

# CLAIMS

## I. INSURED'S RESPONSIBILITIES

### A. Filing a Claim

In the event of loss, the insured is required to:

- Give written notice of loss to the insurer, as soon as practicable, using the National Flood Insurance Program (NFIP) Notice of Loss form or similar form;
- Exhibit all remains of the property, as required;
- If requested, submit to an examination under oath, as required;
- Provide evidence and documentation to substantiate the loss, as required; *and*
- File a Proof of Loss within 60 days of the loss, unless this requirement is waived by the Federal Emergency Management Agency (FEMA).

The NFIP has a standard Proof of Loss form that the adjuster assigned to the loss may provide to the insured. The adjuster may assist in completion of the form. However, independent adjusters do not have the authority either to approve or to deny claims. Adjusters' recommendations for payment or denial are not binding on the insurer and are subject to approval and correction by the insurer staff.

The Proof of Loss form may be waived on claims for less than \$7,500. In this case, the insured will be required to sign the NFIP Final Report form, which summarizes the loss and claim figures.

### B. Appealing a Claim

Any insured who is dissatisfied with a claim settlement offered by the insurer should follow the procedures below, excerpted from the *NFIP Flood Insurance Claims Handbook* (F-687).

## ADDRESSING QUESTIONS ABOUT YOUR INSURANCE CLAIM

The NFIP provides you with a process to appeal decisions regarding your flood insurance claim. This process will help you resolve claim issues, but it cannot give you added coverage or claim limits beyond those in your NFIP policy.

In filing and completing your insurance claim, you may have questions, or need further explanations of decisions that have been made, especially with regard to coverage, dollar amount of damages, or your Proof of Loss. Before you may appeal, your insurer must make a final determination and send you a written denial of your claim or any part of it.

## FOUR STEPS TO APPEALING YOUR CLAIM

### Step 1

Talk with your adjuster, who has more knowledge about your claim than anyone. If you don't understand certain decisions regarding, for example, application of coverage, timing of the filing of Proof of Loss, or the damage estimate, contact your adjuster first.

### Step 2

If you are not satisfied with the adjuster's answers, or do not agree with decisions, get contact information for the adjuster's supervisor.

### Step 3

If the adjuster's supervisor can't resolve your issues, contact the insurance company's claim representative. Ask your insurance agent/producer or your insurance company representative for assistance. Please refer to your flood policy for more information on appeals; see General Conditions, Paragraph R.

### Step 4

If you still have questions or concerns after following steps 1 through 3, contact FEMA. Write to:

Federal Emergency Management Agency  
Mitigation Directorate  
Federal Insurance Administrator  
1800 S. Bell St.  
Arlington, VA 20598-3010

This letter should be written by the Named Insured (as it appears on your NFIP policy) or by a legal representative, if necessary. The representative should clearly identify his or her relationship to the Named Insured. (For example, a son or daughter could be handling a claim for an elderly parent.) A legal representative may be asked to provide authorization from the Named Insured or other legal documents verifying the relationship.

Your letter of appeal must be submitted to FEMA within 60 days from the date of the denial letter that you receive from your flood insurer.

## WHAT TO INCLUDE IN YOUR LETTER

The following 6 items should be in your letter to FEMA in order to address your questions. (If for some reason your policy is not available, your insurance agent/producer can provide details for the first 3 items.)

1. The Policy Number, as shown on your NFIP policy's declarations page.

2. The policyholder's name, as shown as the Named Insured on the declarations page.
3. The property address, as shown on the declarations page. (Not your mailing address, if it is different from the property address.)
4. How you can be contacted, if you are out of your home.
5. The details of your concern. (Please be as complete as possible.)
6. The dates of contact and contact details for the persons with whom you have spoken in steps 1 through 3 on the previous page.

### WHAT TO INCLUDE WITH YOUR LETTER

Enclose documentation of everything that supports your appeal.

- Provide a copy of the insurer's written denial, in whole or in part, of the claim;
- Identify relevant policy and claim information and state the basis for the appeal; *and*
- Submit relevant documentation to support the appeal, but only documentation that directly pertains to your claim.

