Testimony of Harold Polsky before the Senate Committee on Banking, Housing and Urban Affairs
April 11, 2007

Chairman Dodd, and Members of The Senate Banking, Housing and Urban Affairs Committee.

First, let me thank you on behalf of my wife, Barbara, and me, for the opportunity to appear before you today. We appreciate the opportunity to add our voices to this very difficult and important issue.

As you already know, our names are Harold and Barbara Polsky. Until November 2002, we lived in the city of Philadelphia, PA.

Near the middle of 2002, we found ourselves in a position to purchase a house. However, living in Philadelphia was not what we wanted. On the advice of a family member, we looked into Florida. We purchased a modest, 1516 square foot house in Port Richey, FL. The house wasn't perfect, but it was ours. We moved into the house in December 2002.

We knew that we would be required to carry three different types of insurance on our house, but the total of the three premiums was within our budget. Our first year in the house, all three policies had the house valued at $90,000.00. The homeowner's premium was $464.00, the wind premium was $443.00 and the flood premium was $851.00, for a total of $1,758.00.

When our renewal came due in November 2003, the cost was still manageable. Our homeowner's premium was now $482.00 with a value of $95,200.00, our wind premium was $475.00 on a value of $99,000.00 and our flood insurance premium was $935.00 on a value of $99,000.00, for a total of $1,892.00.

In 2004, Hurricane Frances hit the east coast of Florida, and moved across the peninsula. It came through the Tampa Bay area as a very strong tropical storm on September 6, and we suffered damage from water soaking our carpeting. We had to move everything into the middle of the rooms to keep our furniture and possessions from getting soaked. Concerned about the damage, and afraid all the water would lead to mold, we tried to contact our insurance company for help. We were unable to reach them until September 10. We explained our damage, and were given a claim number, and advised that an adjuster would contact us within the next few days. We were given a telephone number for the adjusting company, and when no one called us, we tried to contact this company. They never answered their phone.

When Hurricane Jeanne came through our area on September 26, we had more damage, with water again soaking our carpeting. The next day, we received two letters from our insurance company denying our claim. One stated we did not have Wind insurance, and the other stated our damage was less than our deductible. We could not understand this, since no one had been to our house to assess the damage. We were also starting to notice an odor that we were afraid was mold.

We contacted our insurance company on September 28 to to file a new claim for the damage from Hurricane Jeanne. Again, we were given a claim number, told we would be contacted by an adjuster, and were advised to pull up all the wet carpeting and save one small square, take pictures of the damage and give this all to the adjuster.

We started having trouble with our telephone. The technician said that the main phone line in the wall was soaking wet. He said the only way this could have happened was either water came down the walls, or we would have had to have eighteen inches of flooding. There was no flooding in our area.

We started pulling up carpet, and discovered mold was growing on the floor underneath. We still had not heard from an adjuster, and were starting to worry.

We finally got a call from a different adjuster. He inspected everything, said we had damage from water coming down the walls, agreed there was mold growing, and said we should have our payment from the insurance company within two weeks. We did not hear anything in those two weeks, and began to wonder if we ever would.

In November 2004, our homeowner's policy was for a value of $100,700.00 with a premium of $504.00, our Wind policy had a value of $97,000.00 with a premium of $538.00, and our Flood policy had a value of $99,000.00 with a premium of $992.00, for a still manageable total of $2.034.00.

On December 21, we called our insurance company and were told we had no open claim. This type of action continued for all of 2005 and 2006. We were sent to mediation to try to resolve this issue, but all that happened was the representative from our insurance company told us we had flood damage, and we should file a flood claim. When we advised him there was no flooding in our area, and that to file a flood claim would be insurance fraud, he still insisted that was what we should do. The mediation ended as an impasse, and nothing happened.

Our November 2005 insurance renewal was now becoming a concern. Our homeowner's policy had a value of $108,000.00 with a premium of $1,093, our Wind policy had a value of $104,000.00 with a premium of $772.00, and our Flood policy had a value of $99,000.00 with a premium of $994.00 for a now difficult total premium of $2,859.00. We managed to find a way to make the payments, but our monthly mortgage payment jumped from $651.42 to $821.61.

We had to hire a lawyer to try to get the insurance claim resolved. Eventually, because we could no longer afford to remain in Florida, we settled our claim for about half of what we should have received, sold our house at a loss, and, in September 2006, moved to Virginia.

In October 2006, we received a revised statement for our 2005-2006 homeowner's policy, with a value of $215,475.00 and a premium of $2063.00, an increase of almost 100%. This was more than our total insurance premium when we purchased the house in November 2002. We received this revised notice after we had already moved to Virginia.

Senators, while our case may be extreme, it is by no means uncommon. Many thousands of people in Florida, and throughout the Gulf states, can tell similar stories. These issues must be addressed, and these outrages cannot be allowed to continue.

Thank you. We would be happy to answer any questions you may have.