Gouveia, Susan

From: Lashway, Lisa
Sent: Monday, July 13, 2015 11:34 AM
To: Detoro, Fred; Spitzer, Mark; Canning, Sean; Gouveia, Susan
Subject: FW: NFIP Transformation Task Force Fact Sheet (Municipalities)
Attachments: FINAL NFIP Transformation Task Force Fact Sheet 070915.pdf

Lisa Lashway
Mt. Olive Twp. Clerk
973-691-0900 Ext. 7291
FAX 973-691-2080
PO Box 450
Budd Lake, NJ 07828

From: Stokes, Richard [mailto:richard.m.stokes@fema.dhs.gov]
Sent: Monday, July 13, 2015 10:13 AM
To: Stokes, Richard
Subject: NFIP Transformation Task Force Fact Sheet (Municipalities)

Good Morning:

Attached for your information is an update of the NFIP Task Force Activities.

Richard Stokes
FEMA
Assistant External Affairs Officer--Intergovernmental Affairs/Legislative Liaison
Sandy Recovery Office New Jersey
Cell: 202-805-9653
E-mail: Richard.m.stokes@fema.dhs.gov
Departmental E-mail: FEMA-Intergovernmental-Affairs-DR-4086-NJ@fema.dhs.gov

WARNING: This document is FOR OFFICIAL USE ONLY (FOUO). It is to be controlled, stored, handled, transmitted, distributed, and disposed of in accordance with DHS policy relating to FOUO information. This information shall not be distributed beyond the original addressees without prior authorization of the originator. This communication, along with any attachments, is covered by Federal and state law governing electronic communications and may contain restricted and legally privileged information. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, use or copying of this message is strictly prohibited. If you have received this in error, please reply immediately to the sender and delete this message.

FEMA

Fact Sheet

Federal Insurance and Mitigation Administration

NFIP Transformation Task Force Update

July 9, 2015

FEMA's top priority is to support disaster survivors and help communities recover from the devastating effects of disasters. Flood insurance plays a critical role in assisting survivors on their road to recovery, we are working to ensure policyholders get what they are due. To accomplish this mission, FEMA is undertaking changes and improvements to the National Flood Insurance Program, and has advised Write Your Own (WYO) insurance companies to continue to improve their customer-centric approach.

FEMA established a task force to resolve the litigation involving Hurricane Sandy claims; established a process in which Sandy survivors who have not pursued litigation can promptly have their claims reviewed if they feel they were underpaid; and began developing and executing options to reform the NFIP.

The Deputy Associate Administrator travelled to New Jersey on June 30 and to New York on July 1 to meet with community-based advocacy groups which provide services to Hurricane Sandy survivors on issues related to the National Flood Insurance Program. He assured them that FEMA is committed to a fair and transparent process and that data on the outcomes of the Claims Review will be shared with the advocacy groups as soon as it is available. The Data Report is on the Task Force's weekly Fact Sheet, is posted on the website and is provided to the advocates weekly.

The Reform Team is staffing up five working groups consisting of Task Force members and Subject Matter Experts from across the Federal Insurance and Mitigation Administration that are beginning to scope out requirements and develop project plans related to selected reform options. The Reform Team will be conducting outreach to congressional stakeholders to gather their insight on needed reforms. Outreach will include surveys and interviews that will begin the week of July 13th.

The U.S. Senate Committee on Banking, Housing and Urban Affairs released their report on Assessing and Improving Flood Insurance Management and Accountability in the wake of Hurricane Sandy. Although the report finds that there were no systematic underpayments of claims during the response to Hurricane Sandy, any policyholder that receives an underpayment is one too many.

FEMA will continue to work with the participating Write Your Own (WYO) companies to identify ways to better utilize these partnerships to bring superior customer service to the affected policyholders.

FEMA will continue to work with Congress to address improvements to the NFIP. Not only those addressed by the report, but other reforms that we identify as important to creating a stronger program.

To date, thousands of policyholders have elected to have FEMA review their Hurricane Sandy claim. Recent news clips indicate that Sandy policyholders are being told that the review process is

complicated and will require paid legal assistance. The Sandy claims review process is intended to be simple, navigable by the policyholder and does not require paid legal assistance. Additionally, there are several nonprofit service providers 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

FEMA has launched an NFIP call center pilot program to better support policyholders with the servicing of their claims. 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). Support is also available online by downloading a Request for Support form at www.fema.gov/national-flood-insurance-program which can be filled out and emailed to FEMA-NFIP-Support@fema.dhs.gov or faxed to 540-504-2360.

Specialists are available to assist policyholders with the servicing of their claims, to provide general information regarding their policies or to offer technical assistance to aid in recovery. The call center is also open to disaster survivors with questions about flood insurance. Each staff member is trained to ensure they provide superior service and put customers' needs first.

Transformation

FEMA is conducting an internal review of its processes to reform the NFIP program for the claims and appeal process. The NFIP Transformation Task Force has identified three areas where it will focus its internal reviews. These include:

- overhauling the claims and appeals process,
- aligning management of litigation in a way that makes it simpler to resolve conflicts, and
- improving the customer experience throughout the entire claims process.