The following are examples of the kinds of documentation that FEMA will require:

- A copy of the Proof of Loss submitted to the insurer, as required in the policy;
- Room-by-room itemized estimates from the adjuster (include contractors' estimates), detailing unit costs and quantities for the items needing repair or replacement;
- Replacement cost Proofs of Loss;
- Adjuster's Preliminary Report;
- Adjuster's Final Report;
- Detailed damaged personal property inventories that include the approximate ages of the items;
- Completed Mobile Home Worksheet;
- Mobile home title, including salvage title;
- Real estate appraisals that exclude land values;
- Advance payment information;
- Clear photographs (exterior and interior) confirming damage that resulted from direct physical loss by or from flood;
- Proof that prior flood damage has been repaired;
- Evidence of insurance and policy information, i.e., declarations page;
- Elevation Certificate, if the building is elevated;
- The community's determination concerning substantial damage;
- Information regarding substantial improvement;
- Zone determinations;
- Pre-loss and post-loss inventories;

- Financial statements;
- Tax records, lease agreements, sales contracts, settlement papers, deed, etc.;
- Emergency (911) address change information;
- Salvage information (proceeds and sales);
- Condominium association by-laws;
- Proof of other insurance, including homeowners or wind policies, and any claim information submitted to the other companies;
- Waiver, Letter of Map Revision (LOMR), or Letter of Map Amendment (LOMA) information;
- Paid receipts and invoices, including canceled checks that support an insured's out-of-pocket expenses pertaining to the claim;
- Underwriting decisions;
- Architectural plans and drawings;
- Death certificates;
- Last will and testament;
- Divorce decree;
- Power of attorney;
- Current lienholder information;
- Current loss payee information;
- Paid receipts and invoices documenting damaged stock;
- Detailed engineering reports specifically addressing flood-related damage and pre-existing damage;
- Engineering surveys;
- Market values;
- Documentation of Flood Insurance Rate Map (FIRM) dates;
- Documentation reflecting date(s) of construction and substantial improvement;
- Loan documents including closings;
- Evidence of insurability as a Residential Condominium Association;
- Franchise agreements;
- Letters of representation, i.e., attorneys and public adjusters;
- Any assignment of interest in a claim; *and*
- Any other pertinent information that FEMA may request in processing a claim.

A re-inspection of your property may be conducted at the discretion of FEMA to gather more information.

A request by FEMA for additional information will include the date by which the information must be provided, which shall in no case be less than 14 calendar days. Failure to provide the requested information in full within 14 calendar days may result in dismissal of your appeal. FEMA will ensure that all information necessary to rule on the appeal has been provided prior to making an appeal decision.

### LIMITATIONS ON APPEALS

The appeals process is intended to resolve claim issues and is not intended to grant coverage or limits that are not provided by the Standard Flood Insurance

Policy (SFIP). Filing an appeal does not waive any of the requirements for perfecting a claim under the SFIP or extend any of the time limitations set forth in the SFIP.

1. Disputes that are or have been subject to appraisal as provided for in the SFIP cannot be appealed.
2. If you file an appeal on any issue, that issue is no longer subject to resolution by appraisal or other pre-litigation remedies.
3. If you file suit against an insurer on the flood insurance claim issue, you are prohibited from filing an appeal. All appeals submitted for decision but not resolved shall be terminated upon notice of the commencement of litigation regarding the claim.

## **APPEALS RESOLUTION**

FEMA will review the appeal documents, including any re-inspection report, if appropriate. FEMA will provide specific information on what grounds the claim was initially denied.

FEMA will provide an appeal decision in writing to the policyholder and insurer within 90 days from the date that all information has been submitted by the policyholder and will include specific information for the resolution of the appeal. No further administrative review will be provided to the insured.

If you do not agree with the final decision, please refer to your flood insurance policy. See the "GENERAL CONDITIONS" Section, Paragraph R. "Suit Against Us." The 1-year period to file suit commences with the written denial from the insurer and is not extended by the appeals process.

## **II. AGENT'S/PRODUCER'S RESPONSIBILITIES**

Agents/producers may request that any NFIP Direct claim be assigned to an NFIP-approved independent adjuster. The NFIP Direct makes all NFIP Direct claim assignments, except:

- When, in major flooding disasters, the Flood Insurance Claims Office (FICO) makes all assignments;
- When an Adjuster Control Office is established;
- When a Claims Coordinating Office (CCO) is established.

Failure to indicate the assigned adjuster on the loss notice, or assignment of an adjuster who is not authorized by the NFIP, will delay the adjustment process and may result in duplicate adjuster assignments.

When it appears that a situation is serious enough that a FICO may be necessary, the NFIP will notify agents/producers and agent/producer trade associations in the affected area (using the broadcast media and press releases) as soon as possible to hold their loss notices unassigned until further instructions are received.

