

Insurance Agents Told To Deny Flood Coverage Request

Letter To Agents Instructs Maintaining Blamelessness
Reported By Demetria Kalodimos

7:38 pm CDT May 17, 2010

NASHVILLE, Tenn. -- Some homeowners say they were mistaken or misled, told that they should not or could not buy flood insurance.

Insurance Agents Told Not To Admit Wrongdoing

The Channel 4 I-Team has obtained a letter sent to thousands of insurance agents by their own trade organization that some say could end up being explosive if a case should end up in court.

The crux of the controversy is the lines in bold red: "Very important ... **DO NOT ADMIT TO DOING ANYTHING WRONG!!** Do not admit to liability ... Again, keep in mind that you are not liable for someone failing to have coverage ... We suggest you respond to the client that they did not ask for flood coverage (if your records indicate that they or their lender did not make this request)."

"It's a cover-your-butt letter, is what it is," said attorney David Raybin.

Raybin is already readying lawsuits on behalf of homeowners who said they didn't have a clue that flood insurance could have or should have covered them.

He likens the letter to a Miranda warning for insurance agents.

"Of course it's a bombshell," said Raybin. "When I get the insurance agents on the witness stand and get this document and have them read it, you can bet they'll be objecting like mad to the admissibility of that document."

Ashley Arnold of wrote the letter as lawyer and lobbyist for the Insurors of Tennessee.

"It was a member publication," she said. "It wasn't a press release."

Arnold said she doesn't regret putting the advice in writing and that her members, about 5,000 independent agents, said they appreciate the advice.

At Monday's downtown rotary, a Nationwide agent said the document shocked him.

"I was very surprised to see that kind of language included in a letter," said Charles Sueing. "That's not how I think the insurance industry should be represented, and certainly that's not how I think insurance companies should be interacting and treating their clients."

Arnold said she doesn't carry flood insurance herself, despite working in the field, and knows agents who have damage and no coverage.

She said the easiest solution may be one no one wants to consider.

"Make flood insurance mandatory or mandatory if you have a mortgage, and it would never happen again," Arnold said.

About 4,000 flood policies were sold in Davidson County prior to the flooding, and 3,800 of those customers have filed claims so far.

An agent isn't needed to buy flood insurance. Insurance experts said coverage can be bought right off of the federal government's website.

Copyright 2010 by WSMV.com. All rights reserved.