

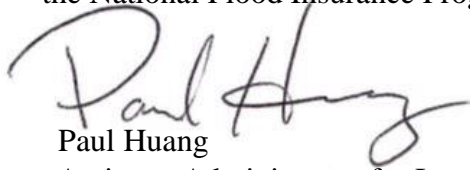


FEMA

W-20004

April 2, 2020

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators, WYO Vendors, and the National Flood Insurance Program (NFIP) Direct Servicing Agent

FROM: 
Paul Huang
Assistant Administrator for Insurance
Federal Insurance and Mitigation Administration

SUBJECT: COVID-19 Remote Claims Adjusting Guidance

On March 13, 2020, President Trump determined that the ongoing Coronavirus Disease 2019 (COVID-19) pandemic is of sufficient severity and magnitude to warrant an emergency determination under section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the “Stafford Act”). The COVID 19 pandemic has caused significant disruption and has necessitated stay-at-home and other sheltering orders throughout the United States. FEMA expects its partners and stakeholders to understand and implement all necessary precautions, health guidelines, and safety practices recommended by the Centers for Disease Control and Prevention (www.cdc.gov) to lessen the likelihood of contracting or spreading the disease.

FEMA’s top priority is the health and safety of NFIP policyholders, industry professionals, and the NFIP workforce. In response to this evolving situation, WYO Companies and the NFIP Direct should adjust claims remotely as explained below unless they are unable to do so.

The following guidelines support efforts to protect the health and safety of NFIP policyholders and NFIP adjusters during this pandemic. These guidelines align with our commitment to providing exceptional service to our policyholders and maintaining oversight of the NFIP.

REMOTE CLAIM ADJUSTING

Remote adjusting uses the time-tested guidelines of claims adjusting to allow flexibility and continued oversight of NFIP claims. This option requires the agreement and cooperation of the policyholder. FEMA limits this option to adjusters with an active flood control number (FCN) registered for the claim type they are handling. Adjuster trainees and mentored adjusters may not

remotely adjust claims. Nothing in this bulletin constitutes a waiver of any documentation requirements of the SFIP nor does it shift any responsibilities under the SFIP.

ADJUSTER RESPONSIBILITIES WHEN REMOTE CLAIM ADJUSTING

Each flood insurer may already have existing apps, web portals, or other technology in place to remotely survey policyholder damage. The adjuster must use the methods approved by the flood insurer to remotely survey the damage with the policyholder or review photos that the policyholder provides in order to remotely adjust the loss. As with all loss adjustments, the adjuster must communicate directly with the policyholder and devote a sufficient amount of time to confirm the proper rating and coverage, instruct the policyholder on what is needed to document the loss, assist the policyholder in securing the visual documentation necessary to support scope, secure measurements, and verify the extent of damage. In addition to following the existing guidance in the NFIP Claims Manual (<https://www.fema.gov/claims-manual>), this option modifies existing adjuster responsibilities as follows:

- Provide a copy of the Claims Handbook by mail or email;
- Place extra emphasis on protecting policyholder personally identifiable information (PII), by:
 - Using encryption and password-protected documents;
 - Conducting communications with the policyholder from a nonpublic location; and
 - Not sharing information with 3rd parties without the express permission of the policyholder (see Section 39 Release of Claim File Information to Policyholders - page 269 of the Claims Manual).
- Reporting requirements. The adjuster must:
 - Ensure files contain the photos or other documentation provided by the policyholder to support direct physical damage by or from flood and the loss. Photographs must clearly depict damages.
 - Determine building valuation based on reasonably available information to confirm insurance to value.
 - Maximize the use of trusted digital signature methods to complete the Proof of Loss. This could be a digital signature or a photograph of the signed Proof of Loss. The Proof of Loss is still due 60 days from the date of loss.

WHEN A CLAIM CANNOT BE HANDLED REMOTELY

Some claims may not be capable of being handled through remote adjusting. Examples of when a claim cannot be proved through remote adjusting include: the policyholder lacks necessary technical equipment, such as a smart phone; the policyholder lacks necessary internet or cell service; the need to hire an expert, such as an engineer, to assist with the adjustment; and the policyholder's inability to access the damaged property. This is not an exhaustive list.

For claims that require physical inspection because a claim cannot be proved through remote adjusting, the adjuster is required to:

- Document efforts to contact the policyholder and all communications with the policyholder. Set reasonable expectations about the claims process including coverage, claims handling, timing, etc.;
- Use remote handling to gather information to triage the loss, provide guidance to the policyholder on mitigating the loss, and report interim reserves;
- Offer an advance payment when appropriate and supported by the loss;
- Closely monitor the public health situation so if an inspection is delayed, it can be made at the earliest possible time;
- When an expert is required to confirm causation, promptly notify the NFIP insurer to make the assignment so the engineer can work with the policyholder to coordinate the inspection; *and*
- Follow normal adjusting protocols.

NFIP INSURER RESPONSIBILITIES

NFIP insurers should adhere to the following when remotely adjusting a loss, including:

- NFIP insurers should adjust all claims using remote inspections to the maximum extent possible.
- If an NFIP insurer feels that it is unable to fully adjust a claim based on a remote inspection, the NFIP insurer should maximize the use of interim options, such as advance payments and partial payments;
- NFIP insurers should follow federal, state, and local public health guidance.
- NFIP insurers must ensure files contain all required documentation prior to payment.
- NFIP insurers must continue to protect policyholder PII.
- FEMA will conduct a quality review (RCQC) on every claim that is remote adjusted. FEMA will identify these claims through the data reporting codes below and request them from companies.

DATA REPORTING

For claims using remote adjusting, you must use/append code “D” when entering cause of loss (the “causeOfLoss” string) under any claims API call to the Pivot system. If there is an in-person site inspection following a remote inspection you must use/append code “C” when entering cause of loss to the Pivot system. If you have further questions, please refer to the Pivot API documentation.

POLICYHOLDERS RIGHTS

Regardless of the adjusting method used, policyholders will retain the right to:

- Request an additional payment by providing actual receipts or other documentation showing an increased cost to repair covered flood damage.
- Request a physical inspection once shelter in place is lifted.
- Formally appeal any full or partial denial of a claim.
- Bring a lawsuit in the United States District Court encompassing the insured property within one year of the date all or any part of the claim is denied.

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FEMA retains the right to change or modify this guidance at any time. This bulletin does not modify any term of the SFIP or other legal requirements.

cc: Vendors, IBHS, Government Technical Representative

Required Routing: Claims, Underwriting