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INTERNATIONAL RELATIONS

GOVERNMENT REFORM

CHAIRWOMAN, CIVIL SERVICE AND AGENCY  
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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4601**

January 26, 2005

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President George W. Bush  
The White House  
1600 Pennsylvania Avenue NW  
Washington, D.C. 20500

Dear President Bush:

I am writing to request your assistance with an issue potentially affecting millions of Americans, anyone with property insurance. I believe a bureaucratic problem has permitted the National Flood Insurance Program's (NFIP) private insurance partners to low-ball thousands of flood victims, leaving many families unable to rebuild their homes and lives.

I was concerned to learn an investigation by retired fraud detection and pattern recognition expert, Mr. Steven Kanstoroom, found insurance companies refusing to fairly pay flood claims for fear of setting a precedent on their non-flood property claims.

I was troubled and appalled at the contents of several related attached documents. As a result, there have now been five Congressional requests for the Department of Justice to investigate the NFIP's private contractors and insurance company partners, however, no investigation has yet been launched.

The Flood Insurance Reform Act signed into law in June directed the General Accountability Office to report whether the NFIP had been restoring flood victims to their pre-loss conditions as Congress intended. To date, key witnesses report no action has been taken.

The impacts of these problems are so severe, in addition to a class action, victims from seven states have recently grouped for a fraud claim. The looming action targets individuals employed by insurance companies, related entities, government contractors and FEMA.

Many victims have been financially ruined while they remain trapped in FEMA campers, designed for summer use, for more than fifteen months. Their lives have deteriorated in many cases into a tortured existence with five people living in a thirty foot box - no washer, dryer or tub to bathe their children. They are hot in the summer and must resort to space heaters in the winter. Many have no indoor plumbing when temperatures drop below freezing. The unending stress has already destroyed many family units tragically creating single parent households.

Remarkably, the burden of investigating these matters has fallen upon the backs of private citizens. I was troubled to learn these citizens have now found Congressional testimony detailing a potential conflict of interest between the Department of Homeland Security Inspector

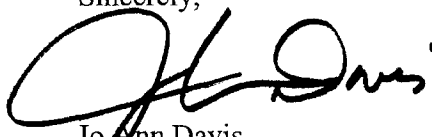
General's office and the insurance industry. The testimony makes clear the insurance industry lawyer representing virtually all of the private insurance company participants in the NFIP also trained the NFIP adjusters and IG Special Agents. All the while Congress has been waiting for an IG report requested by Senator Barbara Mikulski in April, yet these same citizens report virtually no interviews have been conducted.

For all of these reasons, I respectfully request that you issue a clear directive instructing FEMA's NFIP to follow the Congressional intent for the program as defined in Flood Reauthorization Act of 2003. Such instruction will not only help thousands of families receive their premium funded insurance proceeds, but will also save taxpayers millions of dollars by reducing the burden on federal aid funds.

Additionally, I also request every appropriate action be taken to promptly investigate the policy sales, use of premiums, and claims handling practices carried out by the NFIP, its contractors and business partners

With kind regards, I remain

Sincerely,

A handwritten signature in black ink, appearing to read "Jo Ann Davis". The signature is fluid and cursive, with a large initial "J" and "D".

Jo Ann Davis  
Member of Congress

JAD:br

Attachments:

Letter dated 10/05/04 from witnesses to Members of Congress

Affidavit dated 10/06/04 from law enforcement officer

Letter dated 10/19/04 Robert P. Schuster to DHS IG Clark Kent Ervin

Letter dated 11/19/04 DHS IG Counsel Richard N. Reback to Robert P. Schuster