




FEMA

W-22007

October 1, 2022

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

FROM: 
Jeffrey Jackson
Assistant Administrator (Acting) for Federal Insurance and
Mitigation Administration

SUBJECT: NFIP Adjuster Fee Schedules – Alternative Fee Schedule

The Fiscal Year (FY) 2022 WYO Financial Assistance/Subsidy Arrangement (“Arrangement”) at IV.C.2 authorizes the Federal Emergency Management Agency (FEMA), in its sole discretion, to authorize the use of an alternative Fee Schedule to ensure the availability of qualified insurance adjusters during catastrophic flooding events.

Due to the catastrophic flooding from Hurricane Fiona in Puerto Rico, and the catastrophic flooding from Hurricane Ian in Florida, in accordance with IV.C.2 of the Arrangement, FEMA exercises its discretion to implement a catastrophic fee schedule. FEMA will implement the 2023 NFIP Standard Adjuster Fee Schedule announced in Bulletin w-22001 to apply to claims reported with a date of loss of September 17, 2022, and later. FEMA is issuing this bulletin to ensure quality customer service in these extreme circumstances.

FEMA understands that early implementation of the new fee schedule requires companies to make additional system changes. Pivot will be ready to accept the new fee schedule.

Please distribute this information to the appropriate personnel in your organization. Contact the Claims Branch at fema-fidclaimsmailbox@fema.dhs.gov if you have any questions.

Attachments:
FY22 Alternative Adjuster Standard Fee Schedule
FY22 Alternative ICC Fee Schedule

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Data Processing, Claims, Marketing

NFIP STANDARD ADJUSTER FEE SCHEDULE

For Claims with Dates of Loss on or after September 17, 2022

Claim Range*	Fee
<i>Erroneous Assignment</i>	\$115
<i>Claim withdrawn</i>	\$115
<i>Closed Without Payment (CWOP)</i>	\$470
.01 - 1,000.00	\$625
1,000.01 – 5,000.00	\$950
5,000.01 – 10,000.00	\$1,230
10,000.01 – 15,000.00	\$1,395
15,000.01 – 25,000.00	\$1,515
25,000.01 – 35,000.00	\$1,750
35,000.01 – 50,000.00	\$2,050
50,000.01 – 150,000.00	4.1% but not less than \$2,350
150,000.01 – 250,000.00	3.9% but not less than \$6,150
250,000.01 – 350,000.00	3.7% but not less than \$9,750
350,000.01 - 550,000.00	3.2% but not less than \$12,950
550,000.01 – 1,000,000.00	2.9% but not less than \$17,600
1,000,000.01 and higher	2.6% but not less than \$29,000

***Claim Range – based on gross loss**

NFIP ADJUSTER FEE SCHEDULE GUIDANCE

○ **Gross Loss**

Gross loss means the agreed cost to repair or replace before the following is applied:

- depreciation (recoverable or non-recoverable),
- policy deductible(s),
- salvage buy-back

The gross loss shall not exceed the following policy limitations:

- Building and personal property policy limits stated in the Declarations Page
- Program Limits building and/or personal property
- Special Limits (\$2,500)
- Loss Avoidance Measures for Sandbags, Supplies, and Labor (\$1,000)
- Property Removed to Safety (\$1,000)
- Pollution Damage – General Property form (\$10,000)
- Policy Exclusions

○ **Claim Withdrawn**

- Fee \$115 - Occurs when a policyholder withdraws a claim after the NFIP Direct or

WYO carrier (or the WYO carrier's service provider/vendor) assigns the claim to an adjusting firm AND before the adjusting firm conducts the inspection.

- Once the adjuster inspects the loss the adjuster is required to provide a full report and bill as a CWOP.
- When a policyholder withdraws or fails to pursue a claim after an adjuster prepares an estimate, the adjuster is paid the CWOP fee. The balance of the adjuster fee is eligible to be paid as a SALAE Type 2 after a withdrawal letter is issued, or in the case of failing to pursue, an appropriate denial letter for failing to comply with requirements in case of loss, to submit a proof of loss within 60 days.

Example:

Adjuster inspects and prepares an estimate to repair for \$1,500. The eligible fee is \$950. The policyholder withdraws the claim after the estimate is prepared. The claim is closed without payment and the adjuster is eligible to receive the \$470 CWOP fee. The balance (\$950 - \$470) \$480 is eligible to be paid as a SALAE Type 2.

