U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-13006

February 11, 2013

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

FROM: David L. Miller
Associate Administrator
Federal Insurance and Mitigation Administration

SUBJECTS: **1. Conditional Waiver to Allow Partial Payments of Increased Cost of Compliance (ICC) Benefits Under Standard Flood Insurance Policy, Section III, Coverage D**

2. Clarification of the Rule Regarding the Time Limit To Present an ICC Claim, and Amending Bulletins w-06019, w-09015, and w-12067

ARCHIVED APRIL 2018

This bulletin clarifies and modifies in part the Standard Flood Insurance Policies (SFIPs) treatment of Increased Cost of Compliance (ICC) benefits. It provides a limited waiver of the requirement that payment of ICC claims cannot be made until after the eligible work is completed and authorizes advance partial payment of up to 50 percent of a claim under certain circumstances. The bulletin also clarifies and modifies the time frame within which an ICC claim must be completed. After Hurricanes Katrina, Rita, and Wilma, FEMA issued bulletins extending the time period within which to complete an ICC claim from two to four years, and triggered the time period upon the insured's receipt of a substantial damage determination from the authorized local official. This bulletin continues the limited waiver of the two year time frame, and extends the time period to four years. The time limitation is now triggered, however, from the date of loss, and not the date of the substantial damage determination. All conflicting prior guidance and bulletins, including, but not limited to bulletin w-06019, w-09015, and w-12067, are hereby amended and, to the extent they conflict herewith, are rescinded.

1. Conditional Waiver of SFIP Section III, Coverage D (5)(e) to Authorize Partial Advance Payments.

ICC Coverage is authorized by Section III of the SFIPs, "Coverage D". See 44 C.F.R. Pt. 61, App.A(1-3), Section. III. D. ICC benefits are available to eligible properties for floodproofing, relocating, elevating or demolishing a structure following a flood (or any combination of these activities). The SFIP allows for up to $30,000 in ICC benefits to be paid towards these activities, subject to the statutory limitation that the combined total amount paid for building damages under Coverage A of the SFIP and ICC benefits paid under Coverage D of the SFIP cannot exceed the statutory limit on coverage for any structure (currently $250,000 for residential structures). *See* 42 U.S.C. § 4013. Under the terms of the Policy, ICC benefits are not payable until after the eligible work is completed. See 44 C.F.R. Pt. 61, App.(A)(1-3), § III. D(5)(e).

The National Flood Insurance Program encourages mitigation efforts and supports individual and local initiatives to mitigate future risks, and allowing advance payments will further that goal. See 61 Fed. Reg. 49720 (1996). Accordingly, to facilitate implementation of ICC and to effect mitigation measures to reduce the risk of future loss, I hereby am issuing a conditional waiver of the provision in the SFIP Coverage D, subpart (5)(e), 44 C.F.R. Pt. 61, App.(A)(1-3), § III. D(5)(e), that requires completion of ICC work before payment, and authorizing partial advance payments up to 50 percent of the available ICC limits ($15,000). Specifically, the NFIP Direct Servicing Agent and participating WYO Companies may advance up to one-half of the available ICC funds under an SFIP to an eligible insured, conditioned upon:

a. The insured signing a written agreement that the funds will be used only for eligible ICC work only, and

b. The insured signing a written agreement that if all or part of the advanced funds are not used within the permitted time limits for completing the eligible work (or any extensions that may be granted of that time), the insured agrees that those amounts not spent on such eligible work will be refunded.

If an insured fails to complete the ICC eligible work within the authorized time, the insured must return the ICC funds provided. Failure to do so will subject the insured to any available administrative, civil or criminal remedies. Those remedies include, but are not limited to, a determination that an SFIP is void pursuant to the General Conditions, Sections (B) and (G)(3) provisions of the SFIPs, 44 C.F.R. Pt. 61, App.A(1, 2), Section VII B, G(3) and App.A(3) Section VIII B, G(3); a Federal debt collection action under 44 C.F.R. Part 11, Subpart A, and legal actions under State or Federal laws.

If the insured does not agree to the above conditions, the terms of the SFIP will apply (*i.e.,* no amount of ICC benefits will be paid until after completion of eligible work).

All other terms and conditions of the SFIP for ICC claims, including the ICC Proof of Loss requirements, are not affected by this conditional waiver.

