



## Federal Insurance and Mitigation Administration

### NFIP Transformation Task Force Update

April 1, 2016

FEMA's top priority is to support disaster survivors and help communities recover from the devastating effects of disasters. To accomplish this mission, FEMA is making significant improvements to the National Flood Insurance Program (NFIP) to better serve policyholders who experience loss from flooding.

We are overhauling and realigning our entire organization to improve the customer experience. FEMA's vision for reform is a broad effort that emphasizes the principles of trust, predictability, value and choice for the policyholder.

An NFIP Transformation Task Force is focusing on these improvements, including the need for increased oversight of the program, enhanced education and training, strengthened data gathering and analysis capabilities and an improved customer experience.

The Task Force also provides a process in which Hurricane Sandy survivors who have not pursued litigation can have their claims reviewed promptly if they feel they were underpaid. While not every claim reviewed results in a determination of underpayment, additional payments are being made to policyholders whose claim review do show underpayment.

FEMA is committed to ensuring we pay every policyholder what they are due under their policy. Flood insurance plays a critical role in assisting survivors on their road to recovery. Like other types of insurance, it does not cover all losses but it is the first line of defense against a flood.

#### **Claims Review**

October 15 was the last day for policyholders to request a review of their Sandy NFIP claim through the Hurricane Sandy Claims Review. The review process continues for roughly 10,000 policyholders.

As of March 31, within the Sandy Claims Review, more than half of requested claims reviews are through the process (9,594) and are ready for review with policyholders; 4,410 claims have been closed with claims paid totaling \$39,436,896 to 2,682 policyholders.

NFIP-certified adjusters are focused on ensuring they have the necessary information to review submitted claims. They reach out to each policyholder assigned to provide status updates, seek additional documentation if warranted, and to answer policyholder questions.

After FEMA and the policyholder reach agreement on the results of the claim review, and if the review indicates additional payment is warranted, FEMA directs the NFIP insurer to issue a check in the name of the policyholder, including any loss payee (attorney of record, mortgage company, etc.). FEMA is required by law to include on checks the names of those with secured interests. The policyholder is responsible for negotiating with lienholders regarding the distribution of funds.

To protect their personal information, FEMA requires all NFIP policyholders in the Hurricane Sandy Claims Review to provide a written document to verify their identity before the review of their claim begins. This

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added level of protection will help keep safe personal information and will comply with the federal Privacy Act (5 USC 552a).

The document must contain full name, current address, date and place of birth, and be signed and notarized, or signed with the following language as a substitute for notarization: “I declare, under penalty of perjury, that the foregoing is true and correct. Executed on (date). (Signature of policyholder).”

FEMA recognizes that a policyholder may choose to be represented in the review process. If so, FEMA must ensure that a representative is appropriately designated and authorized to speak for and receive information on behalf of the policyholder. Policyholders who want to have legal representation for the process will need to complete a designation of representation.

Some policyholders may want to [review their flood insurance claim file](#). FEMA will process claim file requests from a policyholder or the policyholder’s designated representative under the Privacy Act and the Freedom of Information Act. Policyholders may provide their verification of identity in the same letter used to designate a representative and/or to request a copy of their claim file, as long as the letter is properly signed and notarized (or sworn).

Policyholders are advised that due to the time required to make their complete claim file comply with federal privacy regulations, requesting a copy of the claim file may add a significant delay to the review process.

Policyholders may request portions of their file that they feel pertinent to their case (e.g., their Write Your Own insurance company file, engineering report, Desk Review documents, or previous adjustments and estimates). Requesting portions instead of the entire file should not lead to significant delays.

Several nonprofit service providers offer free advice and answer questions for policyholders in the claims process. A list of these advocacy groups can be found on the claims review website at [www.fema.gov/sandyclaims](http://www.fema.gov/sandyclaims).

### **Litigation**

Policyholders dissatisfied with the NFIP payments they received after Hurricane Sandy had the option of filing an administrative appeal with FEMA or filing a lawsuit in U.S. District Court. Some did both. Approximately 2,000 policyholders filed litigation against NFIP insurers over their Sandy flood insurance claims in Federal District courts of New York and New Jersey.

Of the 1,695 eligible cases, 1,525 cases have been settled, with checks issued totaling \$153,669,345 as of March 31.

### **Transformation**

We are overhauling and realigning our entire organization to improve the customer experience. FEMA’s vision for reform is a broad effort that emphasizes the principles of trust, predictability, value and choice for the policyholder.

FEMA’s NFIP Transformation Task Force is developing options to reform the NFIP, including the need for increased oversight, enhanced education and training, strengthened data gathering and analysis capabilities, and a greater customer orientation for the NFIP.

As part of the reform, FEMA has commissioned a study to determine the best way to implement NFIP reforms for a survivor-centric vision, mission and approach.

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The National Academy of Sciences (NAS) has conducted and delivered part two of an affordability study. FEMA will deliver a framework for affordability within 18 months of the NAS study's completion.

FEMA aligned its call center to better support NFIP policyholders with the servicing of their claims and getting answers to their questions quickly by calling 1-800-621-3362 Monday through Friday from 8 a.m. to 6 p.m. (Select Option 2). Call center staff are available to assist policyholders with information regarding their policy, offer technical flood guidance to aid in recovery, and respond to general as well as complicated questions about the NFIP. Policyholders with questions specifically about an insurance claim can be transferred to their insurance carrier for additional assistance.

Policyholders may download a Request for Support form from [www.fema.gov/national-flood-insurance-program-technical-support-hotline](http://www.fema.gov/national-flood-insurance-program-technical-support-hotline) and email it to [FEMA-NFIP-Support@fema.dhs.gov](mailto:FEMA-NFIP-Support@fema.dhs.gov) or fax it to 540-504-2360. The center also is available to the public and insurance agents who have questions about the NFIP.

