

NATIONAL FLOOD INSURANCE PROGRAM

Flood Adjuster Capacity Program Manual

NOVEMBER 2023



FEMA



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1. National Flood Insurance Program (NFIP)

The National Flood Insurance Program (NFIP) was established by the National Flood Insurance Act of 1968, making federally backed flood insurance available to property owners within a participating community. The participating community must adopt and enforce floodplain management laws and ordinances for new and existing construction.

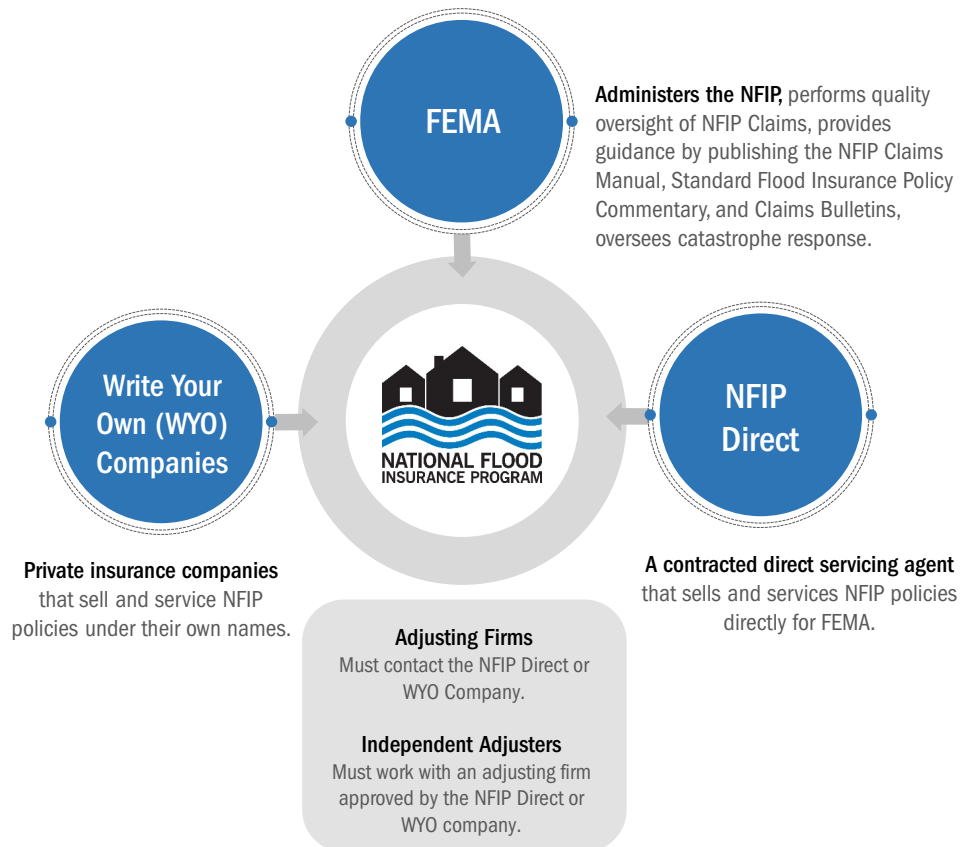
2. NFIP Partners

The NFIP Direct Servicing Agent (NFIP Direct) and Write Your Own (WYO) Companies have the authority to write and service policies and claims on the behalf of the NFIP in accordance with FEMA rules, regulations, and published guidance.

Adjusting firms interested in adjusting claims on behalf of the NFIP must contact the NFIP Direct or WYO company for consideration and approval.

Independent adjusters (IAs) interested in adjusting NFIP claims must have an active NFIP Flood Control Number (FCN) and work with an adjusting firm approved by the NFIP Direct or WYO company. The IA should contact an approved adjusting firm for specific details on how to obtain work from that firm.