This conditional waiver applies to all ICC claims made on or after the date of this bulletin and for all ICC claims related to Meteorological Event Sandy.

If an insured previously received advanced ICC funds and did not apply the funds to eligible ICC work, the insured is still required to refund that advanced amount, and this bulletin shall not be construed as a waiver of that requirement. To receive ICC benefits, an insured signed a sworn proof of loss asserting a claim for Federal funds to be used for a specific purpose, and if that purpose was not accomplished, that insured would be in improper possession of Federal funds, which must be returned. An insured who fails to complete ICC work may be subject to administrative, civil and criminal remedies, as set forth above.

If a WYO Company issues a payment in accordance with the terms and conditions set forth in this bulletin and properly documents ICC advance partial payments, FEMA will apply these standards in all reviews or audits of files, including any reviews under the Arrangement or the Improper Payments Information Act of 2002 (Public Law 107-300, 33 U.S.C. §3321), as amended by the

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Improper Payment Elimination and Recovery Act of 2010 (Public Law 111-204). If a payment is incorrectly made to an insured, if a claim is not properly documented, if the WYO Company omits an additional named insured or mortgagee from being listed as an additional payee, or if a WYO Company otherwise does not act consistent with the obligations set forth in the Arrangement or applicable law, however, the WYO Company will be responsible for the erroneous payment.

2. Clarification of the Time Frame To Present An ICC Claim and Amending Bulletins w-06019, w-09015 and w-12067.

SFIP Section III, Coverage D, subpart (5)(e)(2) provides that ICC work is to be completed within two years of the date of loss. 44 C.F.R. Pt. 61, App.(A)(1-3), Section III. D(5)(e)(2). As discussed below, this provision of the policy has been modified through prior bulletins, which identified sometimes conflicting time frames to present and complete eligible ICC work. This bulletin clarifies FEMA's treatment of ICC claims and the time frames within which an ICC claim must be completed. As set forth below, to the extent that those prior bulletins conflict with the guidance provided herein, those conflicting provisions are hereby modified and rescinded.

a. Prior Bulletins

FEMA extended the two-year time limit to four years through a waiver granted in FEMA Bulletin w-06019 (March 14, 2006). That bulletin states that the deadline for completing the ICC qualifying work is four years "from the date of the substantial damage declaration by the State or community." This waiver also was applied to the timeline for insureds to complete eligible ICC work from Hurricanes Katrina, Rita and Wilma, specifically made the subject of Bulletins, w-09015 (March 12, 2009) and w-12067 (September 14, 2012).

By triggering the time to complete ICC-eligible work based on the date of the community substantial damage determination, FEMA allowed programmatic flexibility to enable local communities to identify an appropriate timetable to implement individual mitigation and took into account resource issues following Hurricanes Katrina, Rita and Wilma. This flexibility enabled a number of NFIP policyholders to mitigate their insured structures and provided a significant level of resilience in high risk areas. Insureds have now had over seven years from the date of Hurricanes Katrina, Rita and Wilma to present and complete their ICC claim. The concerns that led FEMA to implement flexibility in determining eligibility for ICC benefits have largely diminished, and I have determined that it is appropriate to identify a definite time frame to close out potential ICC claims from Hurricanes Katrina, Rita and Wilma.

b. Treatment of ICC for Hurricanes Katrina, Rita and Wilma

This bulletin amends and rescinds conflicting prior guidance and bulletins, including, but not limited to, w-06019, w-09015, and w-12067 applicable to Hurricanes Katrina, Rita and Wilma. The extensions of time granted in those bulletins ran from the date of the substantial damage determination letter issued by the State or community. That extension is now rescinded, subject to the following limited exception to provide individual policyholders in areas affected by Hurricanes Katrina, Rita and Wilma with a definite time frame to obtain the benefits of the ICC provisions.

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To allow the Program to close ICC claims from Hurricanes Katrina, Wilma and Rita while enabling policyholders to seek ICC benefits if they have not yet completed their claims, I hereby grant an additional limited extension of the deadline to complete the eligible ICC work. An insured seeking ICC benefits from these events will have until the anniversary dates of the loss in the year 2014 to complete eligible work. For example, an insured seeking ICC benefits related to a covered loss on August 29, 2005, must complete eligible ICC work by August 29, 2014. The bulletin does not modify the requirement that the appropriate local official issue a substantial damage determination in accordance with the community's adopted methodology. Based on this extension, FEMA will have allowed nine years for insureds to complete their qualifying ICC claims.

c. Authorized Time Limits to Complete ICC Claims for Flooding Unrelated to Hurricanes Katrina, Rita and Wilma

For all other ICC claims, the time period within which the insured must complete eligible ICC work is extended from the SFIP-designated two years from the date of loss to four years from the date of loss, subject to any additional extensions granted by the Associate Administrator for Federal Insurance & Mitigation or his delegee.