FEMA has begun to reform several business processes, such as the appeals procedure, while at the same time evaluating our overall business model options. The agency will make more business process changes in the near future even as we continue the evaluation of additional reforms.

FEMA is making the flood insurance program more customer-centric. The agency is enhancing the training for adjusters and agents to further educate policyholders about coverage, including policy limitations. And we are interested in exploring methods to get additional feedback from our customers.

As part of this effort, FEMA is soliciting industry experts to assist the NFIP Transformation Task Force with developing expert recommendations to bring the existing process into alignment with FEMA's survivor-centric approach and mission.

The Task Force is also analyzing how the claims process worked after Hurricane Sandy and litigation data related to Sandy claims. FEMA is engaging with nonprofit organizations, advocacy groups, community officials, insurance companies and Congressional staff, among others, to gain insight into the claims process and how it can be improved.

As part of our effort to reform the NFIP, FEMA has notified WYO companies of changes in the process for seeking reimbursement for expenses, such as the hiring of engineering firms for claims

adjustments going forward. Pending further guidance, FEMA will review and approve all proposed engineering costs.

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

FEMA has launched an NFIP call center pilot program to better support policyholders with the servicing of their claims. 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). Support is also available online by downloading a Request for Support form at www.fema.gov/national-flood-insurance-program which can be filled out and emailed to FEMA-NFIP-Support@fema.dhs.gov or faxed to 540-504-2360.

As of July 8 nearly 9,140 have people have contacted the call center for assistance with general policy and claims questions. The call center pilot program is also available to disaster survivors who may have general questions about the NFIP.

Specialists are available to assist policyholders with the servicing of their claims, to provide general information regarding their policies or to offer technical assistance to aid in recovery. The call center is also open to disaster survivors with questions about flood insurance. Each staff member is trained to ensure they provide superior service and put customers' needs first.

FEMA expects participating insurance companies and their contractors who assist in carrying out the program to continue to improve their customer-centric approach as they handle flood insurance claims. Policyholders can expect full transparency as to how their claim is being adjusted, what elements of damage are covered under the Standard Flood Insurance Policy, what elements are not covered and how costs are calculated for the loss.

Claims Review

FEMA mailed letters to approximately 142,000 NFIP policyholders who filed claims resulting from Hurricane Sandy, offering them an opportunity to have their files reviewed. Policyholders who want their file reviewed may call FEMA toll-free 866-337-4262, or visit www.fema.gov/sandyclaims. Download the request form and email it to FEMA-sandyclaimsreview@fema.dhs.gov or faxing it to 202-646-7970. Individuals who are deaf, hard of hearing or have a speech disability using 711 or VRS may call 866-337-4262. Individuals using a TTY may call 800-462-7585.

- Callers are asked a series of questions to determine whether they qualify for review. If you did not have an NFIP flood insurance policy on the date of loss you do not qualify for this review.
- Most reviews will be concluded within 90 days.

When a policyholder contacts FEMA, the file is assigned to an NFIP-certified adjuster who will serve as a case worker for the insured. Files with engineer reports will be reviewed by an engineer not associated with firms currently under investigation.

Case workers will make recommendations after a thorough review of the file and any new information provided. If the policyholder does not agree with the recommendation, the policyholder will have the opportunity to obtain an additional review by a third party neutral, who will make a recommendation to FEMA. On June 2, FEMA awarded a contract to JAMS (formerly the Judicial Arbitration and Mediation Service) for neutral review support. JAMS, a premiere neutral provider, will allocate attorneys and retired judges with experience in insurance claims to provide an additional level of review for policyholders. FEMA will give substantial weight to the JAMS neutral's recommendations.

If the results of the review support additional payment, FEMA will direct the insurance company to issue payment to the policyholder. FEMA will notify the policyholder by letter. Policyholders who receive additional funds will need to provide a signed Proof of Loss. Once all parties involved have been notified of the results, the review will be closed.

Federal agencies cannot provide disaster assistance for damages or losses covered by insurance. If a policyholder receives additional insurance proceeds from FEMA and also received Sandy-related disaster assistance from another source such as the U.S. Small Business Administration (SBA), the Department of Housing and Urban Development (HUD), or one of HUD's state or local grantees such as New Jersey - Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program, New York Rising, or New York City Build it Back, the policyholder may have to repay the other disaster assistance if the original source determines that additional insurance proceeds duplicate a benefit previously provided.

As a service to policyholders, when they enter the review process FEMA coordinates with affected third parties to identify potential duplication of benefits. If the review supports additional payment to the policyholder, FEMA is required to include on the check the names of additional insureds and third parties who have interests in the funds.

At the request of advocacy groups, FEMA translated the "How the Claims Review Process Works" Fact Sheet into Russian, Spanish, Korean, Italian and Polish in order to reach the widest possible audience and to enhance our customer-centric approach. These translated documents were added to our website at www.fema.gov/sandyclaims.

Litigation

Policyholders who were not satisfied with the NFIP payments they received after Hurricane Sandy had the option of filing a lawsuit in U.S. District Court.

