

**SENATE CONCURRENT
RESOLUTION No. 57**

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JANUARY 25, 2018

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Ocean)

SYNOPSIS

Urges U.S. Department of Justice to investigate certain claims handling practices related to Superstorm Sandy flood insurance claims.

CURRENT VERSION OF TEXT

As introduced.



1 **A CONCURRENT RESOLUTION** respectfully urging the United States
2 Department of Justice to investigate insurance company claims
3 handling practices related to Superstorm Sandy flood insurance
4 claims.

5
6 **WHEREAS**, Thousands of homeowners affected by Superstorm Sandy
7 properly paid for flood insurance to cover their home in the event of
8 flooding, but reports of delays and improper claims handling
9 practices by property insurers have been increasing; and

10 **WHEREAS**, Insurance companies have a fiduciary duty to their
11 insureds to act in the insureds best interest and to conduct claims
12 handling in good faith, principles that are the basis for a fair and
13 just system of insurance to compensate victims of property damage;
14 and

15 **WHEREAS**, The Federal Emergency Management Agency works
16 through private insurance companies to sell and administer flood
17 insurance through the National Flood Insurance Program, into
18 which thousands of victims of Superstorm Sandy have paid
19 premiums, and on which these homeowners are now relying to
20 cover their losses from the devastating storm; and

21 **WHEREAS**, A 2014 court case in the United States District Court for
22 the Eastern District of New York, Raimey v. Wright National Flood
23 Insurance Co., has revealed, in great detail, allegations that
24 insurance companies handling Superstorm Sandy flood insurance
25 claims, in potentially hundreds of cases, committed reprehensible
26 practices including secretly rewriting engineering reports to change
27 the reports' conclusions to avoid covering the loss, leaving insured
28 homeowners to suffer the loss; and

29 **WHEREAS**, While this court case may be in New York, similar reports
30 have arisen in New Jersey of insurance companies changing
31 findings to deny coverage under flood insurance policies, and
32 further investigation is necessary to obtain engineering reports,
33 including any drafts of engineering reports, to determine how
34 widespread this practice is amongst insurers administering the
35 National Flood Insurance Program; and

36 **WHEREAS**, If proven to be true, claims handling practices such as
37 those described may constitute fraud, and therefore, the United
38 States Department of Justice should investigate this matter further
39 to determine if any laws may have been violated and to hold
40 insurance companies accountable; now, therefore,

41
42 **BE IT RESOLVED** by the Senate of the State of New Jersey (the
43 *General Assembly concurring*):

44
45 1. The Legislature respectfully urges the United States
46 Department of Justice to investigate the claims handling practices
47 of insurance companies handling flood insurance claims to
48 determine if engineering reports or other investigatory activities

1 were manipulated to fraudulently deny coverage to Superstorm
2 Sandy victims, and if laws have been violated, hold those insurers
3 accountable.

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5 2. Copies of this resolution, as filed with the Secretary of State,
6 shall be transmitted by the Secretary of the Senate to the Attorney
7 General of the United States.

8
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10 STATEMENT

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12 A recent court case in New York, and similar reports in New
13 Jersey, have revealed in great detail, allegations that insurance
14 companies handling Superstorm Sandy flood insurance claims, in
15 potentially hundreds of cases, committed reprehensible practices
16 including secretly rewriting engineering reports to change the
17 reports' conclusions to avoid covering the loss, leaving insured
18 homeowners to suffer the loss.

19 This resolution urges the United States Department of Justice to
20 investigate the claims handling practices of insurance companies
21 handling flood insurance claims to determine if engineering reports
22 or other investigatory activities were manipulated to fraudulently
23 deny coverage to Superstorm Sandy victims, and if laws have been
24 violated, to hold those insurers accountable.