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Authority

This Bulletin is issued by the Federal Emergency Management Agency (FEMA), as an exercise of its oversight authority over the National Flood Insurance Program (NFIP), a Federal insurance program administered by FEMA pursuant to the National Flood Insurance Act of 1968 (the "NFIA"), as amended, 42 U.S.C. §§ 4001 et seq. The NFIP currently is administered as a Government Program with Industry Assistance under Subchapter II, Part B of the NFIA, 42 U.S.C. §§ 4071-4072, with the Standard Flood Insurance Policies (SFIPs) (codified at 44 C.F.R. Part 61, Appendices A (1-3)) sold and administered directly by the Federal government and by participating Write Your Own (WYO) Program insurance companies that are signatories to the Financial Assistance/Subsidy Arrangement (the "Arrangement") with FEMA. See 42 U.S.C. §§ 4071, 4081; 44 C.F.R. § 62.23 and 44 C.F.R. Part 62, App.A.

WYO companies selling the SFIPs are fiscal agents of the United States responsible for Federal funds maintained in the National Flood Insurance Fund. 42 U.S.C. § 4071. The WYO Companies also have a fiduciary duty to FEMA to assure that any taxpayer funds are accounted for and appropriately expended. See 44 C.F.R. § 62.23(f). Under the authority of 44 C.F.R. §§ 61.13(d), 62.23(k), General Conditions part D of the SFIPs (44 C.F.R. Pt. 61, App.A(1, 2) VII. D, and App.A(3) VIII. D), and 44 C.F.R. Part 62, App. A, Sections II(G) and IV(B), FEMA issues Bulletins to clarify and, when necessary, to grant exceptions or waivers to Program requirements or terms of the SFIPs.

Conclusion

Any questions or comments should be directed to Russell Tinsley, Claims Examiner for the National Flood Insurance Program, Mr. Tinsley may be reached by email at: Russell.Tinsley@fema.dhs.gov.

Authority: 44 C.F.R. § 61.13(d); 44 C.F.R. §§ 61, Appendices A(1), A(2) and A(3), General Condition (D); 44 C.F.R. § 62.23(k); 44 C.F.R. § 62, Appendix A(1), Articles II(G) and IV(B); 42 U.S.C. § 4019.

cc: Vendors, IBHS, and Government Technical Representative

Required Routing: Claims, Underwriting

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U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-06019

March 14, 2006

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators, WYO Vendors, NFIP Servicing Agent, and Independent Adjusting Firms

FROM: David I. Maurstad
Acting Director
Mitigation Division

SUBJECT: Waiver of the Two-Year Time Limit for Increased Cost of Compliance Coverage

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The National Flood Insurance Program (NFIP) provides Increased Cost of Compliance (ICC) coverage to pay up to $30,000 for the cost of compliance with State or local floodplain management laws or ordinances (III.D of the Standard Flood Insurance Policy (SFIP)). In the event the required mitigation measures are not completed within two years from the date of the State's or community's declaration of substantial damage and order that mitigation measures be taken, the ICC claim cannot be paid and any advance payment received by the policyholder must be returned (III.D.5 of the SFIP).

In the aftermath of the major hurricanes of last year, we expect a large number of ICC claims in connection with FEMA mitigation grant projects. The mitigation grant process often exceeds the two-year time frame. FEMA is planning to increase the two-year time frame to four years in an upcoming revision to the SFIP. Therefore, in the interim I am waiving the provisions of III.D.5 of the SFIP and granting an additional two years to complete the required mitigation measures. This means policyholders will have four years to complete the required mitigation measures starting from the date of the substantial damage declaration by the State or community. This waiver is effective for all claims on or after June 1, 2005.

