



FEMA

W-18009

April 2, 2018

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

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

SUBJECT: Clarification of Loss Settlement
(WYO Bulletin W-14058)

This bulletin clarifies Write Your Own (WYO) Bulletin W-14058 (November 20, 2014),¹ which provides guidance on the application of the Loss Settlement provision of the Standard Flood Insurance Policy (SFIP).²

I. Clarification on Handling of Requests for Additional Payment Prior to Repairs

WYO Bulletin W-14058 does not require policyholders requesting an additional payment and who have not completed repairs to prove how they spent funds previously paid on the same claim. If a policyholder has not completed the repair or replacement of items damaged by a covered loss, NFIP insurers (WYO Companies and NFIP Direct) may not deny requests for additional payment solely because the policyholder did not provide evidence that all amounts previously paid on the claim, plus the value of the deductible(s) and any applicable physical depreciation, were spent to repair or replace covered flood damage. NFIP insurers must evaluate such requests for additional payments using the same methods, procedures, and requirements used to evaluate the initial requests for payment.

This clarification reflects the NFIP's interpretation of the SFIP and applies to all new or pending requests for additional payment in the circumstances listed above.

II. Investigation and Adjustment of Claims

While policyholders are responsible for substantiating their claims, NFIP insurers must make best efforts to assist policyholders and work collaboratively to reach agreement on the scope and cost to repair or replace covered damage, regardless of the documentation provided, and when necessary:

¹ <https://nfip-iservice.com/Stakeholder/pdf/bulletin/w-14058.pdf>.

² Standard Flood Insurance Policy (SFIP) Dwelling Form, 44 CFR part 61, App. A(1) VII.V; SFIP General Property Form, 44 CFR part 61, App. A(2) VII.V; SFIP Residential Condominium Building Association Policy, 44 CFR part 61, App. A(3) VIII.V.

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- Provide the policyholder with guidance on the documentation necessary to support the policyholder's request for payment.
- Assign an adjuster to review the claim and, when warranted, inspect the property.
- Confirm that the property for which payment is sought is covered by the SFIP. This review likely will assess whether the scope or price includes material improvements, repair re-design, costs incurred to comply with building codes, undamaged or non-covered property items, damage resulting from causes other than flood, pre-existing damage, duplicate allowances, or costs to repair that are outside of industry standards.
- Use the services of an expert when there are questions concerning whether the damage was caused by flood or the extent of the damage or repairs.

III. Program Contact

If you have any questions regarding this bulletin, please direct them to FIMA Claims at FEMAFIDClaimsMailbox@fema.dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

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