

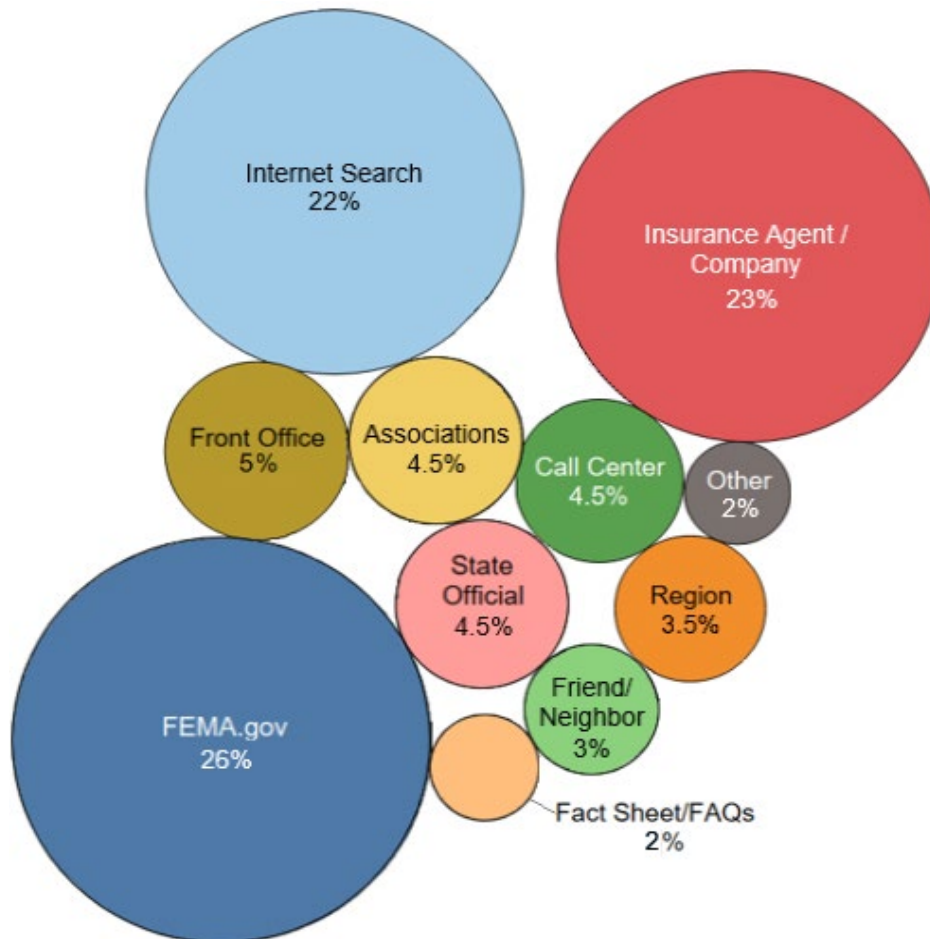


The Office of the Flood Insurance Advocate

Periodic Report: April to June 2020

Reducing complexity with compassion and fairness

How Customers Found OFIA in Q2 2020



OFIA Casework

- About 44% of Q2 cases came from counties where a declared flood disaster such as a hurricane, tropical storm, or severe storm occurred in the past year.
- During the ongoing COVID-19 crisis, the OFIA received slightly less than the historical quarterly average of cases for Q2. Just over 10% of cases in this quarter mentioned COVID-19 as a confounding factor for their flood insurance issues.
- This quarter had more case referrals from the FIMA Front Office, the FMIX Call Center, state officials, and insurance agents/companies as opposed to community events/officials and friends/neighbors.



Spotlight on Customer Casework

Customer Issue

A landlord of a small strip mall in Michigan reached out to OFIA because the economic downturn associated with the COVID-19 pandemic made it impossible to pay an upcoming flood insurance renewal premium.

Background

The renewal offer indicated an annual premium of \$27,300, which was a 25-percent increase from the prior year's premium of \$21,900. At this time, only one of the landlord's five tenants has paid rent. The landlord received a Small Business Administration (SBA) loan payment deferral through December 2020. He also obtained a temporary forbearance from a local bank allowing payment relief for three months. Seeking additional financial help, the policyholder came to OFIA hoping to reduce the amount of flood coverage on the building.