This waiver is made pursuant to the provisions dealing with amendments, waivers, and assignments of the SFIP (VII.D of the SFIP Dwelling Form and General Property Form and VIII.D of the SFIP Residential Condominium Building Association Policy Form).

cc: IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Underwriting

U.S. Department of Homeland Security
500 C Street SW
Washington, DC 20472

FEMA

W-09015

March 12, 2009

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

FROM: Edward L. Connor
Acting Federal Insurance Administrator
National Flood Insurance Program

SUBJECT: For losses arising out of Hurricanes Katrina, Rita and Wilma, a waiver of the Standard Flood Insurance Policy (SFIP) provision, as amended, regarding the time to complete Increased Cost of Compliance (ICC) approved compliance activities and an additional three-year extension

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WYO Clearinghouse Bulletin W-06019 dated March 14, 2006, announced the waiver of the SFIP two-year time limit to complete approved ICC compliance activities. The waiver allowed NFIP policyholders an additional two years, for a total of four years, to complete approved compliance activities. ICC pays up to $30,000 for the cost to comply with State or local floodplain management laws or ordinances (Section III.D of the SFIP).

Due to the severity and number of losses arising out of 2005 Hurricanes Katrina, Rita and Wilma, many policyholders may not complete the approved ICC compliance activities within the current four-year time period, which would expire this year.

For ICC claims arising out of Katrina, Rita, and Wilma, I am waiving the above policy provision, as amended, and extending the deadline to complete approved compliance activities by an additional three years. This means qualifying ICC compliance activities must be completed within seven years of the date of the community's initial letter declaring the subject building substantially damaged.

This waiver and extension is made pursuant to the Amendments, Waivers, Assignment provision of the SFIP (Section VII.D of both the Dwelling Form and the General Property Form and Section VIII.D of the Residential Condominium Building Association Policy Form).

cc: Vendors, IBHS, FIPNC, Selected Adjusters, Government Technical Representative

Suggested Routing: Claims, Underwriting

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-12067

September 14, 2012

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

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program

SUBJECT: Wind vs. Flood Loss and Additional Claims Guidance

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This memorandum reiterates earlier FEMA guidance to adjusters and claims handlers who will be evaluating Hurricane Isaac claims that involve flood and other perils. Attached for your review are the previous substantive Bulletins that address wind versus water claims and related adjusting practices: WYO Bulletins W-08008, Wind/Water Investigative Tips (February 25, 2008); W-08070, Flood Insurance Claims Guidance (September 25, 2008); W-10017, Wind vs. Water – Adjusting Practice (March 4, 2010); W-10060, Wind vs. Water – Adjusting Practices Clarification (May 19, 2010); W-11024, Wind vs. Water – The Republication of Past Bulletins (April 27, 2011); and W-11058, Wind vs. Flood – Reminder of Past Bulletins (August 25, 2011). FEMA is providing these previous Bulletins to further emphasize the importance of combined peril claims.

Wind vs. Flood – Bulletin W-10060 provides important guidance explaining effective communication of the wind versus water distinction in Narrative Reports or other claim documentation. In addition, Adjusters should pay close attention to the Wind vs. Water — Adjusting Practices included in Bulletin W-10017. The *Wind/Water Investigative Tips* are attached to Bulletin W-08008.

Prior Losses – Any previous relaxation of Prior Claims reviews addressing only the Hurricane Irene and Tropical Storm Lee 2011 floods ceased on December 31, 2011, and is not in effect (see W-11074, September 8, 2012).

Many homes after Hurricane Katrina were abandoned or repairs were not completed. If the effective date of any policy is within 30 days of the date of loss, the circumstances surrounding the purchase of the policy should be carefully reviewed by the insurer. Prior Increased Cost of Compliance ("ICC") claims, described further below, should also be taken into consideration when reviewing recent claims.

Reminder: The loss history, including any prior ICC claims, should be checked against the current loss. If the current insurer would not have had the policy at the time of Hurricane Katrina, the National Flood Insurance Program Bureau and Statistical Agent, iService, should be contacted to ensure that there are no potential concerns regarding prior damages or other outstanding issues.

ICC Claims – Previously, W-09015, March 12, 2009, increased the time to complete the approved ICC activity for the 2005 storms of Hurricanes Katrina, Rita, and Wilma from four years to seven years from the date of the initial, written, substantial damage declaration issued by the community. August 29, 2012, was the seventh anniversary of Hurricane Katrina. However, initial substantial damage declarations have been received for Hurricane Katrina claims in the past year. Issues regarding ICC payments without completion of the approved ICC mitigation activity (F-R-E-D – Floodproofing, Relocation, Elevation, and Demolition) should be immediately reported to the Insurer.

