



FEMA

The Office of the Flood Insurance Advocate

Periodic Report: October – December 2017

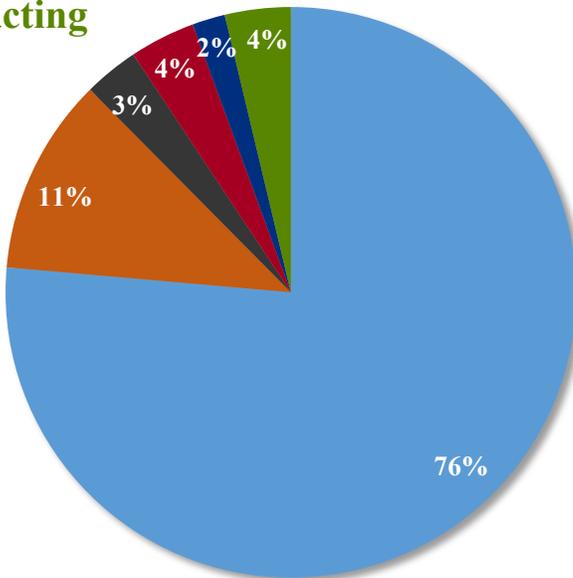
The Office of the Flood Insurance Advocate (OFIA) advocates for the **fair treatment** of policyholders and property owners by providing education and guidance on all aspects of the National Flood Insurance Program (NFIP), **identifying trends** affecting the public, and making **recommendations** for program improvements to FEMA leadership.



OFIA Casework

Who's Contacting OFIA

- Policyholder/Property Owner
- Insurance Agent/Lender
- State/Community Official
- FIMA/FEMA/Region
- Realtor
- Other



Received 162 inquiries from October – December 2017



Coordinated 19% of cases with Program staff



Resolved 19 cases with a beneficial financial outcome to the policyholder; averaging \$11,358



Affirmed program office responses in 13% of cases



Spotlight on Customer Casework

Customer Concern

A frustrated policyholder's NFIP insurer would not provide a refund for duplicate coverage with private flood insurance on two separate renewal policies paid by a lender in error.

OFIA Action

OFIA determined that the insurer received notification of the policy holder's intent to purchase private flood insurance prior to the NFIP policy effective dates.

Outcome

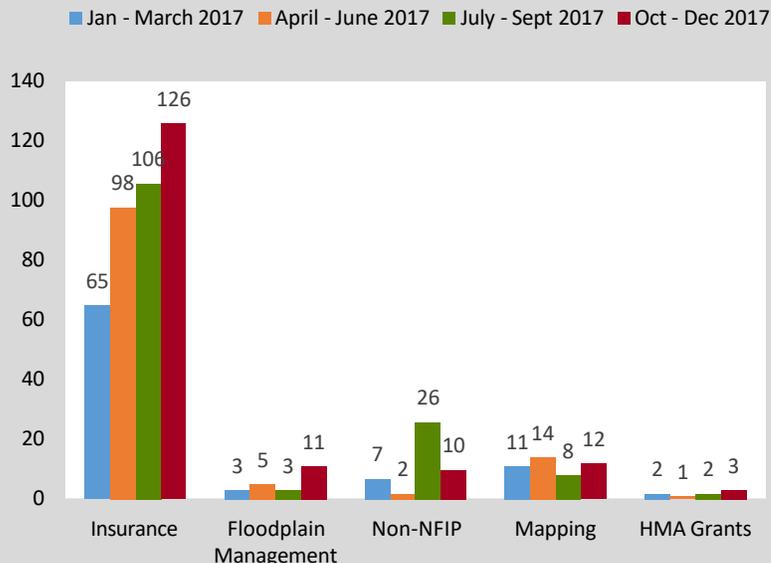
OFIA worked with the program area to coordinate a total refund of over \$8,500 based on a nullification request made prior to the effective date of coverage.

Periodic Report: Trends and Recommendations



Trends

Types of Cases



Insurance-related inquiries accounted for 71% of OFIA casework during this quarter, which is a continuous trend seen throughout 2017.



