



FEMA

W-24013

October 11, 2024

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

FROM:

A handwritten signature in black ink, appearing to read "Jeffrey Jackson".

Jeffrey Jackson
Assistant Administrator (Acting)
Federal Insurance Directorate

SUBJECT: Hurricane Milton Claims Payment Process

Hurricane Milton produced torrential rain, storm surge and widespread flood damage in the states of Florida, Georgia and South Carolina. Due to the catastrophic flooding impacts of Hurricane Milton, the Federal Emergency Management Agency (FEMA) is issuing this bulletin to ensure quality customer service in these extreme circumstances. This bulletin describes the claims process and the responsibilities of the NFIP insurers (WYO Companies and the NFIP Direct) for Hurricane Milton claims.

I. Reminder Regarding Use of Advance Payments

Pursuant to the operation of bulletins [W-24004](#) (May 31, 2024) and [W-24012](#) (October 11, 2024), pre- and post-inspection advance payments are authorized for policyholders in accordance with the NFIP Claims Manual, [June 2023 edition](#), Section 1: Claims Journey 7 and 25. Companies are advised to use their best judgment in situations where prior losses exist.

II. Authorization to Evaluate and Pay Claims Based on Unsigned Adjuster's Report

Pursuant to my authority under the Standard Flood Insurance Policy (SFIP) and FEMA's regulations, NFIP insurers must exercise the option to accept their adjuster's report to evaluate and pay a claim instead of a signed proof of loss. Additionally, I conditionally waive the requirement that the policyholder must sign the adjuster's report.¹ As a reminder, this waiver does not apply to any other SFIP term or condition. To issue payments under this conditional waiver, NFIP insurers must provide policyholders with the following:

¹ As a condition to receiving a claim payment, the SFIP requires a policyholder to first submit either a signed proof of loss or the insurer, at its option, may accept a signed adjuster's report instead of a Proof of Loss. Article VII.J of the Dwelling Form (Appendix A(1) to 44 CFR part 61); Article VII.J of the General Property Form (Appendix A(2) to 44 CFR part 61); Residential Condominium Association Building Policy Form (Appendix A(3) to 44 CFR part 61).

1. A copy of the adjuster's report supporting the claim payment(s);
2. If the payment is less than the adjuster's report, a written explanation of the difference; and
3. A letter in the form and substance of the template attached to this bulletin (Adjuster Report Claim Payment Letter) to ensure the policyholder understands what the payment addresses and what additional steps the policyholder may take, including the insurer's process requirements for filing a request for additional payment.

NFIP insurers may also make more than one payment on a claim using this conditional waiver. This conditional waiver is effective through the expiration of the applicable deadline to submit a proof of loss.

A policyholder may still submit a signed proof of loss when they disagree with the adjuster's report. When this occurs, the policyholder must provide their NFIP insurer with a signed proof of loss with supporting documentation, such as a contractor's estimate, bills, receipts, photographs, and other related documents.

Reserves should reflect the approximate amount of the insured payable loss for building and personal property and updated as new information is received. The remaining reserve should appropriately reflect the expected payout.

A claim should not be closed if payment, or an additional payment is reasonably expected. Before a claim is closed, the file should reflect all attempts to obtain the information necessary to evaluate the claim for payment or an additional payment.

III. Multiple Losses

Under the SFIP, policyholders are required to promptly report each loss to their insurance company, even if multiple losses occur close in time to one another. For multiple losses, NFIP insurers are required to treat each flood loss as a separate loss, which would require an adjuster report for each loss. This process ensures that each claim is properly adjusted.

NFIP insurers should assign the original adjuster to handle any subsequent losses to provide continuity and ensure a consistent understanding of the property and prior claims. If the original adjuster is unavailable, NFIP insurers should assign the subsequent losses to the same adjusting firm to maintain continuity. When neither the original adjuster nor adjusting firm are available, the NFIP insurer and new adjuster must carefully review the prior claim file and any relevant property conditions to properly adjust the subsequent loss.

Under the SFIP, the policy limits and deductibles are applicable for each loss. Any remaining coverage amounts available after adjusting one loss cannot be applied to cover damages from another loss. This ensures fair and accurate compensation for each distinct event.