Emergency NFIP Flood Certification – Bulletin W-11062 (August 31, 2011) allowed qualifying, previously active, NFIP-certified adjusters the opportunity to reinstate their active status for a period of 12 months ending on June 1, 2012. There has been no extension of the provision of that bulletin.

Again, we ask for your full support. Any questions or comments regarding the wind vs. water adjusting practices or "Wind/Water Investigative Tips" should be directed to James A. Sadler, CPCU, AIC, Director of Claims, National Flood Insurance Program. Mr. Sadler may be reached by email at James.Sadler2@fema.dhs.gov.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Training, Underwriting, Adjusting Firms, Independent Flood Adjusters

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U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-08008

February 25, 2008

MEMORANDUM TO: Write Your Own (WYO) Company Principal Coordinators
National Flood Insurance Program (NFIP) Servicing Agent

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program

SUBJECT: *Wind/Water Investigative Tips*

Hurricanes and other severe storms may result in damage caused by both wind and flood. When handling these claims, adjusters should use proven investigative methods such as those provided in the attached document, which was adapted from the 1998 NFIP pamphlet, *Wind/Water Investigative Tips*. These tips will be included in the revised *NFIP Claims Adjuster Manual*, when published.

Attachment

cc: Vendors, IBHS, Government Technical Representative

Suggested Distribution: Claims Department, Adjusting Firms, Independent Adjusters, and Staff Adjusters Handling NFIP Claims

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Wind/Water Investigative Tips

Important Things to Do When Investigating a Claim

- Research local newspapers and/or check with the local weather service, the U.S. Weather Bureau, or other agencies to determine the specific data relative to the storm.

- When damage is caused by a hurricane, tropical storm, nor'easter, or other event that may cause both wind and flood damage, determine and record the following (*check and record the timing and duration for each)*:

Data Element	Measurement	Timing	Duration
Highest Wind Speed	_____	_____	_____
Barometric Pressure	_____	_____	_____
Amount of Rainfall	_____	_____	_____
Tidal Heights	_____	_____	_____
Storm Surge	_____	_____	_____
Wave Heights	_____	_____	_____

- Record the distance and direction of the insured risk relative to the eye of the storm. Remember that the waves are higher to the right of the storm's path.

- Research and record site conditions:

  - Original ground elevation
  - Distance from body of water
  - After-storm ground elevation or other indications of scour
  - Amount and type of storm debris

- Canvas the neighborhood for eye-witnesses and take their recorded or signed statements. Be certain to identify where each witness was at the time of the storm, the amounts or descriptions of wind and flood each witness saw, and the time of day that each saw it. Record in the claims files only what each witness actually says—not hearsay or your opinion.

- Check for and photograph the debris line. Measure and record how many feet the debris line is from the shoreline and from the insured risk. Be sure to describe the topography in detail.

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- Check for and photograph houses and objects adjacent to the insured risk. If damage appears to be different from that of the insured risk, determine why and record the reason in the claim files. Usually, the damage is different for one of two reasons:

  - Different cause of damage (e.g., a tornado can cut a relatively narrow path, leaving neighboring buildings relatively undamaged).

  - Different building construction and anchoring. Look for connectors or tie-down straps for elevated buildings and enclosures beneath elevated buildings. Check the pilings for evidence of scouring. Photograph the remaining pilings, showing patterns of the leaning pilings. Determine how deep the pilings were installed and measure the distance between pilings.

- Determine and record in the claim file a complete description of the damaged or demolished building, including the type of construction; whether elevated (if elevated with an enclosure, be sure to indicate the type of enclosure – breakaway walls, open lattice work, vents, etc.); number of floors (including basement); roof covering and pitch; windows, carports, etc.; and the building's relative position to the wind. It is also important to include a description of the foundation type (slab, piles, piers, etc.) and damage.

- Photograph (close-up) the remains of connectors or tie-downs. Be sure to describe the size, type, brand, method of installation, and if possible the brand name.

- Make a notation in the initial report where evidence suggests the insured risk was not built as securely as neighboring buildings. The flood insurer or coastal plan, for example, may want to check the local building codes to determine if a building construction violation has occurred and document the claim files, both with copies of the code and the evidence of a violation. The age of the building and the effective dates of the building codes need to be documented.