Figure 1. NFIP Claims Adjusting Partners



3. Flood Adjuster Capacity Program (FACP)

FEMA and the NFIP do not hire, train, or assign claims to independent adjusters. However, FEMA must be prepared to provide for an extraordinarily large event or a succession of mid-sized events to ensure there are enough well-trained adjusters ready to provide exceptional customer service to NFIP policyholders. Because of this, FEMA initiated the FACP, setting minimum training standards designed to increase the number of adjusters who are trained in servicing NFIP flood claims. The FACP, by design, encourages the NFIP Direct, WYO companies, and independent adjusting firms to jointly enhance the recruitment, training, and professional development of NFIP claim adjusters.

FIGURE 2: Approval Process To Be an FACP Adjusting Firm

| |
|--|
| <ul style="list-style-type: none"> • The independent adjusting firm creates training packet and requests WYO approval to be an FACP adjusting firm. |
| <ul style="list-style-type: none"> • WYO approves packet (must contain FACP minimum standards and standards set by WYO). • It is up to the WYO to allow trainees to be used on their claims. |
| <ul style="list-style-type: none"> • The WYO sends the packet to the NFIP Standard Operations (NFIP SO) contractor for recommendation via email: NFIPAdjusterMailbox@fema.dhs.gov |
| <ul style="list-style-type: none"> • If FEMA approves the training packet, the NFIP SO will send an approval letter to the WYO and adjusting firm. |
| <ul style="list-style-type: none"> • If FEMA does not approve, an explanation will be given to the WYO. • The WYO may work with the IA firm for resubmission. |

4. Participating in the FACP

FEMA encourages all independent adjusting firms to consider participating in the FACP. Section 5 of this manual outlines the NFIP Direct and WYO company’s responsibilities and the role of independent adjusting firms selected to participate in the FACP. The NFIP Direct and WYO company have the sole discretion to permit trainees to adjust their claims.

Adjusting firms seeking to participate in the FACP must submit an official request to the NFIP Direct or affiliated WYO company for approval. In addition to the official request (see Figure 2 for approval process), the adjusting firm must also complete the following two steps:

STEP 1: Develop a comprehensive FACP training curriculum that incorporates the minimum training standards outlined in Sections 5 and 6 below.

4. Participating in the FACP

continued

STEP 2: Submit a training packet that must include these items:

- The adjusting firm’s corporate profile including a list of executives and managers;
- The adjusting firm’s Errors and Omissions (E&O) coverage information;
- A resume and active Flood Control Number (FCN) for each trainer;
- Curriculum that includes training and supervision as outlined in Section 5;
- The criteria for selecting trainees;
- The expected student-to-trainer ratio; and
- Timeframes to implement and execute the FACP for each trainee.

After a designated official from the NFIP Direct or WYO company reviews and accepts the adjusting firm’s FACP packet, they will send an approval letter to FEMA for review. The approval letter and the adjusting firm’s training packet are a recommendation to FEMA by the NFIP Direct or WYO company to consider the adjusting firm to participate in the FACP. The approval letter must originate from a company email address.

Email the approval letter along with the adjusting firm’s FACP packet to: NFIPClaimsMailbox@fema.dhs.gov.

A designated official at FEMA will review the recommendation. If approved, the NFIP will send an approval letter to the NFIP Direct or WYO company and adjusting firm. If the recommendation is not approved, FEMA will send a written explanation to the NFIP Direct or WYO company. In cases where the recommendation is not approved, representatives from the NFIP Direct or WYO company and adjusting firm should work together to improve the training packet based on FEMA’s explanations and resubmit for reconsideration.

5. Roles and Responsibilities

5.1 NFIP Direct & WYO Company

To ensure the FACP adjusting firm meets NFIP standards, the NFIP Direct and WYO company must sponsor and provide oversight of the FACP, including monitoring adjusting firms participating in the FACP to ensure training programs are effective and properly managed and administered. The NFIP Direct and WYO companies must:

- Approve an IA firm’s FACP training packet. **Note:** The NFIP Direct and WYO company may add standards to FEMA’s minimum requirements.
- Review and submit IA firm training packet for approval to FEMA.