Moreover, the SFIP does not allow for duplicate payments for the same damage. For example, if damage from an initial loss is already compensated and has not been repaired or replaced before a subsequent flood loss, the same damage cannot be covered in a subsequent claim.

To help illustrate how to handle multiple losses, FEMA is providing the following scenarios:

- **Scenario 1: One Claim, One Deductible:** When two flood losses occur and an adjuster validates the scope of flood damage to the building and personal property is unchanged from the first flood, the policyholder will be paid under the first claim and only one deductible, *i.e.*, one deductible for the building coverage and one deductible for contents coverage, will apply. The second claim would then be closed without payment.
- **Scenario 2: Two Claims, Two Deductibles:** When two flood losses occur and the adjuster is able to validate (1) the covered property suffered new or additional flood damage or (2) that the policyholder completed mitigation work, repaired or replaced the property before the second loss, the policyholder will be paid under two separate claims and two separate deductibles for the damage identified in each separate loss. Note: Floodwater leaves an obvious waterline on the interior and exterior of buildings and other areas around the home. Adjusters should use their judgment to separate and document the damage from each loss.
- **Scenario 3: Property Destroyed, No Inspection:** After multiple flood events, if the property is wholly destroyed before an inspection, the adjuster should conduct a reasonable investigation to determine the condition of the covered property following the flood events to assess what flood damage occurred during each event. When an adjuster is unable to determine causation or allocate damages caused by multiple events, an engineer should be hired to assist in determining causation, and where necessary, assist in allocating the damage between the multiple flood events. If the adjuster's investigation concludes there was no flood damage during the first event, but the property suffered flood damage from a second event, the claim should be adjusted under the second event, subject to one claim, one deductible, and the first claim should be closed without payment.
- **Scenario 4: Initial Flood Loss Paid, Repairs Fully Completed:** If repairs from the initial flood loss have been completed, then the second flood loss will be handled as a separate claim subject to applicable policy limits and deductibles. The adjuster must confirm and document that the repairs were completed after the initial loss.

IV. Required Communications

FEMA expects that adjusters and insurers will explain to policyholders the process for requesting additional payment. Adjusters and insurers are expected to continue to promptly support policyholders even after payment is made under the conditional waiver discussed above. Failure to timely respond to and address policyholder questions may provide the basis for a reduction in allocated loss adjustment expenses on a claim.

V. Proof of Loss Deadline Extension

To allow enough time for policyholders to evaluate their losses, I am extending the 60-day proof of loss deadline to 120 days. The deadline for submitting a compliant proof of loss for Hurricane Milton is 120 calendar days from the date of loss.

VI. Applicability

This bulletin applies to all NFIP claims associated with the following Event Designation Numbers (EDN). FEMA will update the EDN numbers for additional impacted areas as needed:

<u>State</u>	<u>EDN</u>	<u>Dates of Loss</u>
Florida	FL0224	October 8, 2024 – Continuing
Georgia	GA0224	October 8, 2024 – Continuing
South Carolina	SC0224	October 8, 2024 – Continuing

VII. Authority

42 U.S.C. § 4019(a)); 44 CFR §§ 61.13(d), 62.23(k); SFIP Dwelling Form, Article VII.C; SFIP General Property Form, Article VII.C; SFIP Residential Condominium Building Association Policy Form, Article VIII.C; WYO Financial Assistance/Subsidy Arrangement, Article III.H.1.

Please direct any questions regarding this bulletin to FEMA-FIDClaimsMailbox@fema.dhs.gov.

cc: Vendors, Government Technical Representative

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

Attachments: Adjuster Report Claim Payment Letters

ADJUSTER REPORT CLAIM PAYMENT LETTER (IF PAYING THE SAME AMOUNT LISTED IN THE REPORT)

Dear [NAME OF INSURED]:

Thank you for trusting the National Flood Insurance Program with your flood insurance needs. We are sorry for your flood loss and hope that your flood insurance policy will help you recover quickly.

At this time, we have determined that you are owed **\$XXX.XX** for your building losses and **\$XXX.XX** for your personal property losses under your flood insurance policy. Enclosed you will find one or more checks addressing the payable amount of your claim. If you have a mortgage lender or other loss payee, they will be included on your building coverage payment check in accordance with the terms of your flood insurance policy.