- Check for and photograph any wind-caused openings in the building and/or missing roof shingles.

- Check for and photograph all possible wind-related water marks or stains visible on both the exterior and interior walls and ceilings of the building.

- Check for and photograph all possible flood-related water marks or stains visible on both the exterior and interior of the building.

- Check for and photograph any water marks visible on nearby trees or fence posts, or other buildings.

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- Check for and photograph any uprooted trees or trees snapped off at a high level.

- Check for, photograph, and note in the claim files any evidence of severe erosion such as leaning pilings or houses “nosed down” in the ground. Leaning or bent pilings can occur both as a result of flooding and as a result of a building being pushed over by wind forces or blown off its pilings.

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U.S. Department of Homeland Security
500 C Street SW
Washington, DC 20472

FEMA

W-08070

September 25, 2008

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators, Vendors, NFIP Servicing Agent, and Selected Adjusting Firms

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program
DHS/FEMA-MT-RN-CA

SUBJECT: Flood Insurance Claims Guidance

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In areas affected by **both** Hurricane Gustav and Hurricane Ike, FEMA has learned of many instances in which a claim caused by Gustav could not be inspected prior to the arrival of Ike. Therefore, the following claims guidance is issued for the benefit of policyholders, claim adjusters, WYO companies, and the NFIP Servicing Agent.

1. **Policyholders:**

   Should report all flood damage from either or both of the hurricanes to their carrier. Whether or not insured against flood, property owners and renters who need assistance in addition to or other than that provided by the NFIP should be referred to the Disaster Support Resources area of the FEMA Website at http://www.fema.gov/national-flood-insurance-program/disaster-support-resources-post-disaster.

2. **Claim Adjusters:**

   A. Must address prior losses, particularly from Hurricanes Katrina and Rita.

   B. Where possible, should separate, itemize, and document the damages from each hurricane.

   C. Must recognize and avoid duplication of coverage and payment for overlapping damage from prior losses or Hurricanes Gustav and Ike.

   D. Should use proven investigative methods to document windstorm damage to building or contents. See WYO Bulletin W-08008, dated February 25, 2008, for a discussion of Wind/Water Investigative Tips.

      In approaching a flood claim that may also include wind damage, an adjuster should continue to recognize any excluded damages. If there is wind and flood damage, the adjuster should comment on the rationale of his/her decision regarding the separation of wind and flood

damage. Most of the time this is simple – water line and below is flood; above the waterline is wind. However, when a building has been heavily damaged or destroyed by storm forces, an engineer may be needed to determine causation. Adjusters should photograph the wind damage generally. Photos of wind damage do not have to be exhaustive, unless necessary to document that flood damage is minor or absent.

3. WYO Companies and the NFIP Servicing Agent – Ike and Gustav Overlap:

A. If damages resulting from Hurricane Ike exceed the Hurricane Gustav damages, and the combined damages do not exceed the policy limit of liability, the Hurricane Gustav claim should be closed without payment. All covered damage should be considered under the Hurricane Ike claim.

B. If the covered damage from either event exceeds the policy limit of liability, the adjuster should, to the best of his/her ability, separate and document the damage.

C. The policy limits reinstate after each occurrence.

D. Each claim will be subject to the deductible(s) applicable in the policy.

E. This guidance is applicable to both building and personal property losses.

4. Existing Guidance for Adjusters and Carriers:

A. Coverage of Connected Heating Machinery – Heating machinery, in a building, connected to and servicing the insured building, is covered. Reminder: air conditioning compressors in the open, connected to and servicing the building, are covered.

B. Replacement Cost Loss Settlement – When insured property is eligible for replacement cost loss settlement, there is no longer any requirement to hold back the recoverable depreciation.

C. Water, Moisture, Mildew, or Mold Damage – When this damage occurs in connection with a covered direct physical loss by or from flood, it will be covered unless there is clear evidence of the policyholder's failure to inspect and maintain the insured property, where it was feasible to do so. If such damage is the result of wicking, it is covered.

D. Determination of the Lowest Elevated Floor – Full coverage for Post-FIRM elevated buildings begins at the lowest elevated floor. This is the lowest floor raised above ground, even if the pilings extend beyond it.

