

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051

<https://oversight.house.gov>

November 4, 2024

Commissioner Carter Lawrence
Tennessee Department of Commerce and Insurance
500 James Robertson Pkwy.
Nashville, TN 37243

Dear Commissioner Lawrence:

Recent reports have renewed concerns that bad actors in the insurance industry may attempt to defraud victims of Hurricanes Helene and Milton by cheating policyholders out of fair insurance claims.¹ We are writing to you, as well as your counterparts in all the hardest hit states—Florida, Tennessee, Georgia, South Carolina, and North Carolina—to request that you advise all insurance providers in your jurisdictions to preserve documents and communications related to estimates of loss and claim payouts. We also request that you provide a briefing on your ongoing efforts to protect residents in your state from dishonest insurance practices.

Last month, *CBS's 60 Minutes* aired a report featuring testimony from insurance insiders describing how, in the wake of Hurricane Ian in 2022, insurance carriers altered damage reports, misled homeowners, and “cheat[ed] them” out of “70%, 80%, or 90% of their claim.”² Although the report focused on Florida, there is evidence that these fraudulent practices extend to six different states, according to an attorney representing insurance industry whistleblowers.³ *60 Minutes*' report echoed findings by the *Washington Post* that found that victims of Hurricane Ian in Florida received payouts reduced by “45 to 97 percent” after insurance companies slashed damage estimates made by field adjusters.⁴ As an official from an insurance industry association

¹ *Whistleblowers Claim Insurance Companies Shortchanged Some Florida Homeowners After Hurricane Ian*, CBS News (Sept. 29, 2024) (online at www.cbsnews.com/news/florida-whistleblowers-hurricane-ian-insurance-60-minutes-transcript/); see also *Insurers Slashed Hurricane Ian Payouts Far Below Damage Estimates, Documents and Insiders Reveal*, Washington Post (Mar. 11, 2023) (online at www.washingtonpost.com/climate-environment/2023/03/11/florida-insurance-claims-hurricane-ian/).

² *Whistleblowers Claim Insurance Companies Shortchanged Some Florida Homeowners After Hurricane Ian*, CBS News (Sept. 29, 2024) (online at www.cbsnews.com/news/florida-family-hurricane-ian-insurance-payout-accusations-60-minutes/).

³ *Id.*

⁴ *Insurers Slashed Hurricane Ian Payouts Far Below Damage Estimates, Documents and Insiders Reveal*, Washington Post (Mar. 11, 2023) (online at www.washingtonpost.com/climate-environment/2023/03/11/florida-insurance-claims-hurricane-ian/).

admitted: “If a company intentionally changes the estimate to not pay out a loss, that could be considered fraud.”⁵

These concerns regarding fraudulent and dishonest industry practices persist in the wake of Hurricanes Helene and Milton. Earlier this month, Florida issued an emergency rule to “protect Florida consumers against unfair and deceptive acts in the Florida property insurance market” and to “reduce post-storm fraud.”⁶ Reports have revealed that insurance companies have already denied more than 37,000 claims in Florida alone.⁷

As communities in Florida, Tennessee, Georgia, South Carolina, and North Carolina attempt to recover from the destruction and devastation wrought by Hurricanes Helene and Milton, we must ensure that they are not further victimized by insurance companies refusing to fairly pay out claims.⁸ There is a decades-long pattern of bad actors in the insurance industry—both large and small insurers—shortchanging customers in the wake of natural disasters.⁹ As the intensity and frequency of natural disasters increases due to climate change and as hurricanes reach further inland and higher elevations, it is crucial that we hold all insurance companies accountable to honoring their customers’ claims, especially in the wake of these disasters.¹⁰

In this spirit of accountability, we ask that you request insurance providers in your jurisdiction to preserve the following categories of documents regarding all claims related to damage attributable to Hurricanes Helene and Milton:

⁵ *Id.*

⁶ Emergency Rule 69BER24-4, Florida State (Oct. 9, 2024) (online at <https://myfloridacfo.com/docs-sf/cfo-news-libraries/news-documents/2024/emergency-rule-69ber24-4.pdf>).

⁷ *Florida’s Insurers Deny Over 37,000 Hurricane Claims*, Newsweek (Oct. 24, 2024) (online at www.newsweek.com/florida-insurers-deny-37000-helene-milton-hurricane-claims-1974123).

