

**SENATE CONCURRENT
RESOLUTION No. 90**

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Ocean)

SYNOPSIS

Urges Congress to investigate claims that insurance companies have used revised engineering reports to deny flood claims from Superstorm Sandy.

CURRENT VERSION OF TEXT

As introduced.



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1 **A CONCURRENT RESOLUTION** urging Congress to investigate
2 claims that insurance companies have used revised engineering
3 reports to deny flood claims.
4
5 **WHEREAS**, Beginning on October 28, 2012, and continuing at least
6 through October 30, 2012, the State of New Jersey experienced
7 great devastation during the assault of Superstorm Sandy on the
8 people and property of the State; and
9 **WHEREAS**, The tremendous damage caused by high winds, waves,
10 storm surge and fire associated with Superstorm Sandy damaged
11 homes and businesses in huge portions of the State and resulted in a
12 widespread disruption of the economy in New Jersey; and
13 **WHEREAS**, The National Flood Insurance Program (NFIP), a federal
14 program overseen by the Federal Emergency Management Agency
15 (FEMA), provides flood insurance for many homes in flood-prone
16 areas and insured many homes in New Jersey through private
17 insurance companies participating in the NFIP's "Write Your Own"
18 program; and
19 **WHEREAS**, Following Superstorm Sandy, some claims by
20 homeowners under NFIP policies have been denied by insurance
21 companies on the basis that the damage to their homes could not be
22 attributed to the storm, but instead was caused by long-term
23 deterioration or earth movement; and
24 **WHEREAS**, In the case of Raimey v. Wright National Flood Insurance
25 Co., in the United States District Court for the Eastern District of
26 New York, a U.S. Magistrate Judge found that an engineer acting
27 on behalf of a flood insurance company secretly rewrote an initial
28 report which indicated that a property was damaged by flooding
29 from the storm, to instead indicate that the damage was not caused
30 by flooding, with the result that the insurance company denied the
31 claim on the ground that it was caused by a peril that was not
32 covered by the policy; and
33 **WHEREAS**, The Magistrate Judge noted that this practice by a
34 professional engineering company, acting on behalf of the
35 insurance company, "unjustly frustrated efforts by two homeowners
36 to get fair consideration of their claims" by using a "peer review"
37 process to revise engineering reports that otherwise would have
38 substantiated claims for flood damage and resulted in payment to
39 the homeowners; and
40 **WHEREAS**, The Magistrate Judge sanctioned the insurance company
41 that provided the policy, ordered all flood insurance companies that
42 are defendants in claim disputes in that district pertaining to the
43 storm to turn over all documents pertaining to engineering
44 inspections of plaintiff's homes, and cited evidence suggesting the
45 "peer review" process used to change engineering reports in this
46 case may be a widespread practice that acts to the detriment of
47 many homeowners in similar situations; and

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1 **WHEREAS**, It is uncertain as to how extensive the insurance company
2 practice of using rewritten engineering reports through a peer
3 review process has affected claims in New Jersey and other
4 similarly situated states that sustained damage from Superstorm
5 Sandy in a manner that has been detrimental to homeowners; and
6 **WHEREAS**, It is fitting and appropriate for the Legislature of the State
7 of New Jersey to call upon Congress to conduct immediate
8 investigations and hearings to determine the extent to which
9 insurance companies providing flood insurance policies in New
10 Jersey and similarly situated states have used revised engineering
11 reports to deny legitimate claims from homeowners for damage to
12 their properties from Superstorm Sandy; now, therefore,

13
14 **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*
15 *General Assembly concurring):*

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17 1. Congress is urged to conduct immediate investigations and
18 hearings to determine the extent to which insurance companies
19 providing flood insurance policies in New Jersey and similarly
20 situated states have used revised engineering reports to deny
21 legitimate claims from homeowners for damage to their properties
22 from Superstorm Sandy.

23
24 2. Copies of this resolution, as filed with Secretary of State,
25 shall be transmitted by the Clerk of the General Assembly or the
26 Secretary of the Senate to the presiding officers of the United States
27 Senate and the House of Representatives, and to each member of
28 the United States Congress elected from this State.

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STATEMENT

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33 This resolution urges Congress to conduct immediate
34 investigations and hearings to determine the extent to which
35 insurance companies providing flood insurance policies in New
36 Jersey and similarly situated states have used revised engineering
37 reports to deny legitimate claims from homeowners for damage to
38 their properties from Superstorm Sandy.