

The “running and gunning” flood claim adjuster life

Why would flood insurance adjusters underpay claims when they get paid a percentage of settlement amounts? Doesn't that give them an economic incentive to pay higher settlements to increase the fee they earn? These questions come up after every flood disaster. These questions have been on many people's minds since the Sandy engineering scandal broke.

The simple answers are: No, because they make more money by what's known in the biz as “running and gunning” (closing the file and moving on to the next one). And, because of the unwritten industry rule that flood adjusters get less work if they're too generous. And because of a rule adopted by the NFIP after Katrina that penalizes adjusters for overpayments but not underpayments. And while we're not contending that every adjuster under-estimates flood losses, we have heard from scores and scores of property owners who've collected pennies on the dollar for their flood damage. So there is no question that flood adjuster incentives, training and compensation need to be adjusted ASAP, especially with flood claims coming in from Texas this month.

The [Majority Staff of the U.S. Senate Banking Committee](#) (Chair, Hon. [Richard Shelby](#), issued a [report](#) this week that acknowledges that *running and gunning* is a reality, but doesn't call it out as the major cause of lowballing that we know it to be. The report has been covered in several [media outlets](#). [Hon. Chuck Schumer took issue with the report](#).