

# The Office of the Flood Insurance Advocate

Reducing complexity with compassion and fairness

## Periodic Report

April - June 2021

### Casework Highlights



The word cloud above illustrates the frequency of key words found within customer inquiries. The key words are not topics or sub-topics the Office tracks, but were rather generated through sentiment analysis. The larger the key word, the more frequently it appeared in the OFIA's casework.

- During this period, the OFIA received 258 cases. The key words that customers raised most frequently were related to the housing market, affordability, lender requirements, and map changes.
- The housing market was the most frequently mentioned key word due to the national rise in home buying and refinancing. The increase in housing market activity triggered inquiries about rate verification, mandatory purchase, and flood zone determination.
- Affordability was the second most mentioned key word during this period. Most of these cases related to customers seeking relief from their high insurance premiums. A subsection of these cases indicated losing grandfather status as a result of map changes and errors occurring during transfer of property ownership, not at the fault of the policy holder.

# Casework Spotlight

## Customer Issue

A policyholder with a home located in a X flood zone lost their Preferred Risk Policy (PRP) due to excessive flood losses. Their annual flood insurance premium increased from \$516 to \$1,244, as Standard, X zone rates for building coverage only were applied. A mitigation of the dwelling was completed, and the policyholder wanted their PRP reinstated.

## Background

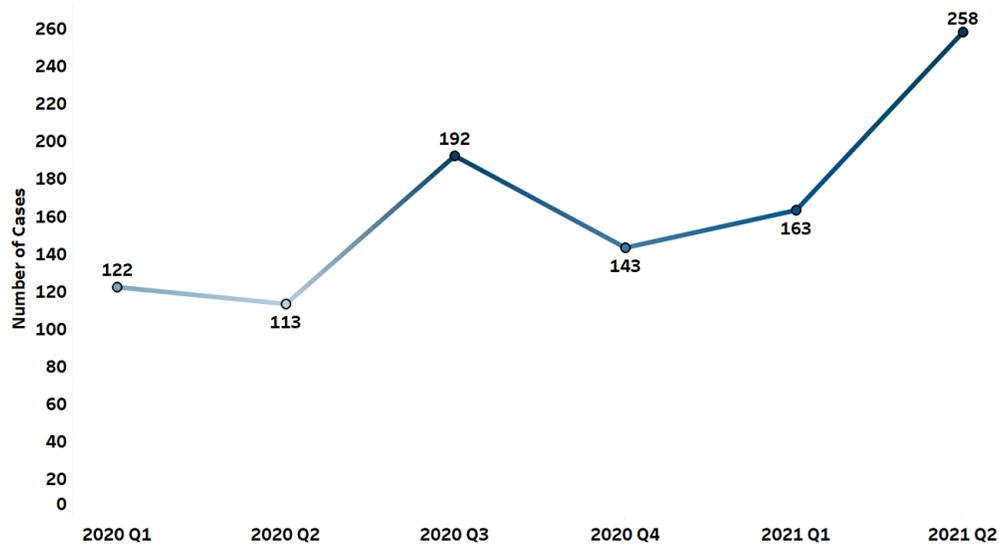
The agent for the policyholder reached out to OFIA to understand the requirements for regaining the PRP, as there is nothing in the NFIP Manual that provides guidance. The agent informed OFIA that their client's home was torn down and rebuilt on an elevated foundation in early 2020 through a grant administered by the Texas General Land Office (GLO).

## Resolution

OFIA worked with FEMA's Federal Insurance Directorate (FID) who provided detailed instructions regarding the documents required, the timeframe allowed, and the correct email address to use. Documents were submitted, and upon review, FID sent an email to the insurer and gave them instructions to rewrite the policy to a PRP. A refund to the policyholder of roughly \$700 is being processed.

