



FEMA

W-05071

October 21, 2005

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

FROM: WYO Clearinghouse

SUBJECT: Financial and TRRP Procedures for Reporting of Certain Allocated
LAE Payments from Hurricanes Katrina and Rita

REFERENCE: W-05054, Hurricane Katrina – Flood Claim Handling Standards

According to FEMA Bulletin Number W-05054, Hurricane Katrina – Flood Claim Handling Standards, enhanced claim handling procedures were implemented to expedite the services provided to policyholders for losses. Based on the enhanced procedure, new allocated fee amounts are available for certain damages under Hurricane Katrina. The enhanced claims handling procedure thoroughly explains the processes and requirements for Allocated LAE payments under the current fee schedule and fees using the enhanced claim processing for Hurricane Katrina. This procedure has been extended to expedite claims handling under Hurricanes Katrina and Rita.

Three processes were developed for handling Hurricanes Katrina and Rita claims with specific characteristics. The three processes are as follows:

- Process #1 – use to expedite the claim handling of structures that have or have had standing water in them for an extended period of time. You must be able to acquire a reliable square foot measurement for this process.
- Process #2 – use when it has been determined that the structure has been washed off its foundation by flood water and the square foot measurements are known.
- Process #3 – all other claims require a site visit and should be handled using the company's normal claim procedures.

The NFIP Allocated Fee allowance to the adjuster is as follows when using:

- Process #1 and Process #2:
\$750.00 for each claim plus \$400.00 if a site visit is necessary at a later date.
- Process #3:
Follow the existing NFIP Allocated LAE Fee Schedule.

Use the normal ICC fee schedule when processing ICC claims related to Hurricanes Katrina and Rita. ICC claims are not subject to the expedited claims processing.

For complete procedures and requirements pertaining to the handling of claims with specific characteristics from Hurricane Katrina, please refer to Bulletin W-05054, Hurricane Katrina – Flood Claim Handling Standards.

Financial Statement Reporting Requirements for Hurricanes Katrina and Rita Allocated Loss Adjustment Expenses when using Process #1:

- Report the total number of fees paid using Process #1 on the “Revised Exhibit V-F Fee Schedule – Allocated LAE,” line number 500-F1, entitled, Process 1. The value of each fee paid under Process 1 is \$750.00. The total dollar amount for Process 1 fees will calculate based on the total number of fees paid at \$750.00.
- If a subsequent site visit is necessary, report the total number of fees paid using Process #1 on the “Revised Exhibit V-F Fee Schedule – Allocated LAE,” line number 500-F1S, entitled, Process 1 Site Visit. The value of each fee paid under Process 1 for subsequent site visit is \$400.00. The total dollar amount for Process 1 Site Visit fees will calculate based on the total number of fees paid at \$400.00.
- If multiple site visits are required for Process #1, submit multiple site visit (2nd visit and greater) expenses as a Special Allocated LAE, Type 2 (FEMA approval letter required). Report the expense on Financial Exhibit VI, Line 655. Follow the normal approval process and TRRP reporting for Special Allocated LAE expenses.

Financial Statement Reporting Requirements for Hurricanes Katrina and Rita Allocated Loss Adjustment Expenses when using Process #2:

- Report the total number of fees paid using Process #2 on the “Revised Exhibit V-F Fee Schedule – Allocated LAE,” line number 500-F2, entitled, Process 2. The value of each fee paid under Process 2 is \$750.00. The total dollar amount for Process 2 fees will calculate based on the total number of fees paid at \$750.00.
- If subsequent site visit is necessary, report the total number of fees paid using Process #2 on the “Revised Exhibit V-F Fee Schedule – Allocated LAE,” line number 500-F2S, entitled, Process 2 Site Visit. The value of each fee paid under Process 2 for subsequent site visit is \$400.00. The total dollar amount for Process 2 Site Visit fees will calculate based on the total number of fees paid at \$400.00.
- If multiple site visits are required for Process #2, submit multiple site visit (2nd visit and greater) expenses as a Special Allocated LAE, Type 2 (FEMA approval letter required). Report the expense on Financial Exhibit VI, Line 655. Follow the normal approval process and TRRP reporting for Special Allocated LAE expenses.

Financial Statement Reporting Requirements for Hurricanes Katrina and Rita Allocated Loss Adjustment Expenses when using Process #3:

- Follow the existing NFIP Allocated LAE Fee Schedule procedure.

TRRP Reporting Requirements for Hurricanes Katrina and Rita Allocated Loss Adjustment Expenses when using Process #1, Process #2 or Process #3:

- TRRP Plan change pages will specify certain Cause of Loss codes to be used for Hurricanes Katrina and Rita claims when using Processes #1, #2 and Special Adjusting Process (Special Adjusting Process further explained below). TRRP Plan change pages will be provided for TRRP reporting with effective dates of October 1, 2005. Hurricanes Katrina and Rita related claims previously reported to the NFIP Bureau using a regular Cause of Loss code must be corrected with the appropriate Cause of Loss code identified in the TRRP change pages for Processes #1, #2 and the Special Adjusting Process. This correction can be done by submitting a 61A transaction to update the Cause of Loss code to a suitable Cause of Loss code specified in the TRRP change pages. See the updated TRRP change pages relative to the Cause of Loss code for description of the new codes and types of expedited claims circumstances.
- Follow the existing NFIP Allocated LAE TRRP reporting when using Process 3.

