



FEMA



December 2016

The Annual Report Summary

OFFICE OF THE FLOOD INSURANCE ADVOCATE

Customer Frustrations

IDENTIFIED BY THE OFFICE OF THE FLOOD INSURANCE ADVOCATE

From the hundreds of inquiries received in 2016, the Office of the Flood Insurance Advocate (OFIA) identified six customer frustrations within its four primary focus areas—flood insurance through the National Flood Insurance Program (NFIP), flood hazard mapping, floodplain management, and Hazard Mitigation Assistance (HMA) grants.

During its second year of operations, the OFIA saw a 30% increase in submitted inquiries. Similar to 2015, 77% of inquiries were related to flood insurance, 15% related to flood hazard mapping, and the remaining 8% shared between floodplain management and HMA grants. While some inquiries were straightforward, many were complex and required significant collaboration across the NFIP program offices.

These are:

1. **Erroneous Severe Repetitive Loss (SRL) Properties Designations**
2. **Gaps in Flood Insurance Agent Education**
3. **The Need for Consistency Across Regions in Public Mapping Outreach**
4. **Difficulties Accessing Increased Cost of Compliance (ICC) Coverage**
5. **Difficulties with Multiple and Conflicting Flood Zone Determinations**
6. **Inability to Obtain a Refund of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) Surcharge When Canceling an NFIP Policy**

As these frustrations emerged during the course of the year’s casework, the OFIA worked closely with the program areas and Federal Insurance and Mitigation Administration (FIMA) leadership, as well as its subject matter experts, to understand and identify the opportunities that exist to address these issues. The OFIA’s recommendations are detailed in the full report and are based on its observations and understanding of the frustrations policyholders and property owners have expressed through submitted inquiries. As with the 2015 report, the NFIP program areas had opportunity to respond to the OFIA’s findings and recommendations. Details of program responses are included in the full report.

Customers who remain frustrated and confused, even after using existing NFIP resources, may request assistance with an unresolved issue from the OFIA via its website:

www.fema.gov/national-flood-insurance-program-flood-insurance-advocate

A summary of the frustrations, recommendations, and program responses can be found in the following pages.

FRUSTRATION	RECOMMENDATION	PROGRAM RESPONSE/ACTION
1. Severe Repetitive Loss (SRL) Properties	<ul style="list-style-type: none"> • Implement a validation process to ensure all properties identified as SRL are not in error. • Provide instructions in the NFIP Flood Insurance Manual, and develop a Fact Sheet, on the proper process to appeal an SRL designation. 	<ul style="list-style-type: none"> • The Federal Insurance Directorate will: <ul style="list-style-type: none"> – Secure resources that will enable it to review and validate historic SRL data and develop options for addressing issues for administering the SRL program. – Develop a Fact Sheet advising customers on the documents and information needed to appeal the SRL designation of their property. – Explore ways to improve information sharing and data reporting with NFIP insurers.

FRUSTRATION	RECOMMENDATION	PROGRAM RESPONSE/ACTION
<p>2. Flood Insurance Agent Education</p>	<ul style="list-style-type: none"> Establish additional education requirements beyond the current minimum and develop an ongoing continuing education requirement. 	<ul style="list-style-type: none"> Over the past three years, the Federal Insurance Directorate has undertaken initiatives to improve the training curriculum and development. Federal Insurance will: <ul style="list-style-type: none"> Continue to work with state partners to identify gaps in training and opportunities to improve agent education. Explore the creation of NFIP Authorized Agents, similar to the implementation of NFIP Authorized Adjusters.
<p>3. Consistency Across Regions in Mapping Outreach and Education</p>	<ul style="list-style-type: none"> Collaborate on the development of a readily accessible, common suite of outreach materials to drive consistency in communications throughout Regions. 	<ul style="list-style-type: none"> The Federal Insurance, Risk Management, and Mitigation Directorates will: <ul style="list-style-type: none"> Continue implementing their new initiative to streamline all NFIP outreach materials, including digital and print assets. Work with Regions to make sure they have ready access to a consistent suite of NFIP-approved materials for their use and encourage them through a variety of means to end usage of non-approved or outdated products.
<p>4. Increased Cost of Compliance</p>	<ul style="list-style-type: none"> Produce readily accessible outreach materials to help policyholders better understand how to navigate the ICC claim process. Significantly increase the amount of ICC authorized for advance payment. Determine whether ICC coverage is subject to the statutory limits on building coverage. Increase the maximum limit of ICC coverage available under the NFIP. 	<ul style="list-style-type: none"> FIMA is currently conducting an analysis, reviewing program and policy options, and exploring opportunities to pilot these recommendations in the coming months subject to applicable statutory and regulatory authorities and current policy coverage limits.
<p>5. Flood Zone Disagreements</p>	<ul style="list-style-type: none"> Coordinate with the National Flood Determination Association (NFDA), lenders, and agents to establish a process that can easily resolve flood zone discrepancies between different flood zone determinations. Develop easily accessible outreach materials on how to navigate the flood zone discrepancy resolution process, including direction on how customers can request exhibits from their lender and how other documentation, such as an Elevation Certificate, can assist in the determination process. 	<ul style="list-style-type: none"> The Risk Management Directorate will: <ul style="list-style-type: none"> Engage with the NFDA to learn more about their resolution process and look for any opportunities where the Federal Emergency Management Agency (FEMA) can improve its publications and outreach to policyholders. Review the outreach documents currently available regarding the Letter of Map Change (LOMC) process, identify ways to make these materials more user friendly, and work with Federal Insurance to provide additional direction to policyholders.
<p>6. Refund of the HFIAA Surcharge</p>	<ul style="list-style-type: none"> Refund the HFIAA surcharge when a policy that was appropriately issued is canceled. 	<ul style="list-style-type: none"> The Federal Insurance Directorate will review its current authorities regarding this issue to determine what might be required to make this major program change.



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