

NFIP REMOTE CLAIM ADJUSTMENT QUESTIONS AND ANSWERS

The April 2, 2020, Bulletin [W-20004](#) provided FEMA guidance for adjusting National Flood Insurance Program (NFIP) claims remotely during the COVID-19 pandemic emergency. For clarity and consistency of remote claims adjustment, FEMA developed the following questions and answers for the adjusting community.

FEMA's review of closed remotely adjusted claims found that many policyholders were eager to assist their adjuster in adjusting their claim. The policyholder should receive, at a minimum, directions describing:

- How to document a General Condition of Flood (GCF), as defined by the Standard Flood Insurance Policy (SFIP), and explain the process used to determine the GCF;
- How to locate and measure interior and exterior water lines;
- The importance of exterior and interior photos, including damaged and undamaged building and contents;
- Building equipment and Contents Claim requirements – photo make, model, and serial numbers of major appliances, electronics, and other items of exceptional value;
- That when removing debris, retain swatches of carpet, drapes, and upholstery of unrepairable contents. In addition, all materials that must be removed should be carefully photographed;
- Why room measurements are needed and how to assist the adjuster in obtaining them; and
- Why a claim may not be a candidate for remote adjusting and requires a physical inspection, if necessary.

Q. Bulletin W-20004 states that the adjusting community should maximize remote claims adjustment. Should we encourage the policyholder to always utilize remote adjusting?

- A. The intent of the bulletin is not to force remote adjustment on policyholders; it's to ensure flexibility during disaster recovery. FEMA supports remote adjusting to keep our policyholders and the adjusters safe during the COVID-19 pandemic emergency. However, policyholders may still request a physical inspection, and it should be done once shelter in place is lifted.

Q. Who should be assigned claims that require remote adjustment?

- A. Regardless of how a claim is adjusted, the policyholder must be confident that the adjuster will address their concerns and work in their best interests. FEMA requires only authorized, experienced flood adjusters with an active Flood Control Number to handle remote adjustments. FEMA does not allow trainees to handle remotely adjusted claims. Adjusters must be knowledgeable of SFIP provisions to develop trust with policyholders and provide:
- Plain language explanations about coverage with full command of the SFIP;
 - Clear guidance and explanations about the scope of damage, what is needed to validate the claim, and payment recommendation, including a clear and concise explanation if the claim is recommended for a denial; and
 - Information about available resources that can be used to validate a GCF, measurements, and quality of materials.

Q. Why does the adjusters' narrative report need to include detailed information supporting their claim payment recommendation?

- A. The appropriate claim settlement depends upon correctly determining a GCF, providing evidence of direct physical damage by or from a flood, accurate home measurements, and material replacement with like kind and quality (LKQ). Determining these elements remotely can be challenging; therefore, it is important to clearly document and explain the methodology used to support your recommendation.

Q. Is it acceptable to remotely adjust large or complex losses (for example: Large Commercial, Residential Condominium Building Association Policy [RCBAP] or large dwellings with substantial damage)?

A. Typically, no. It would be unreasonable to expect the policyholder to devote the required labor and time to achieve the level of detail for an accurate scope of loss. However, there are exceptions. For example, a simply constructed commercial building with no stock or contents loss could be adjusted remotely. It may also be possible when there has been a fully documented prior claim. Considerations should be made on a case-by-case basis. An adjuster should verify with the adjusting firm that remote adjustment is appropriate and properly explain the decision in the narrative report.

Q. What are some situations that remote adjusting may not be the best method to adjust a claim?

A. Remote adjusting may not be the best method to adjust a claim if:

- A subject Matter Expert (SME) is needed. The key concern here is the level of detail required to support the recommendation for payment.
- There is no way to validate the building description or there are underwriting concerns.
- The policyholder requests a physical inspection.
- The level of detail needed to validate a recommendation for payment cannot be provided.
- The property is substantially damaged.
- The policyholder is represented by a public adjuster or attorney.
- There are other perils involved (for example: wind vs waters).
- Documentation of previous repairs is questionable and cannot be substantiated.

Q. What are some suggestions to validate and document measurements?

A. Adjusters normally take their own measurements during a physical inspection; however, for remote adjusting they must rely upon the policyholder to provide measurements using rulers, measuring tape, and some non-traditional methods such as stepping off toe-to-heel, etc. The adjuster should confirm how measurements of a room or item are documented and include any additional methods that were used to verify the measurements (for example: tax records, realty sites, prior losses, etc.).

Q. What are some suggestions for determining like kind and quality (LKQ)?

A. Making this determination can be as simple as asking the policyholder to do what an adjuster does when they are physically at the site. Ask the policyholder what the item is made of (wood, metal, enamel over steel, veneer over particle board, etc.) or how the material is put together or connected. The adjuster should document the discussion and include photographs that support the claim. Whenever possible, adjusters should request and include photographs to support and validate the quality of product finishes.

Q. What is the concern about Claims Closed Without Payments (CWOP)?

A. NFIP experienced independent adjusters understand and recognize the difference between a CWOP claim and an erroneous assignment or telephone contact only. These fees are significantly different and, if not addressed appropriately, can lead to improper payment of the adjuster fee schedule. CWOP claims require a full investigation and communications with the policyholder or their representative, must include photographs and required forms, and must be well documented by the adjuster as to why there is no coverage for the loss.

For additional information regarding remote adjusting claims refer to Bulletin W-20004 or your WYO/NFIP Direct Company for additional guidance.