5. Roles and Responsibilities

continued

- Provide the following minimum adjuster training oversight:
 - Review and monitor training for consistency of adjusting firms' performance.
 - Perform quality assurance audits.
 - Document trends and analyze each adjuster's work.
- Recommend trainees to FEMA for an FCN.

5.2 The Independent Adjusting Firm's Role

An adjusting firm participating in the FACP must do all the following:

1. Be approved to use trainees to handle their claims by a WYO company or NFIP Direct.
2. Have qualified trainers on staff.
3. Recruit candidates to take part in the FACP.
4. Maintain the student-to-trainer ratio as outlined in their approved training packet.
5. Conduct annual training classes for their adjusters. The adjusting firm will give the date and location of the classes to the NFIP.
6. Tailor the training to match the experience level of the trainee.
7. Provide the trainee with a copy of the FACP requirements to ensure their understanding.
8. Maintain detailed records for any person recommended for an FACP Training FCN. Records must include:
 - a. The offer of training and request for FACP Training FCN
 - b. Résumés of trainees
 - c. Training attendance records
 - d. Related communications, etc.

Important: Do not request an FACP Training FCN unless there is clear agreement by the trainee to enter the program. If a trainee leaves the training program prior to successful completion, the adjusting firm must immediately notify FEMA to request revocation of the FACP Training FCN.

9. Promptly recommend the trainee who satisfactorily completes FACP minimum training requirements to the NFIP Direct or WYO company for an FCN. The recommendation must include the training records and adjuster FCN application.

A. Trainer Qualifications

Representatives from the adjusting firm, with input as needed from the NFIP Direct or WYO company, select trainers with the minimum qualifications below. A trainer must:

1. Be an active NFIP authorized flood adjuster;

5. Roles and Responsibilities

continued

2. Attend annual NFIP Claims Presentation conducted by FEMA;
3. Have a minimum of 5 years of flood claims adjusting experience;
4. Exhibit effective communication and interpersonal skills;
5. Display strong leadership and organizational skills;
6. Work for an FACP-participating adjusting company; and
7. Stay current on all NFIP claims guidance and regulatory updates and be able to effectively communicate these to trainees.

B. Trainer Activities

- Develop a performance plan for each trainee that includes an individualized training plan and schedule to document the following:
 - The trainee’s level of experience when entering the FACP;
 - The details of the specific training given;
 - The date and time for classroom training dedicated to each topic; and
 - The trainee’s progress and proficiency on each subject.
- Devote the necessary time to develop the trainee’s adjusting skills, document the activities of the training plan, and be available to answer questions and provide explanations as the trainee continues to learn and develop their adjusting skills.
- Review and sign-off on all work performed by trainees and keep a detailed record of their work and performance.
- Identify when a trainee has reached a level of competency necessary to successfully adjust, scope, and investigate claims on their own.
- Inform the adjusting firm that the trainee has successfully completed the training and is ready to become an authorized adjuster.

C. Claims Shadowing

Claims shadowing during training is a vital part of the FACP where on-the-job training occurs. The level of oversight needed depends on the experience of the trainee entering the FACP. The trainer must:

- Physically attend a minimum of five initial inspections with the trainee. More may be required depending on the trainee’s related work experience, the type of loss involved, and the individual’s level of understanding.
- Complete a performance record documenting the strengths and weaknesses of the trainee and assign supplemental training, if necessary.
- Shadow the trainee while they are adjusting diverse types of flood claims (e.g., closing a claim file without a payment; claims for files with restricted coverage involving basements and post-FIRM elevated buildings; and claims involving direct flood damage to the dwelling) while ensuring the excellent customer service to policyholders.

5. Roles and Responsibilities
continued

D. Supervised Adjusting

After the trainee has successfully shadowed the trainer handling a variety of dwelling claims, trainers must continue to oversee the work of the trainee. The trainer’s oversight must include, but is not limited to, a review of the trainee’s ability to proficiently:

- Scope losses and take detailed notes;
- Write estimates and adjust unit-pricing;
- Notate estimates and explain judgment and pricing/values;
- Document the loss, damage, and quality of finishes through photographs and label photographs with meaningful notes and descriptions; and
- Complete all necessary forms required for reporting.