In the case of a WYO Company claim, the WYO Company's agent/producer will follow the established procedures when assigning an adjuster.

## **III. SINGLE ADJUSTER PROGRAM IMPLEMENTATION**

### **A. Schedule and Notification**

FEMA and various Coastal Plans will determine whether a catastrophe event will necessitate a Single Adjuster Program (SAP) response. The National Weather Service declaration of a tropical storm or hurricane event will begin the watch for possible single adjuster response. When the storm is 48 hours from landfall, this will initiate FEMA's approval of the SAP response.

During that time, the NFIP Bureau and Statistical Agent's General Adjusters will be deployed to strategic areas close to where the storm is predicted to strike. At landfall, they will be able to immediately assess the damage impact from the storm. No later than 24 hours after landfall, the WYO Companies will be advised by telephone, fax, or email through their designated Single Adjuster Liaison, as to the areas and state(s) that will be activated. At that point, the WYO Companies will be asked to immediately notify their agents/producers of the SAP procedures in reporting the claims.

The NFIP Bureau will notify the WYO Companies by telephone, fax, or email to have their agency staff submit all flood losses that are reasonably believed to involve wind and flood damage to the State Coastal Plans (i.e., Windpool, Fairplan, Beachplan).

The NFIP will notify all SAP Liaisons of the CCO's location, telephone number, fax number, and address, if the CCO does not co-locate with the State Coastal Plans.

When the CCO is operational, the WYO Companies will be notified of all assigned claims. Notice of losses reflecting the assigned adjusting firms will be faxed each day. Once the assignment is made and communicated to each company, the WYO Company will manage its own loss adjustment. However, the Catastrophe CCO will ensure that the adjuster receives a copy of the loss assignments, the name of the WYO Company, and the SAP Liaison telephone number.

## **B. Training**

The NFIP Bureau and Statistical Agent Claims Coordinator and FEMA will annually conduct coordination training sessions, both pre- and post-event, in conjunction with the State Coastal Plans, adjusters, state and local officials, and insurers to train all participants. These training sessions will include regional issues, the State Coastal Plans' procedures, confirmation of coverages for SAP losses, closed without payment (CWOP) procedures, adjuster resources, and duplicate assignments, etc.

The NFIP Bureau will continue to provide training for specific problems and situations that may arise during a catastrophe event. FEMA suggests that within the first 48 hours, or whenever applicable, an adjuster briefing should be conducted for all SAP adjusters and adjusting firms to ensure that they understand program procedures.

Guidelines contained in the *NFIP Adjuster Claims Manual* provide details to address particular claims issues. The manual can be accessed at <http://www.fema.gov/business/nfip/claimsadj.shtm> under "Information for Claims Adjusters."

## **C. Agent/Producer Responsibilities**

1. When directed by FEMA, the agent/producer will have no authority to assign any losses involving a flood policy when there is a reasonable belief that there is flood and wind damage, and will report the losses on the *combined Wind/Flood* loss notice to the Stationary CCO, with wind coverage information.
2. Insurers insuring both the flood and the wind loss should not report the combined loss to the CCO, but will assign their own single adjuster.

3. The agents/producers will report their flood losses via fax to the established CCO, along with wind coverage information in every instance except those mentioned above. In all cases, the agent/producer should send a copy of the loss notice to the insurer.
4. All separate wind losses insured by a WYO Company where a flood policy exists will be reported to the CCO for assignment to qualified adjusting firms at the CCO.
5. Upon loss assignment, the insurer will be advised of the assigned adjusting firm by modem transfer, fax, or mail.
6. These procedures relate to assignment of claims only. Insurers may perform other procedures in accordance with their standard business practices.

## **IV. INCREASED COST OF COMPLIANCE (ICC) CLAIMS**

The NFIP policy will pay a qualified policyholder up to \$30,000 of ICC benefits to bring a flood-damaged, insured building into compliance with state or local floodplain management laws or ordinances. To adequately advise clients at policy inception, and to assist them in the event of a claim, the agent/producer should become familiar with ICC.

He or she can do this by attending an NFIP Agent Workshop. Workshop details and links to other training opportunities are available online at <http://www.fema.gov/business/nfip/trainagt.shtm>. More information about ICC can be found in the Policy section of this manual (see III.D., Coverage D – Increased Cost of Compliance, in any of the policy forms) and online in NFIP brochures F-300 and F-663 (<http://www.fema.gov/business/nfip/libfacts.shtm>).