To further expedite claims processing for Hurricanes Katrina and Rita, FEMA has initiated an Adjusting Process Pilot Program. Companies taking part in this pilot program will be notified by FEMA representatives. For financial reporting, Exhibit V-F Fee Schedule – Allocated LAE has been revised to include line number 500-F4, Special Adjusting Process (FEMA Approval Required). For those companies participating in this pilot, an additional Allocated LAE Financial Worksheet will be provided. However, prior FEMA approval is required when using the Special Adjusting Process. For TRRP Reporting of the Special Adjusting Process, see the information contained under, TRRP Reporting Requirements for Hurricanes Katrina and Rita Allocated Loss Adjustment Expenses when using Process #1, Process #2 or Process #3 section of this bulletin.

If you have any questions, please contact your Program Coordinator.

cc: Vendors, IBHS, Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Marketing, Underwriting

REVISED EXHIBIT V-F

FEE SCHEDULE - ALLOCATED LAE

(USE FOR CLAIMS WITH DATE OF LOSS OF 09/01/04 AND LATER)

COMPANY NAME : YOUR COMPANY NAME
 COMPANY NUMBER : YOUR COMPANY NAIC NUMBER LEFT JUSTIFIED
 PERIOD ENDING : MONTH (ALL CAPITAL LETTERS) AND YEAR

A	B	C	D
ENTRY VALUE RANGE	NUMBER	FEE	FEE PAID
ERRONEOUS ASSIGNMENT	0	60.00	\$ 0
CWP	0	225.00	0
\$ 0.01- 1000.00	0	300.00	0
1000.01- 2500.00	0	425.00	0
2500.01- 5000.00	0	500.00	0
5000.01- 7500.00	0	575.00	0
7500.01- 10000.00	0	650.00	0
10000.01- 15000.00	0	750.00	0
15000.01- 25000.00	0	850.00	0
25000.01- 35000.00	0	1000.00	0
35000.01- 50000.00	0	1250.00	0
50000.01- 100000.00	0	3.0%	0
100000.01- 250000.00	0	2.3% BUT NOT LESS THAN \$3,000.00	0
250,000.01 and up	0	2.1% BUT NOT LESS THAN \$5,750.00	0

Use the following Allocated LAE Fees for Expedited Claim Handling for Hurricanes Katrina and Rita with dates of loss beginning August 24, 2005.

500-F1	Process 1	0	750.00	0
500-F1S	Process 1 Site Visit	0	400.00	0
500-F2	Process 2	0	750.00	0
500-F2S	Process 2 Site Visit	0	400.00	0
500-F4	Special Adjusting Process (FEMA Approval Required)	0		0
*500-F.	TOTAL ALLOCATED LAE FEES PAID-EXHIBIT V-F		\$	0

*UPON FEMA REQUEST, WYO COMPANY MUST PROVIDE SUPPORTING DETAIL FOR THE REPORTED EXPENSE.

Revised 10/01/05

HURRICANES KATRINA/RITA ALLOCATED LAE FINANCIAL WORKSHEET

(Use for Allocated LAE Fees for Expedited Claim Handling for Hurricanes Katrina and Rita with dates of loss beginning August 24, 2005)

COMPANY NAME : YOUR COMPANY NAME
 COMPANY NUMBER : YOUR COMPANY NAIC NUMBER LEFT JUSTIFIED
 PERIOD ENDING : MONTH (ALL CAPITAL LETTERS) AND YEAR

A ENTRY VALUE RANGE	B NUMBER	C FEE	C1 Percentage	D FEE PAID
ERRONEOUS ASSIGNMENT	0	60.00	75%	\$ 0
CWP	0	225.00	75%	0
\$ 0.01- 1000.00	0	300.00	75%	0
1000.01- 2500.00	0	425.00	75%	0
2500.01- 5000.00	0	500.00	75%	0
5000.01- 7500.00	0	575.00	75%	0
7500.01- 10000.00	0	650.00	75%	0
10000.01- 15000.00	0	750.00	75%	0
15000.01- 25000.00	0	850.00	75%	0
25000.01- 35000.00	0	1000.00	75%	0
35000.01- 50000.00	0	1250.00	75%	0
50000.01- 100000.00	0	3.0%	75%	0
100000.01- 250000.00	0	2.3% BUT NOT LESS THAN \$3,000.00	75%	0
250,000.01 and up	0	2.1% BUT NOT LESS THAN \$5,750.00	75%	0
TOTAL Special Adjusting Process (To Revised Exhibit V-F, Line 500-F4)				0
Process 1 (Line 500-F1)	0	750.00		0
Process 1 Site Visit (Line 500-F1S)	0	400.00		0
Process 2 (Line 500-F2)	0	750.00		0
Process 2 Site Visit (Line 500-F2S)	0	400.00		0
TOTAL ALLOCATED LAE FEES PAID FOR KATRINA/RITA SPECIAL PROCESSING				\$ 0

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