⁸ *Hurricane Helene Aftermath: More than 200 Dead as Hope Fades in Search for Survivors*, NBC News (Oct. 4, 2024) (online at www.nbcnews.com/news/weather/live-blog/hurricane-helene-live-updates-rcna173767); *Helene’s Grueling Toll 3 Weeks Later: 26 Missing; Water Shortages Linger*, USA Today (Oct. 22, 2024) (online at www.usatoday.com/story/news/nation/2024/10/22/hurricane-helene-recovery/75790213007/); *Hurricane Milton Could Be One of the Most Expensive Storms in the US*, WKNY (Oct. 21, 2024) (online at www.wnky.com/hurricane-milton-could-be-one-of-the-most-expensive-storms-in-the-us/).

⁹ *Allstate Reaches Settlement on California Quake Claims*, Wall Street Journal (Oct. 26, 1998) (online at www.wsj.com/articles/SB9093578478566500); *Why Sandy Homeowners Were Left In The Lurch*, WNYC (May 14, 2015) (online at www.wnyc.org/story/why-sandy-homeowners-were-left-lurch/); *Insurers Slashed Hurricane Ian Payouts Far Below Damage Estimates, Documents and Insiders Reveal*, Washington Post (Mar. 11, 2023) (online at www.washingtonpost.com/climate-environment/2023/03/11/florida-insurance-claims-hurricane-ian/).

¹⁰ *Hurricane Helene’s Reach Shows Why No Place Is Immune from Impacts of Climate Change*, PBS News Hour (Oct. 2, 2024) (online at www.pbs.org/newshour/show/hurricane-helenes-reach-shows-why-no-place-is-immune-from-impacts-of-climate-change). In just the past two weeks, the United States has had several major disasters declared, including Hurricanes Helene and Milton, “flooding and landslides in Vermont, tornadoes in Kansas, the aftermath of Tropical Storm Debby in New York and Georgia and the Watch Fire in Arizona.” *As Major Hurricane Approaches Florida, FEMA Faces Severe Staffing Shortage*, New York Times (Oct. 7, 2024) (online at www.nytimes.com/2024/10/07/climate/hurricane-milton-fema-staff-shortage.html).

1. For any claim where the claim payout is less than 90% of any loss estimate, including any initial damage estimate, damage estimate by a field adjuster, or damage estimate by a desk adjuster:
 - a. All loss estimates and insurance adjusters' reports;
 - b. All documents and communications discussing payout amounts, loss estimates, or insurance adjusters' reports;
 - c. All documents and communications discussing modifications or changes to any loss estimate or insurance adjusters' report; and
 - d. All documents and communications identifying the individual or individuals responsible for any modifications or changes to any loss estimates or insurance adjusters' report.
2. All documents and communications related to any claims denied or reduced by more than 10% because damages were designated as being the result of a flood event rather than a wind event.
3. All documents and communications related to guidance regarding claims adjudication, including guidance to employees, contractors, and third parties.

In addition, we request that you provide a briefing to Committee staff regarding your ongoing efforts to protect victims of Hurricanes Helene and Milton from dishonest insurance practices, including, as relevant:


1. Oversight you are conducting during the hurricane recovery process, such as spot checks on the claims adjudication process;
2. Inspections and field exams of ongoing insurance adjustment procedures you are conducting to ensure that fraudulent practices are identified as they occur; and
3. Regular reports you are requiring insurance companies to provide regarding the number of claims received and their status.

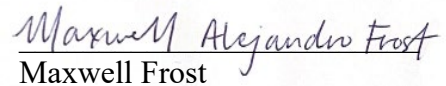
To make arrangements to schedule a staff briefing, please contact Committee staff at (202) 225-5051 by November 18, 2024.

The Committee on Oversight and Accountability is the principal oversight committee of the House of Representatives and has the broad authority to investigate "any matter" at "anytime" under House Rule X.

Thank you for your attention to this important and urgent matter.

Very truly yours,


Jamie Raskin
Ranking Member


Maxwell Frost
Member of Congress


Jared Moskowitz
Member of Congress

cc: The Honorable James Comer, Chairman