Gouveia, Susan

From: Masser, Michelle
Sent: Monday, November 16, 2015 12:07 PM
To: Harris, Laura; Detoro, Fred; Weigle, Trevor J.
Cc: Gouveia, Susan
Subject: FW: Updated NFIP Reform Fact Sheet
Attachments: FS NFIP Transformation Task Force 111315 .pdf

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From: Murphy, Kendall [mailto:kendall.murphy@fema.dhs.gov]
Sent: Monday, November 16, 2015 10:48 AM
To: Murphy, Kendall <kendall.murphy@fema.dhs.gov>
Subject: Updated NFIP Reform Fact Sheet

Intergovernmental Colleagues,

Here is 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.

FEMA's NFIP call center pilot program serves and supports 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,

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FEMA

Fact Sheet

Federal Insurance and Mitigation Administration

NFIP Transformation Task Force Update

November 13, 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 better serve policyholders who experience loss from flooding.

In early 2015, 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 have their claims reviewed promptly if they feel they were underpaid, and develop and execute options to reform the NFIP.

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

On May 18, FEMA opened the Hurricane Sandy Claims Review 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. The deadline for policyholders to request a claims review was Oct. 15.

More than 17,300 policyholders have been determined to be eligible for review. While not every claim reviewed results in a determination of underpayment, additional payments are being made to policyholders whose claim review do show underpayment.

NFIP-certified Adjusters are focused on ensuring they have the necessary information to review submitted claims. They reach out to each policyholder assigned to them every 14 days, to provide status updates, seek additional documentation if warranted, and to answer policyholder questions. The Claims Review center is open 8 am to 8 pm seven days a week with a staff of 215 certified adjusters and 39 support personnel.

As of Nov.11, within the Sandy Claims Review Process, 1,187 claims have been closed with claims paid totaling $5,995,797.

In conjunction with the Sandy Claims Review process, the U.S. Department of Housing and Urban Development (HUD) said that it would not seek to recover any additional flood insurance payments up to $20,000.

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. FEMA is required by law to include on checks the names of those with secured interests, such as a mortgage lender, the U.S. Small Business Administration or other lienholders.

FEMA also has stated that it is not in the best interest of the federal government to collect potentially duplicative disaster assistance provided to Hurricane Sandy disaster survivors under FEMA's Individual Assistance program.

To protect the personal information of policyholders, FEMA requires that all NFIP policyholders in the Hurricane Sandy Claims Review 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 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).

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.

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 2,000 cases filed, 434 cases were settled prior to FEMA establishing its settlement process.

In February 2015, FEMA initiated the settlement process, known as the FEMA-Plaintiffs' Counsel 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 the procedure, FEMA receives information from plaintiffs' counsel specifying damages and proposed settlement amounts. FEMA adjusters review the proposed settlement amounts and make recommendation to FEMA's Office of Chief Counsel, which makes a tentative offer to plaintiffs' counsel.

Working closely with plaintiffs' attorneys and the Federal District courts of New York and New Jersey, FEMA has reviewed claims and negotiated settlement amounts either through attorneys representing policyholders or directly with the insureds. Of the 1,689 eligible cases, 934 cases have been settled, with checks issued totaling $98,002,817, as of Nov.11.

Steps in litigation settlement process

Transformation

FEMA' 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 brought in contract support that brings expertise and an outside perspective to help FEMA assess NFIP processes 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 late November 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.

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 Sunday from 7 a.m. to 10 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 and email it to 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.

- 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 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 streamlined customer-centric changes in the advance payment process to provide advance payments on claims in recently affected states of Georgia, South and North Carolina and Virginia. 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.

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 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. 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.
- 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 (November 11, 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.	**29,331**
Claims in Review Process Eligibility confirmed, claims are entered into review	**17,071**
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.	**1,799**
Claims with Additional Payments Sent FEMA directs the insurance company to process payment for building coverage, content coverage, or both.	**376**
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.	**1,187**

Sandy Litigation Report Data (November 11, 2015)	Number
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)	**934**
New York Settlements Reached	**619**
New Jersey Settlements Reached	**313**
Other Sandy-Affected States-Settlements Reached	**2**
Total Value of Checks Issued The insurance company issues the check to the plaintiff's attorney.	**$98,002,817**