FEMA has issued guidance to the Write Your Own (WYO) insurance companies that sell and service Standard Flood Insurance Policies to follow FEMA's survivor-centric customer service approach.

FEMA will review and approve all proposed engineering costs to ensure that WYOs are fulfilling their role by guaranteeing that taxpayer funds are being appropriately expended and work is consistent with putting policyholders first.

FEMA has commissioned a study to look at surge staffing so that we can develop a plan to have enough qualified adjusters in the field following a large event to more efficiently serve policyholders.

FEMA introduced advance payments of up to \$10,000 pre-inspection to put money into the hands of policyholders to enable them to start the process of recovery more quickly. Almost 20 percent of policyholders in the severe storms that hit South Carolina, Virginia, and North Carolina received advance payments.

The Task Force is working with nonprofit organizations, advocacy groups, community officials, insurance companies, industry experts and Congressional staff, among others, to improve NFIP processes.

The NFIP is soliciting input from the Government Accountability Office (GAO), which performed objective reviews of the NFIP, serving as an independent, nonpartisan agency working for the U.S. Congress.

## **Resources**

- NFIP policyholders with recent flood damage should contact their agent or insurance company and provide their policy number and a telephone and/or email address where they can be reached at all times. An adjuster will call back. To learn more about filing a claim, visit [www.FloodSmart.gov](http://www.FloodSmart.gov) or call the FloodSmart helpline 888-379-9531.
- Policyholders can contact the call center at 800-621-3362, Monday through Friday from 8 a.m. to 6 p.m. Central Time or download a Request for Support form from <http://www.fema.gov/media-library/assets/documents/106934> and email to [FEMA-NFIP-Support@fema.dhs.gov](mailto:FEMA-NFIP-Support@fema.dhs.gov) or fax to 540-504-2360.
- The NFIP Transformation website at [www.fema.gov/moving-forward-flood-insurance](http://www.fema.gov/moving-forward-flood-insurance) page explains the steps we're taking to move forward with flood insurance reform.

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- The U.S. Senate Committee on Banking, Housing and Urban Affairs issued a majority report, "[Assessing and Improving Flood Insurance Management and Accountability](#)," in the wake of Hurricane Sandy.

<b>Sandy Claims Review Data (March 31, 2016)</b>	<b>Number</b>
<p align="center"><b><u>Claims in Sandy Claims Review</u></b></p> <p align="center">Eligibility confirmed, total claims entered in review process</p>	<b>19,104</b>
<p align="center"><b><u>Claims in Review</u></b></p> <p align="center">Eligibility confirmed, claims currently entered in review process</p>	<b>9,607</b>
<p align="center"><b><u>Results of Review Ready (cumulative)</u></b></p> <p align="center">Adjuster has reviewed the claim and has held or is ready to hold a Results of Review interview with the policyholder. If additional payment is recommended by the adjuster or neutral, the policyholder will sign a Proof of Loss.</p>	<b>9,594</b>
<p align="center"><b><u>Proposed Results of Review</u></b></p> <p align="center">Adjuster has notified policyholder(s) in the ROR-Ready group of the claim review results. If additional payment is recommended by the adjuster or neutral, the policyholder will sign a Proof of Loss. <i>(This number changes as calls are completed and noted in case files.)</i></p> <ul style="list-style-type: none"> <li>Total claims paid or payments proposed to policyholders: <b>6,012</b></li> <li>Total claims closed and claims with no additional payment proposed: <b>1,532</b></li> <li>Total paid and proposed payments: <b>\$77,777,418</b></li> </ul>	<b>7,544</b>
<p align="center"><b><u>Claims with Additional Payments Sent</u></b></p> <p align="center">FEMA directs the insurance company to process payment for building coverage, contents coverage, or both.</p>	<b>2,682</b>
<p align="center"><b><u>Closeout</u></b></p> <p align="center">After all claim review and payment activities are completed, the claim file is closed. This includes claims with additional payment, claims voluntarily withdrawn and claims closed without additional payment.</p>	<b>4,410</b>

<b>Sandy Litigation Report Data (March 31, 2016)</b>	<b>Number</b>
<p align="center"><b><u>Total Cases In FEMA's Sandy Litigation Settlement Process</u></b></p> <p align="center">Cases eligible for expedited settlement.</p>	<b>1,695</b>
<p align="center"><b><u>Total Settlements Reached</u></b></p> <p align="center">(New York, New Jersey, and Other Sandy-Affected States)</p>	<b>1,525</b>
<p align="center"><b><u>New York Settlements Reached</u></b></p>	<b>731</b>

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<b><u>New Jersey Settlements Reached</u></b>	<b>793</b>
<b><u>Other Sandy-Affected States-Settlements Reached</u></b>	<b>1</b>
<b><u>Total Value of Checks Issued</u></b> The insurance company issues the check to the plaintiff's attorney.	<b>\$153,669,345</b>

<b><u>Sandy Neutral Review Data (March 31, 2016)</u></b>	<b>Number</b>
<b><u>Total Neutral Reviews Completed</u></b>	<b>34</b>
<b><u>Total Neutral Reviews Overturned Because Recommendation Was Not Consistent With Law, Regulation, Or Standard Flood Insurance Policy</u></b>	<b>2</b>
<b><u>Percentage of Neutral Reviews Overturned Because Recommendation Was Not Consistent With Law, Regulation, Or Standard Flood Insurance Policy</u></b>	<b>6%</b>

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