

Committee on Financial Services
Preparing for the Storm: Reauthorization of the National Flood Insurance Program
Testimony of Congressman Bill Pascrell, Jr.
March 13, 2019

Thank you, Chairwoman Maxine Waters and Ranking Member Patrick McHenry, for holding today's hearing on the importance of reauthorizing the National Flood Insurance Program (NFIP). We have not made major changes to the NFIP since Hurricane Sandy deeply affected many in my district and state.

I remember touring the devastation like it was yesterday. Homes damaged. Businesses destroyed. The mold. The sand. The debris. More than the physical destruction, I was struck by the storm's human toll.

I spoke with my constituents who saw their entire lives swept away in an instant. I vowed never to stop fighting for them.

While others came for their photo-op in the storm's aftermath, I've been here with Congressman Frank Pallone and Senator Bob Menendez for the long-run. We introduced bipartisan, bicameral legislation last Congress to build on our commitment.

The SAFE NFIP Act (H.R.3285) proposed changes to the NFIP based on lessons we learned since Sandy. Our bill helps people prepare prior to a storm with accurate maps and flood prevention investments, updates the claims process so survivors get what they need to rebuild, and holds bad actors accountable.

Today, I'd like to highlight a few sections of our bill to solve those issues and save taxpayer money.

A constituent of mine, Mabel Richardson, brought my attention to the fact that my hometown of Paterson did not have accurate maps, causing her home to be in a flood zone. She was forced into the flood insurance program and forced to pay thousands each year in premiums. But her home was not actually in a flood-prone area. I worked with Mabel and FEMA to learn that decades-old, hand-drawn maps were used to design the maps.

While I worked with FEMA to change the maps, this is wrong. They should have been accurate from day one. Section 204 of our bill invests \$800 million per year for six years in state-of-the-art technology to map the entire country.

Meanwhile, the claims process was screwed up from the start. I heard from constituents that had full coverage because they paid into the NFIP every year, but in the end were denied what they were owed.

For instance, there were those whose home foundations were fine the day before the storm, but after being destroyed were denied claims on it. Adjusters claimed soil movement – not the storm – damaged their home.

But any reasonable person knows why that soil moved. Section 401 of our bill clarifies that earth movement shall not be used as an exclusion for policy holders to make a claim.

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For safety reasons, people fled their homes for several days, if not weeks, in Sandy's aftermath. They lived wherever they could find shelter. In motels, cars, or with family elsewhere in the state.

During this time, mold grew because several feet of water lingered in the homes they left behind. These individuals tried to file damage claims, but adjusters told them they were irresponsible for failing to maintain the property after a flood.

It is offensive to tell someone worried about their immediate safety that they should have gone back to their home to prevent such damage. Section 403 of our bill clarifies this mold damage issue for survivors in the aftermath of a storm.

Worse, my constituents were told they could appeal any decision 90 days after submitting a claim. But the median response time from FEMA was 88 days!

Section 404 and 405 of our bill extends the appeal deadline and creates a deadline for FEMA to respond. These are just some of the many claims process reforms we made in Title 4. The committee should review our bill because it would save time, money, and pain by doing it right the first time.

We know bad actors cause headaches and waste taxpayer funds. I heard stories about survivors being low-balled by insurance companies to be paid just pennies on the dollar. Congress investigated, and FEMA reopened the claims process in 2015.

This investigation uncovered vast, systemic fraud and abuse. FEMA was forced to grant Sandy victims an additional \$260 million they were entitled. If done right initially, it would have saved taxpayers millions from defending lawsuits and re-opening the program.

Write-Your-Own companies that intentionally underpaid policyholder claims were particularly egregious. Currently there is a perverse incentive to underpay claims, which they did to no one's surprise. Section 407 of our bill makes these companies financially responsible in this event and section 302 caps their compensation to hold them accountable.

As the committee considers reforms to the NFIP and expanding the private flood market, please consider the lessons we learned. The financial incentive is in favor of profit, not people.

We cannot let that happen. We cannot let policies be cherry-picked and leave the government saddled with only flood-prone properties. We must ensure protections are in place to prevent claims from being denied on technicalities.

I understand several of these issues are addressed in the legislation being considered. Know that we are updating our approach to solve these problems too.

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Thank you for hearing about the issues important to New Jersey. We hope our proposals will be considered by the committee.