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From: Murphy, Kendall [kendall.murphy@fema.dhs.gov]
Sent: Monday, August 31, 2015 8:28 AM
To: Murphy, Kendall
Subject: Updated NFIP Reform Efforts and Claims Review Process
Attachments: FS NFIP Transformation Task Force 082615.pdf

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). As the internal review of our claims and appeals process continues, 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 there are two weeks remaining for Policyholders who incurred losses from Hurricane Sandy from Oct. 27, 2012, through Nov. 6, 2012, and want their claim reviewed, to submit the claim for review. To do so they need to contact FEMA by September 15, 2015, by:

- Calling toll-free at 866-337-4262.
- Email by downloading an application online and submitting it to FEMA-sandyclaimsreview@fema.dhs.gov.
- Fax by downloading an application online and submitting it to 202-646-7970.
- For individuals who are deaf, hard of hearing or have a speech disability using 711 or VRS, please call 1-866-337-4262. For individuals using a TTY, please call 800-462-7585.

In addition, as part of these reforms, 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

August 26, 2015

NFIP Transformation Task Force Update

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.

The agency is reminding NFIP policyholders who filed a claim as a result of Hurricane Sandy that they have until Sept. 15, 2015 to request that their claim file be reviewed. The review process is simple, easily navigable by the policyholder and does not require paid legal assistance.

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.

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.

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.

The deadline for requesting a review is Sept. 15, 2015.

Policyholders who want their file reviewed may contact FEMA by calling toll-free 866-337-4262, or going online to www.fema.gov/hurricane-sandy-nfip-claims to download a form requesting a review. The completed form may be emailed to FEMA-sandyclaimsreview@fema.dhs.gov or faxed to 202-646-7970 to start the process. Individuals who are deaf, hard of hearing or have a speech disability and use 711 or VRS may call 866-337-4262. Individuals using a TTY may call 800-462-7585.

When policyholders call, it is helpful if they can provide the name(s) on the policy, address of the damaged property and the 10-digit NFIP policy number that was in effect at the time of the loss. Policyholders will be asked a series of questions to determine whether they qualify for review. Once

qualified, they will be called by an adjuster to begin the review. The timing of the initial call may be affected by the volume of requests for review. Most reviews can be concluded within 90 days.

FEMA will continue to review files after Sept. 15, but that is the deadline for policyholders to enter the process.

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

HUD grantees New York Rising, New York Build It Back and New Jersey Rehabilitation, Reconstruction, Elevation and Mitigation have 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

Roy Wright, Deputy Associate Administrator for Insurance and Mitigation, met in Long Beach, NY, on August 24 with U.S. Representative Kathleen Rice and local officials representing Nassau County communities to discuss the claims review process and plans to reform the NFIP. Rice and Wright visited the homes of two NFIP policyholders who filed claims after Hurricane Sandy.

FEMA conducted clinics in Long Island, NY and Toms River, NJ with advocacy groups that are helping policyholders with the Sandy Claims Review. FEMA staff explained how policyholders can request the review and how the process works. They answered questions and received feedback from advocacy groups that will help FEMA as it refines procedures.

The Sandy claims review process is intended to be simple, navigable by the policyholder and does not require paid legal assistance. 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 of birth 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 agency is focusing on improving the claims and appeals process and improving customer service.

On June 11, FEMA launched a pilot call center to better support policyholders with the servicing of their claims. The center also is available to the public and insurance agents who have questions about the NFIP. Policyholders who have questions about their flood policy can call 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 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.

The agency is enhancing the training for adjusters and agents to further educate policyholders about coverage, including policy limitations.

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 has performed objective reviews of the NFIP, serving as an independent, nonpartisan agency working for the U.S. Congress.

FEMA has 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.

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

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 and email to FEMA-NFIP-Support@fema.dhs.gov or fax 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 (August 21, 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.	**17,642**
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 did you file a claim during Hurricane Sandy?	**12,340**
Claims in Review Process Eligibility confirmed, claims are entered into review	**11,476**

Claims in Review Process	Number
Adjuster Assigned, Information Collected Policyholders are assigned an adjuster, who gathers information to perform the claims review.	**9,413**
Adjuster Completes Claim Review Adjuster completes the review and case is forwarded for quality control review.	**1,913**
Neutral Review (optional) At any time during the claim review process, the policyholder has the option to request that a review be conducted by a neutral third party.	**6**
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.	**93**
Policyholders Approved for Payment FEMA directs the insurance company to process a payment.	**9**
Closeout After all claim review and payment activities are completed, the case file is closed. This may include claims voluntarily withdrawn and cases closed without additional payment.	**50**

Sandy Litigation Report Data (August 21, 2015)	
Policyholders in Litigation Approximate number of NFIP policyholders who have been involved in litigation as a result of Hurricane Sandy.	**2,200**
Tentative Settlements Reached **(New York, New Jersey, and other Sandy Affected States)** 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)	**1,080** **$109,362,076**
New York Tentative Settlements Reached Number is contingent on Plaintiff acceptance (may decrease due to renegotiation of offers)	**658** **$64,592,088**
New Jersey Tentative Settlements Reached Number is contingent on Plaintiff acceptance (may decrease due to renegotiation of offers)	**417** **$44,508,047**
Number of Policyholders Receiving Checks The Plaintiff's insurance company has distributed the check.	**327** **$31,559,936**
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.	**242**