



**My name is Douglas Quinn. I am the Executive Director of the American Policyholder Association, a nonprofit watchdog group that tracks and reports criminal fraud perpetrated by insurance companies as well as the engineers and third party administrators they hire. I am also a victim of Superstorm Sandy, where I experienced engineering fraud like so many others. With me today is my daughter, Megan who had the last years of her childhood turned into chaos. It took us 7 years to rebuild our home despite the fact that we had \$250,000 of flood insurance. Simply put, FEMA failed to pay myself and other Sandy victims the honest claim we rightfully deserved in the aftermath of the storm.**

**Flood victims need a resilient, proactive flood insurance program containing both integrity and affordability. Senator Menendez's bipartisan NFIP Re Act can accomplish much of this. The bill eliminates fraud, waste, and abuse in the program. This is a more effective strategy than raising premiums to deal with program costs. What we learned from Superstorm Sandy is that without adequate protections, both the program and policyholders will be taken advantage of by unethical insurers, engineers, and defense attorneys. NFIP Re allows penalties for insurance companies that lowball claims, adds an independent appeals process, and allows FEMA to eject vendors who have exhibited detrimental conduct such as the Nielsen Law firm and US Forensics Engineering who were embroiled in the Sandy Engineering Fraud Scandal. These companies are still earning millions of dollars through the NFIP program even after a Federal Judge in Superstorm Sandy levied a fine for being involved in evidence of widespread fraud and covering up fake documents to cheat homeowners. The founder of US Forensics, Gary Bell, has been linked in the public record to acts of defrauding homeowners going all the way back to Hurricane Katrina. His company faked an engineering report to deny coverage on my home. Why would these companies do this? Well, Gary Bell bragged to a newspaper that the more homeowners are forced to litigate for benefits, the more his company makes. NFIP lawyer Gerald Nielsen, whose law firm covered up instances of fraud, bragged he was going to make 100 million dollars to defend this conduct. Almost a half a billion dollars was wrongfully denied to policyholders by companies actively diverting funds from victims and destroying lives to line their pockets. The head of claims from one of the largest flood insurers in the NFIP plead the 5th amendment when asked if his company participated in defrauding policyholders. CBS, 60 Minutes, and PBS Frontline documentaries reported on these bad acts and questioned why these companies are still being paid today by the NFIP. This bill provides the mechanism to protect policyholders from such bad actors.**

**In short, NFIP Re provides cost savings by eliminating the fraud waste and abuse that has helped put the program deeply into debt and ruined countless disaster victims' lives.**

**Affordability and the resultant higher participation rates are critical to the NFIP's success. As premiums rise, more people are forced to drop coverage. Risk Rating 2.0 is already creating problems. Next month my flood premium will go up 14%, and that's despite fact that I just rebuilt my house 10 feet in air. Most policyholders will see their premiums increase by 18% this year, and many will see their premiums increase by a compounding 18% year after year. FEMA's own study predicts 20% of NFIP policyholders will drop coverage over the next 10 years. You cannot force working class Americans to choose between flood insurance premiums and putting food on the table. We should not be pricing people out of their communities.**

**Mitigation is another essential element of reauthorization that is addressed in the NFIP Re Act. A Wharton study shows that every dollar spent on mitigation saves \$6 in restoration. We have to be proactive, and make cost saving investments in protecting our communities from disaster.**

**In closing, as I read the NFIP Re Act I see facets that would have made a world of difference in the lives of myself and my daughter after a flood wiped out our home. This is not just a New Jersey problem. I have been active in disaster zones all over the country, including Hurricanes Florence and Dorian in North Carolina as well as Hurricanes Laura, Delta, and Ida in Louisiana. I am regularly face to face with disaster victims, and it breaks my heart to know so intimately what the next years of their lives will look like. NFIP Re Act will not only save these victims years of struggle, but will also provide big savings to the NFIP as a national safety net that supports both resilient communities & consumer confidence.**

**Douglas E. Quinn  
Executive Director  
American Policyholder Association  
[www.apassociation.org](http://www.apassociation.org)**