E. Repair Estimating and Pricing Guidelines – We expect that the repair estimate be based on current local prices and that the pricing guidelines are used with discretion and flexibility. Repair estimates and corresponding settlements are always to be adjusted in accordance with

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special conditions of the Standard Flood Insurance Policy[?] (e.g., the requirement for repair or replacement with material of like kind and quality), local pricing, and actual costs as provided by the policyholder and the selected contractor.

F. Unit Cost and File Documentation – We expect unit costs to include all materials, sales tax, disposable equipment, rented equipment, and any overhead of the contractor. Additionally, we expect estimated costs of personal property to include any delivery costs, setup fees, and sales tax. These are standard practices within the insurance industry. When actual documented costs for items of like kind and quality, such as repair invoices from service contractors, receipts, and replacement quotes differ from this standard practice, reasonable additional costs should be considered.

cc: IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Underwriting, Data Processing, Marketing

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U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-10017

March 4, 2010

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators, the National Flood Insurance Program (NFIP) Servicing Agent, and Selected Adjusting Firms

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program
DHS/FEMA-MT-RN-CA

SUBJECT: Wind vs. Water – Adjusting Practice

ARCHIVED APRIL 2018

In previous bulletins, FEMA discussed wind and flood investigative tips and a logical approach in addressing claims that involve both perils. Attached for your review are previous bulletins that address adjusting practices: WYO Bulletins W-08008, dated February 25, 2008 "Wind/Water Investigative Tips"; and W-08070, dated September 25, 2008 "Flood Insurance Claims Guidance."

The following will not ask adjusters to do much more than they currently do when approaching any flood or wind damaged building. <u>There is no requirement for the flood adjuster to estimate the wind damage.</u>

When adjusting wind/water losses the, adjuster should use established and proven investigative methods when documenting flood and wind damage to buildings and/or contents occurring during hurricane or storm events. "Wind/Water Investigative Tips" can be helpful.

The adjuster is asked to record the process they always use when approaching a wind/water claim. In addition to looking for signs of flood damage and/or a General Condition of Flood and documenting the exterior water line, the adjusters should note any exterior wind damage, such as missing shingles, turbine or fascia damage. The adjuster should also photograph this damage and mention what was observed in the narrative report.

Remember**, the Standard Flood Insurance Policy (SFIP) Pays Only For Direct Physical Loss by or From Flood to Insured Property.** Once inside the building, the adjuster should always document the flood water line. Damage below this line is typically flood damage (exceptions like wicking should be noted in the narrative report). Damage above the flood water line is typically wind damage, such as water-stained ceilings or water damage at broken windows or exterior doors. This damage should also be photographed and mentioned in the narrative report.

Auditors of the NFIP have asked that adjusters explain their rationale or the adjuster's basis for identifying the separation of wind and water damage. Typically, this rationale is as simple as:

- Shingles damaged at the right front of roof;
- Interior water line three feet;
- Damage below the water line is caused by flood;
- Damage above the water line is caused by wind to include water-stained ceiling in the area of roof damage.

As this separation becomes narrower, the basis may be more detailed, but it should be kept concise. When the cause of damage overlaps, the basis must be clearly explained in the narrative report; otherwise, the adjuster may approach the insurer to request an engineer to provide a professional opinion on causation.

As always, any known unusual circumstances should be recorded in the narrative report.

Again, we ask for your full support. Any questions or comments regarding the wind verse water adjusting practices should be directed to James A. Sadler, CPCU, AIC, Director of Claims, National Flood Insurance Program. Mr. Sadler may be reached by email at James.Sadler@dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Training, Underwriting, Adjusting Firms, Independent Flood Adjusters

Attachments

ARCHIVED APRIL 2018

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-10060

May 19, 2010

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

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program
Federal Insurance and Mitigation Administration
DHS/FEMA-MT-RN-CA

SUBJECT: Wind vs. Water – Adjusting Practices Clarification

ARCHIVED APRIL 2018

In previous bulletins, FEMA discussed wind and flood investigative tips and a logical approach in addressing claims that involve both perils. Please review our previous bulletins that address wind vs. water adjusting practices. They are WYO Bulletins W-08008, dated February 25, 2008 "Wind/Water Investigative Tips"; W-08070, dated September 25, 2008 "Flood Insurance Claims Guidance"; and W-10017, dated March 4, 2010 "Flood Insurance Claims Guidance."