Breakdown of Coverage Under Your Flood Claim

Building Coverage		Personal Property Coverage	
Covered Damages:	\$	Covered Damages:	\$
Previous Payment(s):	\$	Previous Payment(s):	\$
Deductible:	\$	Deductible:	\$
Payable Amount:	\$	Payable Amount:	\$

What the Payment(s) Include: Included with this letter is a copy of your adjuster's report of your flood loss. We have reviewed the adjuster's report and verified the correctness of the coverage and reasonableness of the payments recommended in the adjuster's report. Please carefully review the adjuster's report and contact your adjuster to discuss any questions.

Accepting this payment does not waive any of your rights to seek further payments under your flood insurance policy up to the amount of your coverage limits:

- **What to Do if You Find Additional Flood Damage:** As you undertake repairs and replacement of flood-damaged property, you may discover flood damage not included in the adjuster's report. In those situations, please contact your adjuster and work with them to address the omitted item(s).
- **What to Do if You Believe There is an Error in Your Adjuster's Report:** As you review the report, if you believe an item is not correctly identified, contact your adjuster. For example: the adjuster report lists a room as 10 square feet instead of 100 square feet, or it lists a door as hollow core instead of solid core.

- **What to Do if the Costs to Repair Exceed Payment:** If you have repaired the damages and the costs exceeded your payment, provide all documentation related to the repairs to your adjuster for review. If you have not yet repaired the damages, provide to the adjuster copies of the signed contractor repair agreement with the corresponding estimate to repair, any material purchase orders, and photographs of non-repaired damage. Please note that we cannot pay for any betterments or improvements in materials or workmanship, changes related to other renovations, any damage not directly caused by the flood on the claimed date of loss, or any code upgrades.

We are committed to working with you. Please continue to work with and cooperate with your adjuster. If you do seek additional payment, please note that an adjuster or other licensed professional may need to re-inspect your property.

If you have any questions, have additional documentation for us to review, or need additional assistance, please contact your adjuster or our claims representative at (###) ###-####.

Sincerely,

ADJUSTER REPORT CLAIM PAYMENT LETTER (IF PAYING A DIFFERENT AMOUNT THAN LISTED IN THE REPORT)

Dear [NAME OF INSURED]:

Thank you for trusting the National Flood Insurance Program with your flood insurance needs. We are sorry for your flood loss and hope that your flood insurance policy will help you recover quickly.

At this time, we have determined that you are owed **\$XXX.XX** for your building losses and **\$XXX.XX** for your personal property losses under your flood insurance policy. Enclosed you will find one or more checks addressing the payable amount of your claim. If you have a mortgage lender or other loss payee, they will be included on your building coverage payment check in accordance with the terms of your flood insurance policy.

Breakdown of Coverage Under Your Flood Claim

Building Coverage		Personal Property Coverage	
Covered Damages:	\$	Covered Damages:	\$
Previous Payment(s):	\$	Previous Payment(s):	\$
Deductible:	\$	Deductible:	\$
Payable Amount:	\$	Payable Amount:	\$

What the Payment(s) Include: Included with this letter is a copy of your adjuster's report of your flood loss. We have reviewed the adjuster's report and have determined the following:

<Explanation of what the insurer agreed to and what it disagreed with and why.>

Accepting this payment does not waive any of your rights to seek further payments under your flood insurance policy up to the amount of your coverage limits:

- **What to Do if You Find Additional Flood Damage:** As you undertake repairs and replacement of flood-damaged property, you may discover flood damage not included in the adjuster's report. In those situations, please contact your adjuster and work with them to address the omitted item(s).
- **What to Do if You Believe There is an Error in Your Adjuster's Report:** As you review the report, if you believe an item is not correctly identified, contact your adjuster. For example: the adjuster report lists a room as 10 square feet instead of 100 square feet, or it lists a door as hollow core instead of solid core.

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We are committed to working with you. Please continue to work with and cooperate with your adjuster. If you do seek additional payment, please note that an adjuster or other licensed professional may need to re-inspect your property.

If you have any questions, have additional documentation for us to review, or need additional assistance, please contact your adjuster or our claims representative at (###) ###-####.

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