

[Sandy update: Homeowners battle insurance adjusters](#)

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They have argued themselves blue with insurance adjusters. And still their homes are gutted and smell of sodden wood. Six months after superstorm Sandy, a weary cadre of Long Islanders remains mired in fights over settlements from the National Flood Insurance Program. They tell of enduring hours on the phone, amassing stacks of documents and slogging through a Kafkaesque maze of government agencies, adjusters and insurance companies as they try to prove they were shortchanged on their settlements. "The whole process has been exhausting," said Thomas Reilly, 37, who is appealing his settlement after receiving \$85,000 on a \$250,000 policy for his Baldwin house, which was demolished after Sandy. The government-run flood insurance program estimates it has closed roughly 97 percent of the nearly 57,000 claims filed statewide after Sandy, paying \$3.4 billion to homeowners and businesses. But the figures don't fully account for those who are contesting settlements, saying they were underpaid and left without enough to repair their homes. While most Long Islanders have begun to rebuild, officials say contested flood claims are a key part of the story behind the empty houses that still dot coastal neighborhoods along the South Shore. From ruined bungalows in Long Beach to boarded-up cottages in Mastic Beach, they are reminders that pockets of the region are struggling long after the storm surge ravaged nearly 60,000 homes on Long Island. "We just want to move back into our house," said Radha Sachdeva Munk Coleman, 41, a dentist whose West Sayville home remains gutted and has flooded repeatedly since Sandy, leading her to file multiple claims. A spokesman for the Federal Emergency Management Agency, which runs the flood insurance program, said its top priority is ensuring homeowners are paid in full in accordance with their policies. "FEMA will not be satisfied until policyholders have received payments for all covered losses," said the spokesman, Daniel Watson. It is difficult to gauge how many are struggling to rebuild because they are appealing settlements. Many didn't have flood insurance at all. And typically only a small percentage of policyholders challenge settlements after a disaster, FEMA said. But the pressure to pay Sandy victims quickly is apt to lead to an unusually high number of contested claims, said Steve Harty, chief executive of Montana-based National

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Flood Services. After a typical storm, about 5 percent of flood victims file supplemental claims, saying they were underpaid, he said. For Sandy, Harty estimates the number will be 10 percent to 15 percent. "We expect a lot more than typical," said Harty, whose company is helping process about one-third of all flood claims from the Oct. 29 storm. "There was such pressure to work fast." Attorneys in hard-hit areas of Long Beach, Island Park and elsewhere say appeals are piling up. "It is going to be thousands in Long Beach alone," said Denis G. Kelly, a lawyer who said he is representing about 100 policy holders. Working with FEMA Most of Sandy's damage was from flooding, which unlike wind and fire is not covered by regular homeowner's policies because private insurers feel it is too risky. So the government provides up to \$250,000 in coverage for houses, enlisting Travelers, Allstate and other companies to manage the policies. Those companies, in turn, hire adjusters to calculate settlements. The insurers review the adjusters' estimates, send the checks on FEMA's behalf and then close the claims. If policyholders feel they were underpaid, they have until Oct. 29 to refile claims asking for more money. If those supplemental claims are denied, they can appeal to FEMA. Insurance industry officials say companies that process flood claims have no motivation to shortchange homeowners. Settlements come from the government — not the insurers. Underpaying leads to supplemental claims, which cost time and money. And companies want to avoid alienating storm victims, who are apt to be their customers for car, life and homeowners policies. "The insurance companies want to make sure this process goes as smoothly as possible," said Michael Barry of the Insurance Information Institute, an industry trade group. Consumer advocates, however, say the chorus of angry flood victims after Sandy indicates otherwise. "The National Flood Insurance Program is under tremendous political pressure from Congress to stop bleeding red ink, so flood adjusters know to minimize claim payouts as much as possible," said Amy Bach of United Policyholders, a San Francisco nonprofit that helps homeowners file disaster-related insurance claims. Mixed messages The disputes over flood settlements stem from myriad issues. Sometimes homeowners and adjusters disagree over how much a particular repair should cost. Sometimes they clash about what caused the damage. And sometimes communication breaks down. Thomas and Ivy Reillys' three-bedroom bungalow stood south of Atlantic Avenue in Baldwin, between Parsonage Cove and Baldwin Bay. The storm surge overwhelmed the neighborhood, flooding most homes. When the water subsided, the Reillys' foundation cracked, floors buckled and support beams toppled. "The [town] building inspector was in the house for five minutes and said, 'You have to knock this down,' " said Thomas Reilly, a lawyer. The family filed two claims under their flood policy: one for demolition and one for rebuilding. Each was processed by a different company. The company processing the rebuilding claim, MetLife, dispatched an adjuster to the house. The company handling the demolition claim, Colonial Claims, relied on documents from the Reillys. The Town of Hempstead never

formally condemned the bungalow. Rather, it gave the couple a letter saying the house had suffered “substantial” damage, requiring it to be raised 8 feet higher or demolished. At the advice of their engineer, the Reillys opted to rebuild from scratch. They sent their engineering report and the letter from Hempstead to Colonial Claims. In January the company told the couple to proceed with demolition. The Reillys assumed that if one flood adjuster approved, the second one must be on board, too. So they called in the bulldozers. Three months later — after the bungalow was leveled — the adjuster for the rebuilding claim concluded the foundation could be salvaged after all. Instead of a full \$250,000 settlement, he recommended \$85,000. But the house, of course, was already gone. Colonial Claims and MetLife declined to comment. “One hand told me to knock the house down. Now another one says I just need to fix the foundation,” said Reilly, standing in the now-vacant lot of his former home. A chain-link fence rings the property. A kiddie pool and tricycle belonging to the couple’s son and daughter, 5 and 2, lay in what was once a backyard. A mile or so west in Oceanside, on the other side of Parsonage Cove, Martha Raimondi also found cracks in her foundation after Sandy. The Town of Hempstead deemed the house unsafe. Contractors recommended she demolish and rebuild from scratch. Yet Travelers Insurance, which oversees Raimondi’s flood policy, blamed the cracks on previous soil erosion. Instead of giving Raimondi \$250,000, Travelers awarded her \$58,000, according to documents she and her husband shared with Newsday. The insurer declined to comment. As they appeal, the Raimondis and their daughters, 8 and 10, are renting an apartment. Their house stands empty, its front porch festooned with a string of spider-shaped lights left from Halloween. “I want to cry every time I come here,” said Raimondi, 37, standing in her ruined kitchen. “You wonder why you’ve been paying for flood insurance all these years.” Eventually most homeowners are likely to give up contesting their settlements, either because their appeals succeed, they find other ways to pay for repairs or they simply tire of fighting, industry experts said. A small percentage is apt to sue. But it is not easy to prevail in court against the National Flood Insurance Program. All suits must be filed in federal court. Verdicts are decided by judges rather than juries. And few lawyers specialize in flood insurance. “Flood cases are full of crocodiles,” said Samuel Bearman, a Florida lawyer who co-wrote a book about flood insurance. Back on the South Shore, Thomas and Ivy Reilly are living in a Hewlett apartment. They are still hoping to rebuild in Baldwin. They continue pushing their case with adjusters, claims companies and FEMA. And if necessary, Thomas Reilly said, they will go to court. “What they are allowed to get away with,” Reilly said, “is unbelievable.”