○ **Closed Without Payment (CWOP)**

Fee \$470 - Must include an adjuster site visit/inspection with the policyholder or their representative, photographs, and completed required forms.

- ***Less Than Deductible*** – Invoice the claim based on the gross estimate before application of depreciation (recoverable or non-recoverable) and the deductible, subject to policy limits, special limits, and exclusions.
- ***No Coverage*** - When it is determined that no claim payment is due, e.g., the damage was not caused by flood or the damaged property is not covered by the policy, close the file as a CWOP. The adjuster's narrative report must contain sufficient explanation and documentation of the facts regarding the reason no payment is due.
- ***Telephone Contact Only*** – Fee \$115 – Invoice at the Erroneous Assignment or Claim Withdrawn rate.

○ **Erroneous Assignment**

Fee \$115 - Occurs when a loss is assigned to more than one adjuster or more than one adjusting firm. The adjuster removed from the claim will receive a fee based on an erroneous assignment.

○ **Requests for Additional Payment**

The adjuster is paid the **greater** of the following:

- The CWOP fee of \$470; or
- The difference between the paid adjusting fee at the time the claim was closed

and the new revised fee for the entire revised claim.

The NFIP will not consider supplemental billings for inadequate or incorrect scope of repairs or avoidable estimating errors. The NFIP will consider supplemental billing for hidden or progressive flood related damage as appropriate.

Example #1:

- Building Limit - \$250,000; Personal Property Limit - \$100,000

- Original claim adjustment before application of depreciation and deductible:

Building	\$180,000
Personal Property	\$70,000

Fee: Total billable/gross claim \$180,000 + \$70,000 =
\$250,000 x 3.9% = **\$7,250.00 original claim payable fee.**

- Revised claim adjustment (includes original claim) before application of depreciation and deductible:

Building	\$240,000
Personal Property	\$95,000

Fee: Total revised billable/gross claim \$240,000 + \$95,000
= \$335,000 x 3.7% = \$12,395.00 minus previous paid fee of
\$7,250 = **\$5,145.00 supplemental payable fee**

Example #2:

- Building Limit \$250,000 and Personal Property Limit \$100,000

- Original claim adjustment before application of depreciation and deductible:

Building	\$165,000
Personal Property	\$50,000

Fee: Total billable/gross claim \$165,000 + \$50,000 =
\$215,000 x 3.9% = \$8,385.00 payable fee.

- Revised claim adjustment (includes original claim) before application of depreciation and deductible:

Building	\$170,000
Personal Property	\$55,000

Fee: Total billable/gross claim \$170,000 + \$55,000 = \$225,000 x 3.9% = \$8,775 minus previous paid fee of \$8,385 = \$390.

The adjuster in this instance would receive the CWOP fee of \$470, which is greater.

- **State Taxes**

The Texas tax authorities determined that Texas sales tax on insurance services is applicable to all fees paid by WYO Companies to claims adjusters, and/or adjusting firms, for handling NFIP claims in Texas. FEMA will reimburse the expense. Invoices on claims adjusted in Texas requires the inclusion of sales tax at the appropriate sales tax rate.

FEMA will not reimburse state sales tax in any other state or territory.

IMPORTANT: The NFIP, through the WYO Companies and NFIP Direct, reserves the right to withhold compensation and reduce the amount of compensation, on adjustment work deemed:

- a. **Not to comply with NFIP standards.**
- b. **Improperly prepared, requiring the claim to be substantially readjusted.**
- c. **Not timely adjusted, requiring reassignment.**

Increased Cost of Compliance (ICC) Fee Schedule

For ICC Claims with Dates of Loss on or after September 17, 2022

Claim Range	Fee
Erroneous Assignment	\$90.00
Closed Without Payment (CWOP)	345.00
.01 - \$1,000.00	460.00
1,000.01 – 2,500.00	655.00
2,500.01 – 5,000.00	770.00
5,000.01 – 7,500.00	885.00
7,500.01 – 10,000.00	1,000.00
10,000.01 – 15,000.00	1,150.00
15,000.01 – 25,000.00	1,305.00
25,000.01 – 30,000.00	1,535.00

IMPORTANT: The NFIP, through the WYO Companies and NFIP Direct, reserves the right to withhold compensation and reduce the amount of compensation, on adjustment work deemed:

- a. Not to comply with NFIP standards.
- b. Improperly prepared, requiring the claim to be substantially readjusted.
- c. Not timely adjusted, requiring reassignment.