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NFIP: National Flood Insurance Program

PMFI: Private Market Flood Insurance

Presented by

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Presenter



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- ANFI - Associate in National Flood Insurance
- 20+ years in the Claims Industry
- 2 Years with FEMA - General Adjuster Program
- Instructor FEMA - NFIP Adjuster Workshop
- Author - Beyond the NFIP Training
- Certified General Flood Adjuster
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Agenda

- Overview of Flood
- History and Overview of the NFIP Flood Program
- History and Overview of the Private Market Flood
- Similarities and Differences of Programs
- Challenges of Flood Claims Handling
- Licensing and Training Requirements
- Questions & Answers





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Overview of Flood

- Flood is the #1 Natural Disaster in U.S.
 - Property Damage and Loss of Life
- Flooding occurs everyday in U.S.
- Causes are Natural & Man Made
 - Hurricanes, Snowmelt, Rainfalls
 - Growth and Infrastructure





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History and Overview of the NFIP

- NFIP - National Flood Insurance Program
 - Established in 1968
 - Administered by FEMA - Homeland Security
 - Rely on Army Corps of Engineer
 - Mapping and Zoning
 - Agreements with Community Officials
 - Partnerships with Adoption of Building Codes





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History and Overview of the NFIP

National Flood Insurance Program (NFIP)

- One Policy - Three Forms
- Insures Residential, Commercial and Condominiums
- Maximum Limits and Coverage
- NFIP Direct Servicing Agency
 - High Risk, Repetitive Losses -- Last Resort!
- WYO Programs Agreements





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NFIP Partners with the WYO Program

- Established in 1983
- Service Almost 90% of Flood Policies
- Assignments, Review and Issue Payments
- Approximately 60 Parent WYO Companies within the Program (decrease over the past 5 years)
- Multiple Contracts and I/A Firms per Account
- Competition - Vendors and TPA's





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History and Overview of Private Market

- BW-12 - Lifted the Mandatory Mortgage Requirement
 - States to approve mortgage company to fulfill requirement
- 2016-2018 FEMA Loosened Contractual Restrictions of Non-Compete Statute
 - Opened the door for Extended Coverage & Higher Limits





History and Overview of Private Market

Private Market Flood Insurance (PMFI)

- Stand Alone Policy
- Excess in “Addition-To” NFIP
- Endorsed on Homeowners/Commercial Riders
- Forced Placed
- Insures Residential, Commercial and Condominiums





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History and Overview of Private Market

Excess Policy Coverage

- Similar Coverage and Limitations
- Can Issue Higher Limits
- In Addition to the NFIP Policy

Private Market Coverage

- Similar Coverage / Much Higher Limitations
- Can apply Special Endorsements (per state basis)
- Regulated by State Laws
- In Place of the NFIP Policy





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Similarities

- Named Peril Policy
- Direct Physical Loss
- Policy Structure
- Premium - Rating
- Exclusions ie: Earth Movement, Pollutants, O&L
- Provides ICC
- Mortgage Protection
- Proof of Loss
- Loss Settlement
- Carrier Specific Guidelines
- Deductibles





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Differences

- Coverage Limits
- Coverage Lines
 - *Multiple Buildings*
 - *Business Interruption*
 - *ALE*
 - *Pool*
 - *Replacement Cost*
 - *Basement Contents*
- Deductibles
- Premiums
- Federal or State Laws
- Cherry Picking
- Fee Schedules
- Terrorism and Biohazard Exclusions





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Challenges of Flood Claims Handling



Federal and State Red Tape





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Challenges of Flood Claims Handling

Claim Guidelines

- Claims Manual
 - Sets Expectations on WYO and Adjusters
 - Provides Clarification of Policy Provisions & Definitions
 - Reviews Required Forms
 - Specifics on Drying - Mitigation
 - Set Fee Schedule





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Challenges of Flood Claims Handling

Claim Guidelines

- Carrier SLO's (Service Level Objectives)
 - Drywall Cut
 - Painting the Wall
 - SF Drying Allowances
- Policy Interpretations
 - What is Direct Physical Loss?
 - Cabinets? Continued Flooring?





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Policy Language

NFIP - Elevated Building

8. Items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a basement, regardless of the zone. Coverage is limited to the following:

Private - Elevated Building (Endorsement)

We Do Not Cover:

a. Items of property in a building enclosure below the lowest elevated floor or in a basement except for the items (1) through (17) in 1.c. above; and





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Policy Language

NFIP - Coverage A Materials

Materials and supplies to be used for construction, alteration, or repair of the dwelling or a detached garage while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.

Private Endorsed - Coverage A Materials

Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".





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Policy Language

NFIP - Special Limits

Special Limits \$2,500 for any one loss to one or more of the following kinds of Personal Property: Aggregate of all - Artwork, Photos, rarebooks, collectibles, furs, jewelry, figurines, sports cards

Private Endorsed - Special Limits

\$2,500 for artwork, photographs, collectibles, porcelain

\$2,500 for jewelry, watches, gold, silver, semi-precious stones

\$2,500 for furs or articles containing fur





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License and Training Requirements

- Estimation Platforms
 - Xactimate, Simsol, Symbility
- Multiple Claims Management Systems
 - XactAnalysis, File-Trac, Guidewire
 - Home Grown or No Systems
- Multiple Company Headers and Profiles





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Licensing and Training Requirements

- Adjusters Required to attend NFIP Workshop on annual basis for “Authorization”
- Lines of Authority on Per Adjuster Basis
 - Residential, Manf Home, Small Commercial, Large Commercial and RCBAP (Condominiums)
- Required to Maintain Multiple State License





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Questions





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Thank You

