineer was hired by U.S. Forensics after he answered a Craigslist ad. He inspected the house, told the owners the damage was clearly from flooding — then wrote a report saying the storm surge overwhelmed the foundation, according to the judge and Denis Kelly, a lawyer for Ramey and Raisfeld.

Report was redrafted

That report, however, was never released. Rather, it was passed to a second engineer for a “peer review.” That second engineer — who never visited the house — rewrote the report, and attributed the damage to erosion, the judge wrote. The unsigned changes by the second engineer, the judge said, “journeyed beyond misleading into the realm of misrepresentation.”

Because the report blamed erosion rather than flooding, Wright refused to cover any structural repairs, which accounted for the bulk of the house’s estimated \$205,000 in damages. Rather, the company offered Ramey and Raisfeld about \$80,000.

Ramey and Raisfeld, whose policy limit was \$250,000, were furious, said Kelly, a former Long Beach city councilman. They demanded another inspection. Wright agreed, and the first engineer returned.

When he arrived at the house, Ramey’s husband, Bob Kaible, asked the engineer why he blamed the damage on erosion, according to Kelly. The engineer, George Hernemar, said he didn’t — then pulled out his original unedited report, Kelly said.

“Then Kaible pulls out a phone and takes a picture,” Kelly said.

During a hearing last month, Hernemar testified that he conducted roughly 50 inspections for U.S. Forensics. He estimated his reports were significantly altered four or five times during peer reviews. Neal Conolly, president of Wright National Flood, said that Hernemar never should have blamed the structural damage on the storm because the foundation was buried in sand during his first visit. During his second inspection, Conolly said, Hernemar crawled under the house and determined that it had not shifted during Sandy.

Conolly said the judge’s ruling left him “perplexed.”

Wright Flood is based in St. Petersburg, Florida, and affiliated with The Wright Insurance Group, of Uniondale. It is among scores of private insurers that administer policies for the government-run National Flood Insurance Program.

David Charles, a veteran adjuster who represents homeowners in claims against insurance companies, said he and his colleagues have long suspected reports were being rewritten.

“But this is the first time . . . where we have a smoking pistol,” he said.

DOCUMENTS: Court memo: Claim against Sandy insurer