Resolution

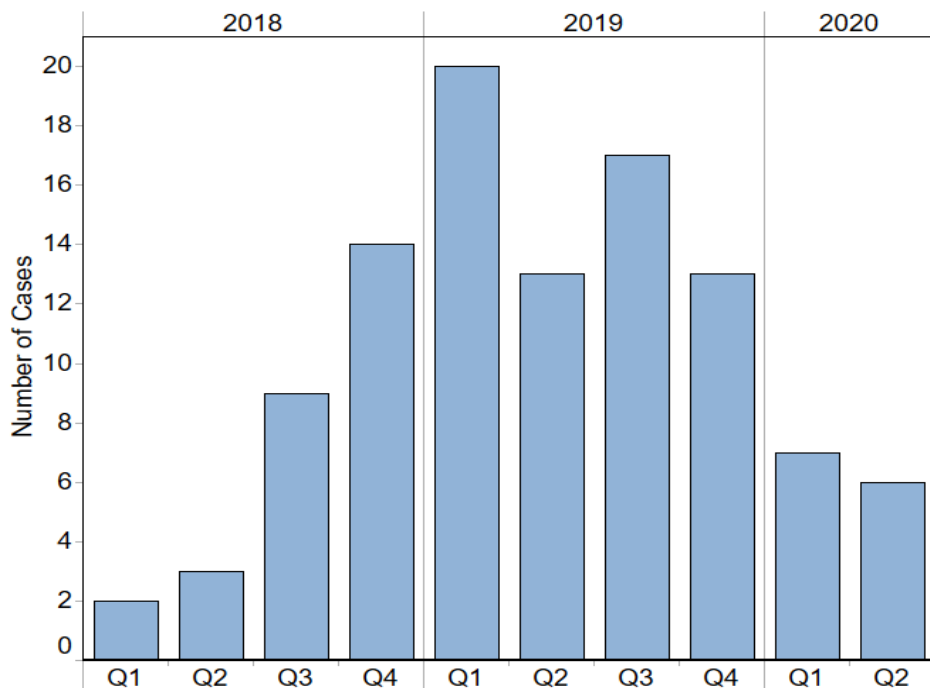
OFIA discovered that the building bordered the Special Flood Hazard Area and was a good candidate for a Letter of Map Amendment (LOMA). In addition, the policy was originally rated without the use of elevation data. OFIA recommended the landlord purchase an Elevation Certificate (EC) for rating and LOMA purposes. A re-rating was conducted using the EC and the policyholder was given a refund of \$18,867 for the current term. The renewal premium will be \$24,000 less than the original renewal offer.



OFIA Casework Trends

- Claims appeals cases have continued to decrease after peaking at the beginning of 2019.
- The majority of the appeals cases in this quarter were from individuals seeking a status update. While efforts have been made to dramatically reduce the number of open appeals cases, a solution for keeping customers informed of their status would reduce frustration and increase customer satisfaction.