# Casework Trends

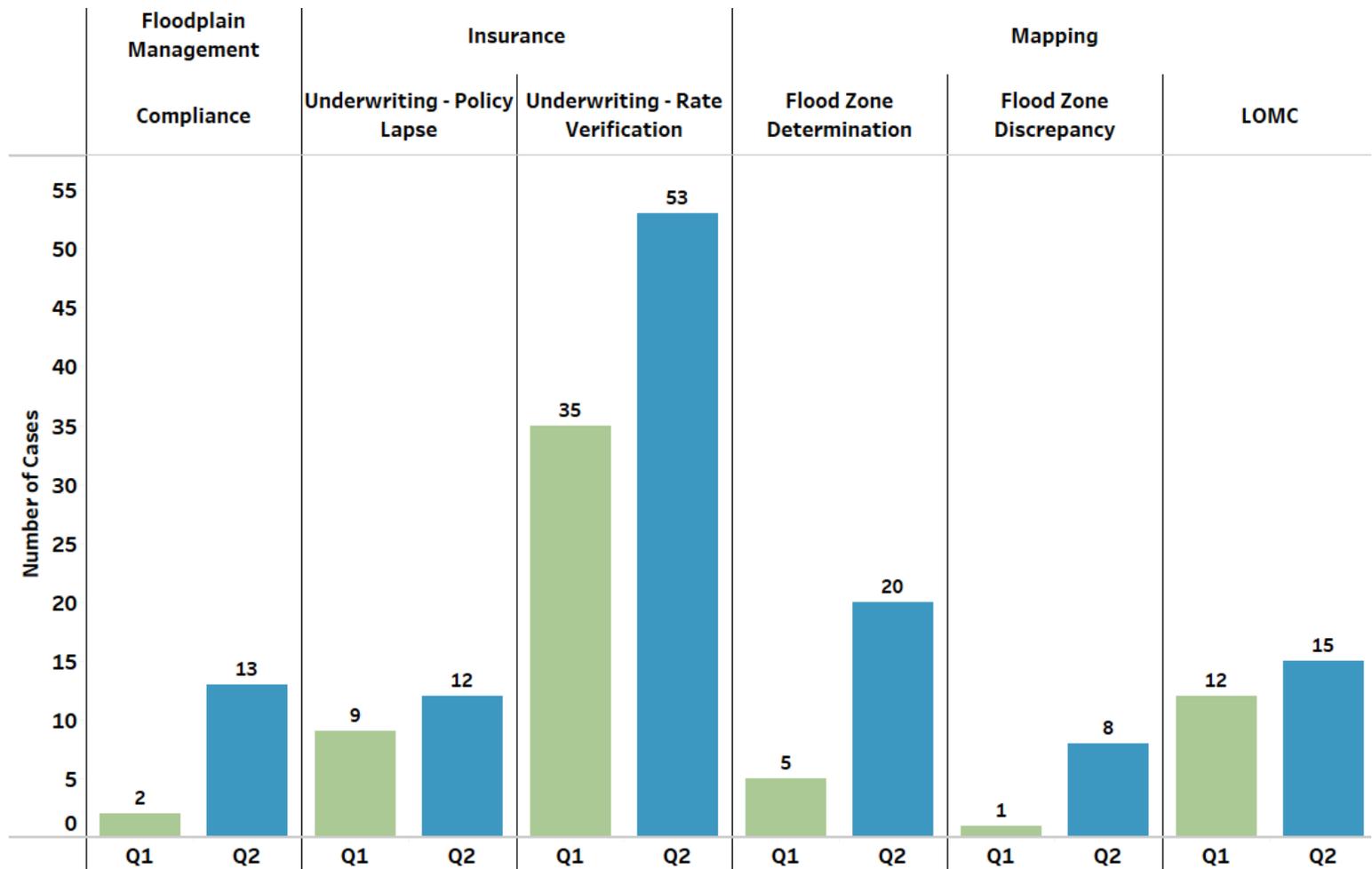
2020 - 2021 Quarterly Casework Breakdown



- Casework in Q2 2021 rose 80% compared to Q4 2020. The rise suggests a correlation with the increase in nation-wide home buying and refinancing as opposed to weather-related events.
- The Office received more insurance rate related inquiries in Q2 than other types of inquiries. Mapping-related casework saw the second highest increase. A rise in flood zone determination and zone discrepancy-related inquiries was the leading cause behind the increase in mapping casework.
- The data suggests that the robust housing market along with map changes contributed to an increase in mapping cases, particularly Letter of Map Change (LOMC) inquiries, which included lender requirements, a property falling in multiple zones, force-placed policies, and map revalidations.

