



FEMA

W-14052

September 16, 2014

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

FROM: 
James A. Sadler, CPCU, AIC
Director of Claims
National Flood Insurance Program

SUBJECT: Implementing FEMA Claims Guidance on Structural Drying

In the May 14, 2013 bulletin [W-13025a](#), FEMA provided WYO Companies and the NFIP Direct Servicing Agent ("NFIP Insurers") with guidance when structural drying of an insured building is involved in an SFIP covered loss. That bulletin offered the following methodologies according to the level of service provided:

- Method (1) is applied to the adjuster-estimated allowance when a drying service or rented equipment is not involved after the loss;
- Method (2) is applied to the undocumented drying service or rented equipment invoice; and
- Method (3) is applied to air movers, dehumidifiers, and other SFIP covered charges when a professional invoice is itemized and accompanied with a properly completed drying log.

NFIP insurers should be implementing this guidance within their claims handling. However, a claim payment for drying issued by the NFIP insurer through Sep 30, 2015, that does not take into account the bulletin's guidance will not be identified as an error. A claim payment issued Oct 1, 2015 through Sep 30, 2016 (fiscal year 2016) that is outside of the bulletin's guidance will be identified as a "non-critical error."

Beginning Oct 1, 2016, if an NFIP insurer's claim payment does not follow the bulletin's guidance but does not result in an overpayment or underpayment ("improper payment"), the payment will be identified as a "non-critical error." If a claim payment does not follow the guidance within [W-13025a](#) and results in an improper payment, that payment will be identified as a "critical error" by the Claims and Appeals Branch during all program audits and reviews.

FEMA encourages all NFIP insurers to continue their efforts to implement the bulletin's guidance on all applicable SFIP covered losses. If there are questions, please address them to Dan Thorne at Anthony.Thorne@fema.dhs.gov. Once again, we thank you for your cooperation.

cc: Vendors, Government Technical Representatives, IBHS

Suggested Routing: Claims, Independent Adjusting Firms