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Gouveia, Susan

From:	Masser, Michelle
Sent:	Monday, October 19, 2015 4:21 PM
To:	Detoro, Fred; Weigle, Trevor J.
Cc:	Harris, Laura; Gouveia, Susan
Subject:	FW: Updated NFIP Reform Fact Sheet
Attachments:	FS NFIP Transformation Task Force 101615 .pdf

FYI –
CORRESPONDENCE

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From: Murphy, Kendall [mailto:kendall.murphy@fema.dhs.gov]
Sent: Monday, October 19, 2015 1:16 PM
To: Murphy, Kendall <kendall.murphy@fema.dhs.gov>
Subject: Updated NFIP Reform Fact Sheet

Intergovernmental Colleagues,

Please find the latest NFIP fact sheet with updates on our efforts to reform the National Flood Insurance Program and a current update on the claims process going forward. FEMA's top priority is assisting disaster survivors and helping communities recover from the devastating impacts from disasters. The Federal Emergency Management Agency (FEMA) continues to take steps to implement reforms of the National Flood Insurance Program (NFIP). FEMA remains committed to focusing on overhauling the claims and appeals process; aligning management of litigation in a way that puts the flood survivor first; and improving the customer experience throughout the entire claims process.

Please note that the extension we provided for policyholders, to request their claim to be reviewed, ended on October 15, 2015.

FEMA has launched an NFIP call center pilot program to better serve and support policyholders across the country with the servicing of their claims. Flood insurance claims can be complicated, and policyholders may have questions in the days and weeks following a disaster. Not all questions can be quickly or easily answered by one's insurance agent. Policyholders who may have questions about their flood policy can call:

- 1-800-621-3362, Monday through Friday from 8 a.m. to 6 p.m. (CST);
- or, download a Request for Support form from www.fema.gov/national-flood-insurance-program and email to FEMA-NFIP-Support@fema.dhs.gov or fax to 540-504-2360.

As FEMA reviews Hurricane Sandy claim files, the agency will also begin overhauling the claims and appeal process and improving the customer experience. FEMA's goals are excellent customer experience, responsiveness, transparency, low risk of waste, fraud and abuse, and continuous improvement. While settling these legal matters, FEMA is instituting

additional oversight of Write Your Own insurance companies to hold them accountable. See the enclosed fact sheet for more information.

FEMA will continue to work closely with Congress, federal, tribal, state, local, and community officials and advocacy groups to ensure policyholders are paid every dollar to which they are entitled and to improve transparency in the flood insurance program going forward.

If you have any questions, please contact FEMA's Intergovernmental Affairs Division at (202) 646-3444 or at FEMA-IGA@fema.dhs.gov.
Thank you

Bob

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FEMA

Fact Sheet

Federal Insurance and Mitigation Administration

NFIP Transformation Task Force Update

October 16, 2015

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 provide better service to policyholders who experience loss from flooding.

FEMA established a Task Force to resolve litigation involving Hurricane Sandy claims, provide a process in which Sandy survivors who have not pursued litigation can promptly have their claims reviewed if they feel they were underpaid, and develop and execute options to reform the NFIP.

FEMA extended the deadline for National Flood Insurance Program (NFIP) policyholders to call and request a review of their Hurricane Sandy claim. With this change, the last day to submit a request was October 15, 2015. The agency extended the original deadline of September 15 by 30 days to ensure that all affected policyholders were aware of the Hurricane Sandy Claims Review and had the opportunity to enter the process.

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. While the payouts won't make someone whole, our top priority is to ensure policyholders get what they are due under the terms of their flood insurance policy.

Claims Review

On May 18, FEMA opened the Hurricane Sandy Claims Review process and began mailing letters to approximately 142,000 NFIP policyholders who filed claims resulting from Hurricane Sandy, offering them an opportunity to have their files reviewed. As of October 14, 2015, over 16,600 policyholders are eligible for review.

The first payments to policyholders who entered the Sandy Claims Review have been issued and more policyholders are moving through the review.

The U.S. Department of Housing and Urban Development (HUD) announced that it would not seek to recover any additional flood insurance payments up to $20,000. Federal agencies cannot provide disaster assistance for losses covered by insurance. HUD's announcement eliminates the need for their grantees to reclaim assistance from many households participating in the claims review process.

HUD grantees – New York Rising, New York Build It Back and New Jersey Rehabilitation, Reconstruction, Elevation and Mitigation – notified FEMA that they do not want to be included on insurance checks resulting from FEMA's Hurricane Sandy Claims Review or litigation settlements, simplifying the check-writing process

Several nonprofit service providers also are ready to offer free advice and answer questions. A list of these advocacy groups can be found on the claims review website at www.fema.gov/sandyclaims. Policyholders who want to have legal representation for the process will need to complete a designation of representation.

To protect the personal information of policyholders, FEMA is requiring that all NFIP policyholders in the Hurricane Sandy Claims Review process provide a written document to verify their identity. This added level of protection will help keep safe personal information and will comply with the federal Privacy Act (5 USC 552a).

The document should contain full name, current address, date and place of birth. The document must 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.

Some policyholders may want to review their flood insurance claim file. To ensure the greatest access to the claim file permitted by law, 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).

Details of claims review process

Litigation

Policyholders who were not satisfied 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. More than 2,000 cases have been filed in U.S. District Courts in the Eastern District of New York and New Jersey.

In February 2015, FEMA initiated a process to settle Sandy claims litigation as quickly as possible so policyholders can receive negotiated payments for their claims and not endure prolonged litigation.