During the 2010 National Flood Conference the concept of flood adjusters mentioning, photographing, and providing a rationale or basis for the separation of wind and flood damage was presented. During a discussion following the workshop presentation the point was raised that the flood adjuster was not hired to recognize or document wind damage and by doing so could be seen as outside of his or her scope of engagement. While this may be overridden by our series of bulletins, it is true that the flood adjuster is not asked to closely investigate the wind damage. The cursory notice, photographing, and mentioning in a narrative report may expose the adjuster to legal difficulties if what was seen as wind damage was actually a maintenance issue or anything other than wind damage.

With this in mind, FEMA asks that WYO Companies suggest to adjusting firms that adjusters do not refer to a specific peril or condition relating to other than flood damage, i.e. maintenance. For example: in the narrative an adjuster could say, "Several singles were missing from the roof over the living room." or "The fascia was missing from the west side of the building at the storage room." If damage must be mentioned it could be referred to as "damage other than flood damage."

This suggestion does not apply to an expert providing a professional opinion regarding causation, damages, or repair methods. All other provisions of the bulletins apply.

Again, we ask for your full support. Any questions regarding wind verse water adjusting practices should be directed to James A. Sadler, CPCU, AIC, Director of Claims, National Flood Insurance Program, Federal Insurance and Mitigation Administration. Mr. Sadler may be reached by email at James.Sadler@dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Training, Underwriting, Adjusting Firms

ARCHIVED APRIL 2018

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-11024

April 27, 2011

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

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program
DHS/FEMA-IM-DI-RI-CA

SUBJECT: Wind vs. Water – The Republication of Past Bulletins

ARCHIVED APRIL 2018

In previous bulletins, FEMA discussed wind and flood investigative tips and a logical approach to addressing claims that involve both perils. Attached for your review are previous bulletins that address wind vs. water and related adjusting practices. The bulletins are as follows: W-08008, Wind/Water Investigative Tips, dated February 25, 2008; W-08070, Flood Insurance Claims Guidance, dated September 25, 2008; W-10017, Wind vs. Water – Adjusting Practice, dated March 4, 2010; and W-10060, Wind vs. Water – Adjusting Practices Clarification, dated May 19, 2010.

FEMA is making these bulletins available again to further emphasize the importance of continuing our fine record of dealing with combined peril claims. Bulletin W-10060 provides important information protecting adjusters from making unintentional, troublesome statements in Narrative Reports or other reports.

Again, we ask for your full support. Any questions or comments regarding wind versus water adjusting practices or "Wind/Water Investigative Tips" should be directed to James A. Sadler, CPCU, AIC, Director of Claims, National Flood Insurance Program. Mr. Sadler may be reached by email at James.Sadler@dhs.gov.

Attachments

Suggested Routing: Claims Department, Training, Underwriting, Adjusting Firms, Independent Flood Adjusters, and Staff Adjusters Handling NFIP Claims

cc: Vendors, IBHS, FIPNC, Government Technical Representative

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

W-11058

August 25, 2011

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

FROM: James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program
DHS/FEMA-IM-DI-RI-CA

SUBJECT: Wind vs. Flood – Reminder of Past Bulletins

ARCHIVED APRIL 2018

The purpose of this memorandum is to serve as a refresher to adjusters and claims handlers alike in approaching claims that involve flood and other perils. Attached for your review are the Bulletins that address wind vs. water and related adjusting practices: WYO Bulletins W-08008, Wind/Water Investigative Tips, dated February 25, 2008; W-08070, Flood Insurance Claims Guidance, dated September 25, 2008; W-10017, Wind vs. Water – Adjuster Practices, dated March 4, 2010; W-10060, Wind vs. Water – Adjusting Practices Clarification, dated May 19, 2010; and W-11024, Wind vs. Water – The Republication of Past Bulletins, dated April 27, 2011.

FEMA is making these Bulletins available again to further emphasize the importance of continuing our fine record of dealing with combined peril claims. Bulletin W-10060 provides important information protecting adjusters from making unintentional, troublesome statements in Narrative Reports or other reports.

Again, we ask for your full support. Any questions or comments regarding the wind vs. water adjusting practices or "Wind/Water Investigative Tips" should be directed to James A. Sadler, CPCU, AIC, Director of Claims, National Flood Insurance Program. Mr. Sadler may be reached by email at James.Sadler@dhs.gov.

Attachments

Cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Training, Underwriting, Adjusting Firms, Independent Flood Adjusters