FEMA Regions IV (41 cases) and VI (45 cases) comprised 53% of inquiries received. Within those two regions, the majority of cases were received from Texas (37) and Florida (23)



Increase in inquiries with claims handling concerns, which can be attributed to response to Hurricanes Harvey, Irma, Maria, and Nate.



There was also an increase in the number of inquiries received regarding cancellation refunds, which resulted in a beneficial financial outcome in four of those cases.

OFIA Impact

Since October 2016, the OFIA has achieved beneficial financial outcomes for customers resulting in additional claim payments, premium reductions, and refunds in excess of \$1 Million. Beneficial financial outcomes for this reporting period were \$215,816.



Recommendations

The 2017 Annual Report identifies 8 trends and issues with associated recommendations to FEMA:

- 1) Challenges to Customer Communication During the Claims Process:** Resources available online and in print can be difficult to understand, difficult to find specific materials and sometimes outdated. *Recommendation:* Resources need to be reviewed, refreshed and placed in an easy to locate, central location on the Internet.
- 2) Effectiveness of Map Change Communications:** Despite best efforts to communicate map changes to policy holders, not everyone is reached, or the information is not provided at a time when the most options are available to make good financial decisions. *Recommendation:* Improve on using online communication tools and expedite release of pertinent information.

Continue to next page

Customers who remain frustrated and confused, even after using existing NFIP resources, may request assistance with an unresolved issue from the Office of the Flood Insurance Advocate (OFIA) via its website at: <http://www.fema.gov/national-flood-insurance-program-flood-insurance-advocate>

Periodic Report: Trends and Recommendations (*Continued*)

- 3) **Misunderstandings Regarding Zone A:** Some policyholders and property owners are frustrated and confused by the flood zone designation of Zone A where detailed studies are not completed and a Federal regulatory Base Flood Elevation (BFE) has not been established. *Recommendation:* Program areas communicate how community officials can use the Flood Insurance Study and its backup data to develop a meaningful reflection of the flood hazard for local flood plain management.
- 4) **Lack of Premium Reduction Following a Lower-Level Abandonment of a Building:** Some policyholders continue to be charged for full coverage after completing a lower-level abandonment of a multi-floor home project. *Recommendation:* Guidance needs to be provided to community officials regarding the best techniques to reduce flood damage risk in a manner that reduces flood insurance premiums.
- 5) **Basement Determination Made at the Time of Loss:** Some policyholders are frustrated when basement limitations to coverage are applied at the time of loss to a home that was insured as a non-basement building. *Recommendation:* Program areas provide basement determination clarification for agents and adjusters.
- 6) **Lack of Refunds for Duplicate Coverage with Private Insurance:** When policyholders find a private flood insurance alternative, they are sometimes not allowed to cancel their NFIP policy, causing frustration. *Recommendation:* The program office allow the cancellation of an NFIP policy when one underwritten by a private insurer has been secured.
- 7) **Severe Repetitive Loss Mitigation:** The cost-benefit analysis and other requirements of eligibility for Hazard Mitigation Assistance (HMA) funding disqualify a number of Severe Repetitive Loss properties constructed before a community entered the NFIP, which are the homes at greatest risk of covered flood damage. *Recommendation:* Review the eligibility requirements for HMA funding.
- 8) **Lenders Requiring Coverage Where a Claim Would Not be Paid:** Lenders must require coverage for structures located in the Special Flood Hazard Area, even if the value of the building is below the minimum deductible allowed by law. This is creating a situation where coverage may be issued, but no claim would be paid. *Recommendation:* The program office explore its legal authority to cease offering coverage in these instances and to do so if they are able.

Following a frustrating four-month effort to resolve her claim, a policyholder contacted the OFIA, resulting in an approximately \$27,000 beneficial financial outcome. Grateful for a beneficial resolution, this policyholder decided to give their newborn daughter the middle name "Claire" as a token of respect for the OFIA Advocate Representative who assisted with her case.