In this procedure (FEMA-Plaintiffs' Counsel Process) FEMA receives information from plaintiffs' counsel specifying damages and proposed settlement amounts. FEMA flood-certified adjusters

review the proposed settlement amounts and make recommendation to FEMA's Office of Chief Counsel, which makes a tentative offer to plaintiffs' counsel.

Steps in litigation settlement process

Transformation

FEMA established a Task Force to resolve litigation involving Hurricane Sandy claims, provide a process in which Sandy survivors who have not pursued litigation can promptly have their claims reviewed if they feel they were underpaid, and develop options to reform the NFIP.

The Task Force identified areas for attention, 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 FEMA's review and reform of the NFIP, the Agency awarded McKinsey & Company, Inc. a support contract for the NFIP Customer Experience. McKinsey & Company is a global management consulting firm that brings expertise and an outside perspective to help FEMA assess the NFIP claims process from a customer-experience perspective and to develop immediate reforms to bring these processes into alignment with FEMA's survivor-centric vision, mission and approach.

The Task Force is implementing an enhanced training program for adjusters and tracking and evaluating all engineering report costs.

The U.S. Senate Committee on Banking, Housing and Urban Affairs report entitled "Assessing and Improving Flood Insurance Management and Accountability in the wake of Hurricane Sandy" identified the need for flood event crisis planning to better prepare for major flood events. FEMA is developing a study to examine NFIP surge staffing needs.

The National Academy of Sciences (NAS) is conducting an affordability study scheduled for completion in October 2015. The study will identify elements necessary to design a quantitative affordability analysis. FEMA will then deliver a framework for affordability within 18 months of the NAS study's completion.

On June 11, FEMA launched a pilot call center to better support policyholders with the servicing of their claims and getting answers to their questions quickly by calling 1-800-621-3362 Monday through Sunday from 7 a.m. to 10 p.m. (EDT). 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 questions about the NFIP. Policyholders with questions specifically about an insurance claim can be transferred to their insurance carrier for additional assistance.

Specialists are also available to answer more complicated flood insurance questions and navigate policyholders through the NFIP's existing processes. The center also is available to the public and insurance agents who have questions about the NFIP. Policyholders may download a Request for Support form from www.fema.gov/national-flood-insurance-program-technical-support-hotline and email it to FEMA-NFIP-Support@fema.dhs.gov or fax it to 540-504-2360.

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. Adjusters should treat policyholders with respect, provide information needed to understand claim adjustment, fully understand what may constitute price changes and explain any exceptional adjustments in the estimate and claim file. Insurance companies must make all draft engineering reports available to policyholders upon request.

FEMA also notified WYO insurance companies of changes in the advance payment process that outlining a more streamlined and customer-centric process for quickly providing advance payments on claims. These changes include: Pre-Inspection (contents and structure), up to $5,000; Pre-Inspection with photos – up to $10,000; Post Inspection – percentage of policy amount, with no other cap to advance amount. However it is necessary to have the contractor's estimate and an inspection by the flood insurance adjuster prior to offering-advances on these losses. No conditions of coverage are waived by providing an advance payment.

Additionally, FEMA notified WYO insurance companies of changes in the process for seeking reimbursement for expenses, such as the hiring of engineering firms for claims adjustments. FEMA will review and approve all proposed engineering costs to ensure that WYOs, as fiscal agents for the U.S. Government, are fulfilling their role by guaranteeing that taxpayer funds are being appropriately expended and their work is consistent with putting policyholders first.

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.

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. While the payouts won't make someone whole, our top priority is to ensure policyholders get what they are due.

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 or call the FloodSmart helpline 888-379-9531.

- Policyholders can also contact the call center at 800-621-3362, Monday through Friday from 9 a.m. to 7 p.m. (EDT) or download a Request for Support form from www.fema.gov/national-

flood-insurance-program-technical-support-hotline and email the completed request to FEMA-NFIP-Support@fema.dhs.gov or fax it to 540-504-2360.

- FEMA maintains a webpage containing information and updates for NFIP policyholders affected by Hurricane Sandy: The Claims Review Process web page is www.fema.gov/hurricane-sandy-nfip-claims. There is also a short link to that webpage: www.fema.gov/sandyclaims.

- The NFIP Transformation website at www.fema.gov/moving-forward-flood-insurance page explains the steps we're taking to move forward with flood insurance reform.

- 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.

Sandy Claims Review Data (October 14, 2015)	Number
Call Center and Web Referrals Policyholders contact the Call Center or download the claims review request application from the Sandy Claims Review website.	**28,515**
Claims in Review Process Eligibility confirmed, claims are entered into review	**16,625**
Results of the Review Adjuster notifies the policyholder of the claim review results. If additional payment is recommended by the adjuster or neutral, the policyholder will sign a Proof of Loss.	**1,217**
Claims with Additional Payments Sent FEMA directs the insurance company to process payment for building coverage, content coverage, or both.	**138**
Closeout After all claim review and payment activities are completed, the claim file is closed. This may include claims voluntarily withdrawn and cases closed without additional payment.	**672**

Sandy Litigation Report Data (October 14, 2015)	
Total Cases In FEMA's Sandy Litigation Settlement Process Cases eligible for expedited settlement	**1,689**
Total Settlements Reached (New York, New Jersey, and Other Sandy-Affected States)	**747**
New York Settlements Reached	**544**
New Jersey Settlements Reached	**201**
Other Sandy-Affected States-Settlements Reached	**2**
Total Value of Checks Issued The insurance company issues the check to the plaintiff's attorney.	**$81,192,776**