

STATEMENT OF CHRISTOPHER J. ONEY

EXECUTIVE VICE PRESIDENT

HAMMERMAN & GAINER CATASTROPHE SERVICES, INC. (HGI)

BEFORE

THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

OF THE HOUSE COMMITTEE ON FINANCIAL SERVICES

FIELD HEARING IN NEW ORLEANS, LOUISIANA

AUGUST 20, 2009

Good afternoon, Representative Waters and subcommittee members.

My name is Chris Oney and I am the Executive Vice President of Hammerman & Gainer Catastrophe Services, Inc. My responsibilities include corporate oversight for the Homeowner Assistance Program of Louisiana's *Road Home* Program.

I am pleased to have been extended this opportunity to participate in your hearing and describing HGI's role in the implementation of the Homeowner Assistance Program.

First I'd like to provide a brief history of Hammerman & Gainer. HGI was founded in 1929 and has grown to become the largest minority owned Third-Party Administrator in the Country. Since inception, we have always worked with a strong commitment to customer service and an ability to work with a wide array of partners in providing tailored solutions to demanding issues.

Headquartered in Litcher, Louisiana, and with offices in 12 locations across the country, HGI provides distinct services across multiple disciplines including: Property / Casualty Third-Party Administration, Healthcare Administration, Risk Management, Regulatory Compliance, and Emergency Management.

For the past 80 years, HGI has maintained its focus on working with customers to develop business solutions that are specific to our client's requirements and add value through efficiencies, expertise, quality, service and technology.

The initial *Road Home* program began in June 2006 for a 3-year term and included several components including: Homeowner Assistance, Small Rental, Hazard Mitigation, Piggyback, and IT Management. As the original program drew to a close the State of Louisiana decided to issue separate contracts for each of the original Road Home component programs. HGI was awarded a 24-month contract to continue and then close out the Homeowner Assistance Program, or HAP.

On March 30, 2009, HGI began the Transition phase of the project. Originally slated for 90 days, the transition phase was completed in less than 30 with HGI taking full operational control on April 20, 2009.

These operational responsibilities include:

- Resolve grant eligibility for 7,660 homeowners who have yet to have a determination;
- Reach a final status for applications (eligibility and a disbursement of funds or ineligibility with supporting rationale);
- Process additional disbursements based on appeal and grant review;
- Provide compliance and monitoring services; and
- Provide closeout functions for the Program.

Since taking operational responsibility, HGI has achieved the following:

- Implemented process-improvement techniques, thereby reducing the time to move applicants through the program
- Processed over 1,500 applications to the closing company and disbursing funds to 968 applicants
- Identified over 1,000 applications requiring additional information from applicants to move the file forward to closing
- Eliminated a backlog of approximately 400 appeals awaiting additional disbursement
- Achieved an error percentage of less than 1% on a 100% state review of all files transmitted for closing
- Reduced average call volume per day approximately 20% since transition

- Identified a need for, and provided, a limited in-person appointment capability that, to date, has resulted in service to over 400 applicants.

While HGI's operational control has gotten off to a solid start, there are still obstacles facing homeowners as they attempt to complete this part of their journey. Approximately 8,000 applicants are still awaiting an eligibility determination and a potential award of funds. For these applicants, the largest single hurdle remains their inability to obtain and provide ownership and occupancy documentation for the damaged residence. For many of these applicants, they simply have difficulty in obtaining the legal services required to deal with a variety of inheritance issues.

Other applicants are experiencing difficulty in addressing a lack of sufficient funding to complete either the rehabilitation or reconstruction of their damaged residence and dealing with a dramatic increase in insurance premiums. A direct result of these financial constraints is that affected applicants are unable to comply with the covenant requirements associated with their receipt of a Program award.

To assist applicants obtain legal services to resolve inheritance and other ownership-related issues. HGI has approval from the State to issue a Request for Proposals (RFP) to obtain a legal provider that will work directly with low- to moderate-income applicants to attempt to resolve these issues and move them forward in the process. The RFP will be released Friday August 21, 2009.

HGI has designed a Due Diligence process that allows us to communicate with applicants and identify documents required to move them forward through the process. If documentation cannot be obtained, the reasons for not being able to move a file forward are documented and shared with the State. This information can better help the State understand issues facing applicants and provide input into its decision-making process.

The State has identified that groups of applicants share similar challenges as they attempt to move forward through the program. HGI has partnered with the State to provide limited outreach activities to assist applicants in meeting these challenges. As an example, HGI recently supported the State with educating and visiting with a group of applicants concerned about Home Evaluation and damage allowances.

As HGI moves forward with administering the Homeowner Assistance Program, we are keenly aware of the importance in staying focused on assisting the remaining applicant population by processing applicants as quickly, efficiently, and accurately as possible. HGI has and will continue to work closely with the State of Louisiana to develop solutions that meet the challenges of the program. We are committed to providing effective and professional assistance to all remaining applicants and properly closing out the Homeowner Assistance Program.

Representative Waters and members of the subcommittee - thank you for allowing me to participate in today's hearing on behalf of HGI. I would be pleased to answer any questions that you may have.

## **Christopher J. Oney, Executive Vice President**

Christopher has executive level experience overseeing catastrophe operations related to Hurricanes Katrina and Rita. He served as liaison between company clients and the company's management team and staff. He supervises the selection, training, and day-to-day operations of the company's catastrophic department support staff. He also has other large-project experience with the most recent being his service as project manager for the company's recent engagement with the Road Home Program providing the oversight for over 120,000 property inspections and the disbursement of over \$3 billion in grant awards. Christopher oversaw the deployment of over 200 field personnel for Hurricanes Katrina and Rita. That deployment covered Louisiana, Mississippi, Florida, and Texas.