

Bartlett, Griffin & Vermilye, Inc.



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September 16, 2004

Michael D. Brown
Under Secretary of Homeland Security
For Emergency Preparedness and Response
FEMA
500 C Street, SW
Washington, DC 20472

Re: NFIP Standard Insurance Policy
Consumer Protection Issues

Dear Mr. Brown:

I am writing with concerns about a recent CBS broadcast regarding NFIP backed insurance.

I am part owner and president of Bartlett, Griffin and Vermilye, Inc. (BG&V) an independent insurance agency of Easton, Maryland in operation since 1947. I have been licensed and selling insurance products since 1986.

BG&V is an all lines independent agency representing 25 companies. One of the lines we sell is Flood. We represent Omaha Property and Casualty's Flood Program (now Fidelity), Selective Insurance and Travelers Insurance Company.

I attended an NFIP agent training of approximately fifty agents with Steve Kanstoroom on June 14th. The training was conducted by CSC under the direction of the NFIP. The trainer made clear agents are to inform their policyholders they are buying insurance and policyholders will be restored to the pre-flood condition. A transcript of the relevant portion of the meetings is attached.

I understand Steve Kanstoroom previously provided this same information to your Deputy Director Trey Reid. Mr. Kanstoroom also provided the information to CSC's Deputy General Counsel Harvey Bernstein at the meeting attended by Maryland Senator Sharon Grosfeld and Assistant Attorney General Kathleen Birrairie, Senator Dole's aide Alexander Robertson and victim advocate Beth Midgett.

Last week I understand your Director, David Maurstad, publicly announced FEMA's new position that the NFIP is intended to provide some assistance and he has also taken the position Congress never intended the victims be restored to their pre-flood condition.



This position is contrary to the language in S.2238 and which was signed into law by President Bush on June 30.

SEC. 208. GAO STUDY AND REPORT

- (a) STUDY-The Comptroller General of the United States shall conduct a study of—
- (1) the adequacy of the scope of coverage provided under flood insurance policies in meeting the intended goal of Congress that flood victims be restored to their pre-flood conditions, and any recommendations to ensure that goal is being met;

In addition, Mr. Maurstad's position contradicts your agent training and has now opened up scores of industry professions to consumer protection actions. The attached letter from an Omaha policyholder speaks for itself in regards to the effect Mr. Maurstad's comments are having on the adjusters.

Thank you for your prompt attention in correcting this matter.

Yours truly,



William P. Griffin, Jr

Attachment: 

cc: Senator Barbara Mikulski
Senator Paul Sarbanes
Senator Elizabeth Dole
Senator Sharon Grosfeld
Davie Maurstad, FEMA Director
Tom Gallagher, Florida GFO
Trey Reid, FEMA Deputy Director
Kathleen Birrairie, MD Assistant AG
Steve Kanstoroom
Beth Midgett

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Date: Thu, 16 Sep 2004 16:34:34 -0400

From: "Steve Kanstoroom" <sjk@femainfo.us> [Add To Address Book](#)

Subject: Agent Training Excerpt from June 14 Lanham MD

To: "Bill Griffin" <billgriffin@bartlettgriffin.com>

Q. Before we move on, now that we are talking about RCV, can you please explain RCV? I am not asking about a live loss, but rather, what should agents explain to their clients as far as what the policy pays for, in the case of RCV, in the event that a covered peril is affected by the flood? Is it the Program's intention concerning RCV to restore the loss to its pre-loss condition?

A. "The policy pays upon the Proximate Cause ... the Domino Theory of insurance ... The unbroken chain of events. Because the original cause was flooding, as defined, (his slide stated the policy language - 2 or more acres or two adjacent properties) the loss would be covered under the policy."

Q. In other words, is the policy intended to restore the RCV loss to its pre-loss condition?

A. Well, the policy can never do that because the policy always contains a deductible.

Q. But notwithstanding the deductible, in regards to covered perils, will the line item be restored to its pre-loss condition?

A. Yes.

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Date: Thu, 16 Sep 2004 10:33:42 -0400
From: "Steve Kanstoroom" <sjk@femainfo.us> [Add To Address Book](#)
Subject: FW: [REDACTED]
To: "Bill Griffin" <billgriffin@bartlettgriffin.com>

Bill,

These are the notes I received from the victim.

Steve

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]]
Sent: Thursday, September 16, 2004 10:15 AM
To: sjk@femainfo.us
Subject: Jennifer Dieux & Eric MacKay

Steve

Here are the notes I took from the meeting we had today with [REDACTED] from the Task Force on our Omaha Flood Claim.

1. This policy is not a valued policy
2. This is not insurance, it is designed as help
3. This program has been self sufficient in the past, but is not now.
4. There is some "rumble" that they will be going back to old way of handling it, by way of just giving out loans to help people when they are flooded. Low interest and SBA Loans.
5. There must be direct physical contact with the water for it to be covered.
6. If you have \$107,000 worth of coverage, you will NEVER see the full amount of your policy. That is just not how it works. It is not like a homeowners policy.
7. His wife told me about a house mover in Cambridge that just elevated a long house and they did the foundation and everything for \$37,000. She said that the name of the company was HOUSEMOVERS and she was going to call me tomorrow with the phone number. She said they still have the file on that one and if she doesn't call me tomorrow with, call [REDACTED] and he will get the number to me.

Please feel free to share this info with anyone you feel may be able to help us receive a fair settlement.

Thanks for all of your help!



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