Litigation presented the court and NFIP with allegations of questionable engineering practices related to Hurricane Sandy claims. FEMA will not fund or approve work with any WYO-contracted engineering firms that are shown to have questionable practices.

FEMA initiated a process to settle Hurricane Sandy claims as quickly as possible so policyholders can receive negotiated payments for their claims and not endure prolonged litigation. To expedite FEMA's ability to settle claims quickly, FEMA reviewed hundreds of individual cases and developed a procedure to analyze plaintiffs' payment demands, review relevant case materials,

verify coverage and payment information, and provide a fair settlement offer as a basis for final negotiation. FEMA will work directly with any individual plaintiff's counsel to resolve a client's Hurricane Sandy flood claims in this fashion.

FEMA has expedited the claims settlement process significantly over the past two months. FEMA has brought in additional legal staff to support coordination and settle cases more quickly.

In this procedure – called 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.

Through the NFIP claims settlement process, FEMA has engaged WYO insurance companies, who sell and service Standard Flood Insurance Policies available under the NFIP, to tender settlement offers to policyholders. FEMA has also worked with the U.S. Attorney's Office in the Eastern District of New York and New Jersey to tender settlement offers to policyholders who bought insurance directly from FEMA through the Direct Servicing Agent (DSA) Companies.

FEMA established a check-writing protocol that will get settlement checks to policyholders as quickly as possible, generally within 30 days of the settlement agreement. FEMA has a responsibility to identify other parties who may have an interest in the settlement of the claims, such as a lienholder. Representatives from third-party interests, including HUD and SBA, have agreed to expedite determinations on what duplication of benefits from their recovery programs may apply to litigants in order to settle claims. Several WYO companies have agreed to pay costs associated with litigation.

Resources

NFIP policyholders with recent flood damage should contact their agent or insurance company and provide the name of their insurance company, policy number and a telephone number or email address where they can be reached. An adjuster will call back. To learn more about filing a claim, visit www.floodsmart.gov or call the FloodSmart helpline at 1-888-379-9531.

Policyholders can also contact the Call Center Pilot Program at 1-800-621-3362, Monday through Friday from 8 a.m. to 6 p.m. (CST). Support is also available online by downloading a Request for Support form at www.fema.gov/national-flood-insurance-program which can be filled out and emailed to FEMA-NFIP-Support@fema.dhs.gov or faxed to 540-504-2360.

FEMA maintains a webpage containing information and updates for National Flood Insurance Program policyholders who were affected by Hurricane Sandy: www.fema.gov/hurricane-sandy-nfip-claims. There is also a short link that takes users to that same webpage: www.fema.gov/sandyclaims.

Information about the Sandy Claims Process, Transformation, and Litigation updates can be found on the website, which will be updated regularly.

###

Weekly Data Report

Sandy Non-litigated Claims Review Report Data as of July 2, 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.	9,450
Policyholders Eligible for Further Review Policyholders are asked questions to determine whether they qualify for review. Questions include: Do you have an NFIP Policy and filed a claim during Sandy?	7,039
Policyholders in Claims Review Process Claims that will be reviewed by a highly skilled NFIP-certified adjuster. *566 policyholders require addditional research by FEMA to match damaged property address, policy number, or missing claim data.	6,839

Policyholders in Claims Review Process	Number
Claim Referred and Information Collected Policyholders are referred to the claims process and assigned an adjuster, who gathers nessary information to perform the claims review.	6,289
Adjuster Completes Claims Review Adjuster has completed the claim review and case is forwarded for quality control and duplication of benefits review.	547
Neutral Review (optional) At anytime during the claim review prociess, the policyholder has the option to request a review be conducted by a neutral third party.	0
Result of the Review Adjuster notifies the policyholder of the claim review determination. If additional payment is recommned by the case worker or neutral, the policyholder will sign a Proof of Loss and reurn it to the caseworker.	3
Request Issuance of Check FEMA will direct the insurance company to process a payment.	0
Closeout After all claim review and payment activities are completed, the case file is closed.	0

Weekly Data Report

Sandy Litigation Report Data as of July 2, 2015	
Cases in Litigation Approximate amount of NFIP policyholders who have been involved in litigation as a result of Hurricane Sandy.	**2,200**
Tentative Settlements Reached (New York and New Jersey) Plaintiffs' Counsel and FEMA reach a tentative settlement amount, pending review and acceptance, for the case at the conclusion of negotiations. (may decrease due to renegotiation of offers)	**890** **$95,876,765**
New York Tentative Settlements Reached Number is contingent on Plaintiff acceptance (may decrease due to renegotiation of offers)	**552** **$57,105,728**
New Jersey Tentative Settlements Reached Number is contingent on Plaintiff acceptance (may decrease due to renegotiation of offers)	**337** **$38,730,969**
Total Checks Sent (Paid) The Plaintiff's insurance company has distributed the check.	**66** **$6,495,480**
Closeout Once a stipulation of dismissal is filed with the court and all settlement information is entered into the necessary systems, the file is closed.	**0**