The trainer’s oversight must ensure the trainee is able to independently apply the proper coverage and costs in the adjustment, while providing the proper level of customer service. Once a trainee has successfully completed claims actively overseen by the trainer, the trainer will continue to work with the trainee until they are deemed by the trainer to be fully competent and proficient as a claims adjuster.

Trainers must still review, approve, and sign off on all flood claims adjusted by a trainee before sending their claims files to the NFIP Direct and WYO company. Trainers must be ready to intervene in a claim assignment and, if necessary, even order a re-inspection to ensure proper claims handling and customer service. The length of time spent under the trainer’s supervision will depend upon the trainee’s ability to demonstrate their knowledge of common SFIP terms and conditions and their ability to identify and document the loss and complete NFIP forms prepared for policyholders.

FIGURE 3: Becoming an Authorized Adjuster

- The IA firm identifies when a trainee has completed the training and recommends they become an authorized adjuster.
- Once the WYO agrees the trainee is ready to be an authorized adjuster, the WYO will make a recommendation to FEMA.
- If FEMA approves the trainee for authorization, the adjuster will receive their own FCN card.
- If FEMA does not approve, an explanation will be given, and the adjuster may seek approval the following year.

5. Roles and Responsibilities
continued

5.3 Trainee Eligibility

Individuals who meet the eligibility requirements listed in **Table 1** may train to become authorized flood adjusters:

TABLE 1: Trainee Eligibility and Requirements

| TYPE | DETAILS |
|---------------------|---|
| Eligibility | <ul style="list-style-type: none"> • Trainee must be a US Citizen or be a lawful permanent resident of the United States and possess an Employment Authorization Document (EAD). • Trainee must have a valid U.S. issued driver’s license with photo or a government issued photo identification card. • Trainee cannot be currently employed by or paid to adjust flood claims by any entity or person other than the NFIP adjusting firm. • Trainee must train under one participating FACP adjusting firm at a time. If a trainee leaves the FACP adjusting firm, they need to re-start the training with the new FACP adjusting firm. • Trainee must complete the application to receive a trainee adjusting card. The FACP adjusting firm will assist with this process. The trainee will not receive a permanent FCN card until they have successfully completed the FACP. |
| Requirements | <ul style="list-style-type: none"> • Trainee will work under the direction of the assigned trainer. • Trainee will participate in and successfully complete all assigned training required by the FACP adjusting firm. • Trainee must demonstrate successful completion of the FACP by satisfying the curriculum outlined by the independent adjusting firm and their assigned trainer. • Trainee must read and understand the SFIP and the NFIP Claims Manual. • Trainee must always act in a professional and courteous manner and make every effort to provide excellent customer experiences from the initial inspection to the conclusion of the claim. • Trainee is required to attend an annual NFIP Claims Presentation conducted by FEMA. |

- **Non-Flood Adjusters:** Experienced property adjusters, or property adjusters with some adjusting experience who may also have experience in building construction and understand the components of building repair and have experience writing estimates.
- **Building Construction Professionals:** Individuals with knowledge about building materials and construction techniques who also understand the components of building repair and are skilled in writing estimates.

5. Roles and Responsibilities

continued

- **Individuals with No Adjusting or Estimating Experience:** Individuals who want to learn the skill of adjusting flood claims and estimating building losses.

5.4 Quality Assurance

A. NFIP Direct and WYO Company

The NFIP Direct and WYO companies must develop and implement a process to document trends and analyze each trainee's initial, interim, and final work.

B. Independent Adjusting Firm

All participating independent adjusting firms must periodically self-evaluate and send a report detailing the results of their evaluation to the NFIP Direct and WYO company.

C. Trainer

The trainer must conduct evaluations of the quality of the trainee's work in each of these areas: program and policy knowledge, reporting forms, computer estimating competence, documentation, ethics, and program integrity.