# Casework Trends

## 2021 Q1 & Q2 Sub-Topic Trends



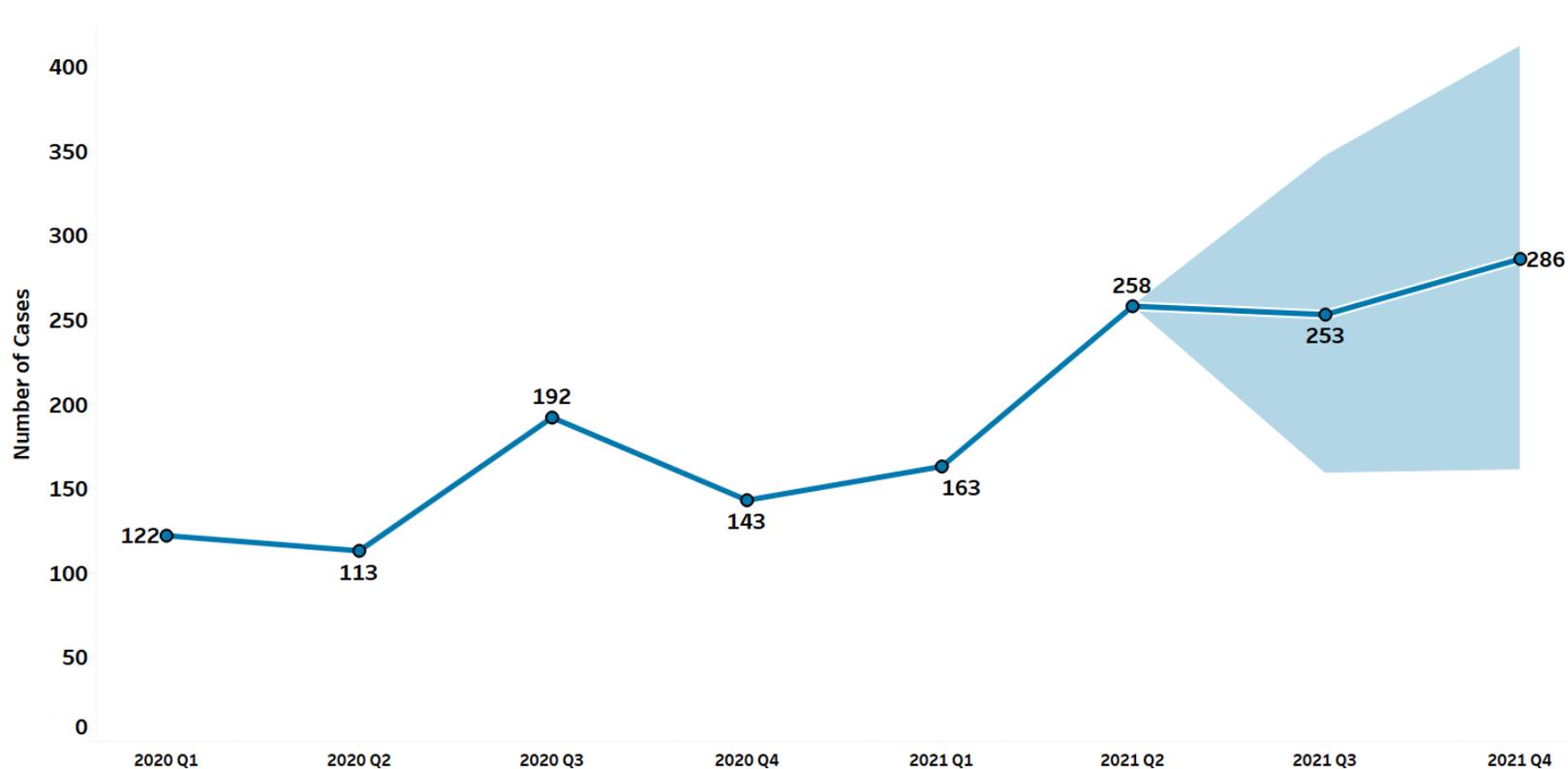
- Q2 received more inquiries in insurance, mapping, and floodplain management topics compared to Q1. Of those topics, the data showed an upward trend in certain sub-topics: compliance, policy lapse, rate verification, flood zone determination, LOMC, and flood zone discrepancy.
- Compared to Q1, cases for the determination of a flood zone rose as a result of an increase in customer inquiries to verify their property flood zone and to clarify flood insurance rate map information.
- Floodplain management compliance-related cases had a considerable increase compared to Q1. Most cases concerned mitigation, such as the requirements needed to mitigate structures located below the Base Flood Elevation (BFE).

## OFIA Impact

Since 2015, the OFIA has advocated for NFIP policyholders with compassion and fairness. During this reporting period, the OFIA resolved 38% of the inquiries with a beneficial outcome for the homeowner or policyholder.

# Casework Trends

## Q3 & Q4 2021 Casework Forecast



- The Office created a forecast using the OFIA's past data to predict the trend of casework for the rest of the year. This casework forecast does not account for future hurricanes or Risk Rating 2.0.
- The forecast predicts the Office will receive 960 cases by the end of Q4 2021, a 68% increase from 2020.
- The OFIA expects the new rating methodology under Risk Rating 2.0 to increase customer inquiries. Rate verification and mitigation casework may rise under the new rating system due to insurance premium changes for NFIP policyholders.

## What We Heard From NFIP Customers

“After spending two and a half months contacting FEMA, SBA, and my Representative's office and getting NO concrete information on my issue, dealing with OFIA was a breath of fresh air. I got the answers I had needed in two emails, and a phone conversation.”