Claims Appeals Cases Q1 2018 – Q2 2020

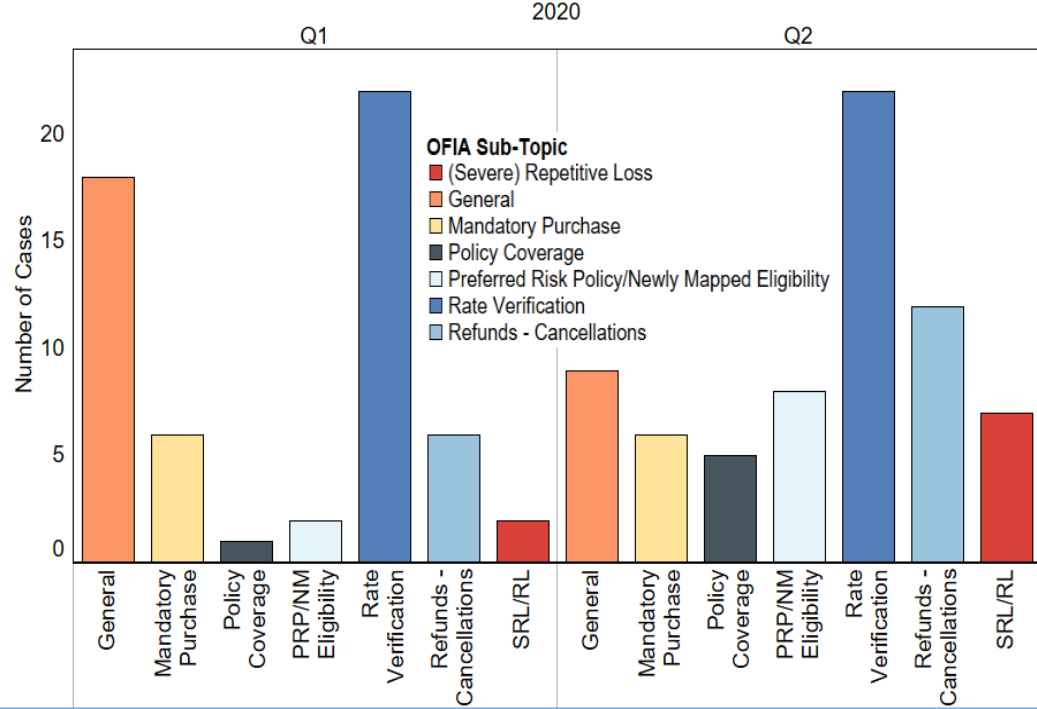




OFIA Casework Trends

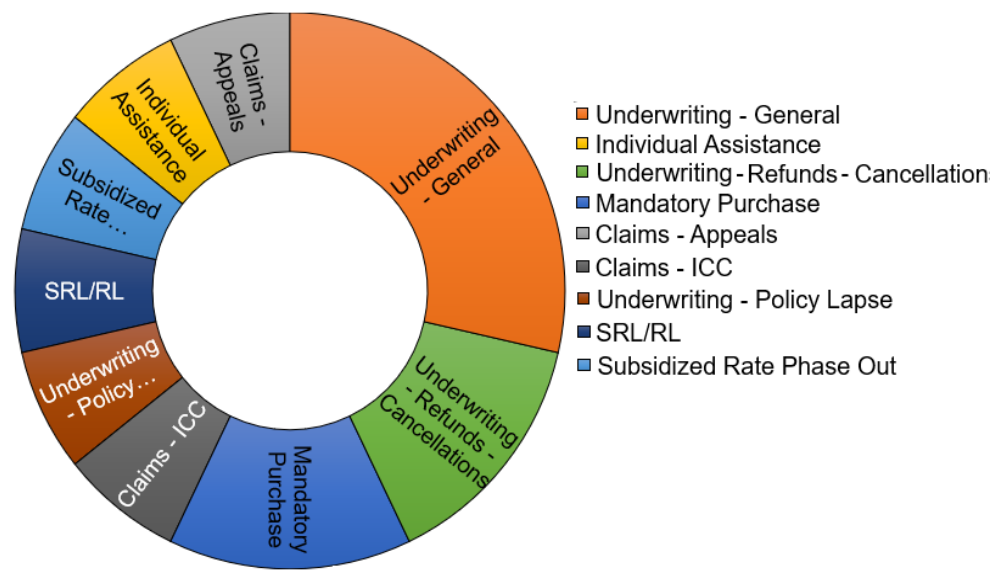
- In Q2 2020, underwriting cases made up more than 50% of OFIA casework. There was a significant increase in cases concerning policy coverage, preferred risk/newly mapped eligibility, refunds due to policy cancellations, and severe repetitive loss appeals.
- Among each sub-topic, some of the cases mention the impact of COVID-19, an affordability issue, or both in the inquiry details. Some customers faced bankruptcy, foreclosure, or the inability to pay for their policy.

Trends of Underwriting Cases



- This chart depicts all the casework sub-topics where the customer also mentioned an impact from COVID-19. Given the variety of issues discussed, the pandemic is an underlying factor across most customer insurance issues.
- At least 50% of customers mentioned they were unable to afford their policy renewals. To ease this hardship, the OFIA recommended these customers take advantage of FEMA's 120 day policy renewal grace period.
- Customers faced other issues due to COVID-19 restrictions such as being unable to contact an insurance agent whose office was temporarily closed and being unable to complete mitigation projects before policy renewal.

COVID-19 Impacted Casework



What We Heard From NFIP Customers

“Wow! That is fantastic! Your efforts are greatly appreciated and, in this time of more than usual all around ‘negativity,’ definitely GOOD news!”

OFIA Impact

Since 2015, the OFIA has advocated for the concerns of National Flood Insurance Program customers with compassion and fairness. During this period, there were no disruptions to carry out its mission due to the pandemic.