

## Rep. Taylor's Comments on DHS Inspector General's Report on Katrina Wind and Flood Issues

"The Inspector General's Office found errors in 62 of the 131 flood claims it investigated. In more than one-third of the cases, the errors were related to the cause of damage. In two cases, the files included material evidence that clearly identified wind as the preponderant cause of damage, thus resulting in an improper payment by NFIP in the amount of \$432,600.' If the files reviewed by the IOG are representative of the total of more than 165,000 NFIP claims from Hurricane Katrina, then NFIP may have paid for wind damage in 2,500 claims for more than \$500 million.

"The report also acknowledged difficulties in distinguishing between wind and flood damage when they occur concurrently, and especially when there is nothing remaining except a foundation (slab).' However, I am very disappointed that the Inspector General's Office did not demand that the insurance companies explain their procedures for allocating damage where there was not enough physical evidence remaining to prove how much was caused by wind and how much was caused by water. NFIP's refusal to insist on fair procedures to allocate losses caused by both wind and water allowed insurance companies to claim all of the benefit of the doubt in their favor. After Katrina, this allowed insurers to bill the taxpayers any damage that might have been caused by flooding, while paying for wind damage only where there was physical proof that the loss was not caused by flooding.

"The Inspector General's report does confirm the poor oversight by NFIP. No other federal program allows private companies that have a conflict of interest to hand out checks from the federal government for up to \$350,000 with almost no accountability."

See the complete report:

[http://www.dhs.gov/xoig/assets/mgmttrpts/OIG\\_08-97\\_Sep08.pdf](http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_08-97_Sep08.pdf)

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