D. Incomplete or Unsatisfactory Work Product – Standards

The NFIP Direct and all WYO companies must notify the adjusting firm if they become aware of any trainee who is not demonstrating the expected quality and professionalism in their work. The independent adjusting firm will be responsible for conducting additional training or taking other actions to address the concerns.

In situations where the work product or performance issues continue, the NFIP Direct and WYO company may, at their discretion, suspend or terminate their relationship with the trainee.

E. FEMA

FEMA has oversight of the NFIP by performing Random Claims Quality Checks (RCQC), Operation Reviews, and through technology that allows the tracking of claims assigned to adjuster or trainer and trainee.

Participating firms must comply with all FACP requirements. FEMA may take informal or formal corrective actions to address instances of non-compliance, including suspension or debarment under 2 CFR part 180 and 48 CFR subpart 9.4.

6. Required Curriculum

At the end of the training, adjusters must be able to demonstrate competency in the following areas:

- The Standard Flood Insurance Policy (SFIP)
- The NFIP Claims Manual
- All NFIP Adjuster Forms
- Claims Adjusting Software
- FACP Manual

7. Suggested Curriculum

- NFIP Flood Insurance Manual
- Increased Cost of Compliance Coverage (FEMA 301)
- Claims Handbook (F-687)
- Answers to Questions About the NFIP (F-084)

8. Required Competency

At the end of the training, adjusters must be able to show competency in the following areas (this is not an exhaustive list):

- Customer service, communication, and setting expectations;
- Ethics and program integrity;
- Principles of insurance;
- Legally defined insurance terms;
- Building materials, assemblies, and construction terminology;
- Using appropriate investigation protocols to identify a general condition of flooding;
- Scoping a loss;
- Knowledge of the NFIP;
- Identify, explain, and document covered and non-covered water, moisture, or mold damage; earth movement; structural drying; and other common claim issues;
- Personal property adjusting;
- Proper photography of the property, waterlines, and the loss in support of the proof of loss or claim recommendation;
- Use of engineers and other experts;
- Coverage issues and non-waivers;
- Addressing prior losses;
- Subrogation and salvage;
- Effective desk and time management;
- Describe a building and understand when to submit an underwriting alert to the NFIP Direct or WYO Company; *and*
- Any other training considered necessary by the NFIP Direct, WYO Company, or the adjusting firm.

9. Flood Control Number (FCN) Card

The NFIP assigns a unique identifier to each adjusting firm and to all trainees. Trainees will receive their own trainee FCN number on their FCN card. For trainees, the first five digits of the FCN will be their adjusting firm's number, and the last five digits identify the trainees. These cards are only authorized for Residential Dwelling and will include the name of their FACP Adjusting firm.

Trainees cannot submit a claim to the NFIP insurer without both trainee and trainer signatures and a copy of both FCN cards in the file. The



training adjuster must sign and include their own FCN on both the Preliminary Report and Final Report with the adjuster in training's signature and FCN.

Only adjusters with FCN cards are authorized by the NFIP to inspect flood losses for policyholders.

“Scopers” or “inspectors” are not recognized adjusters.

◀ **FCN cards are FEMA property and may only be used by the person to whom it was issued, for the sole purpose of adjusting claims on behalf of the NFIP.**

10. Unauthorized Adjusters

Trainees and experienced adjusters must be authorized to work flood claims under the NFIP. Trainees are only authorized to work claims under the Dwelling form.

FEMA performs operation reviews to validate quality assurance of claims handling and to verify adherence to the NFIP's guidelines. The following errors are scored as “critical” errors:

- The adjuster or trainee does not have a valid FCN;
- There is no supervisor's signature accompanying a trainee's work; or
- The adjuster was not authorized to work on the claim file.

11. FEMA Core Values and Code of Conduct

11.1 FEMA Core Values

FEMA is committed to the core values of compassion, fairness, integrity, and respect. By handling NFIP claims, claims professionals agree to adhere to these principles of conduct.

| FEMA CORE VALUES | |
|-------------------|---|
| Compassion | Be empathetic to the stressful circumstances the policyholder may be experiencing and your crucial role in helping their recovery. Every interaction with the policyholder is an opportunity to cultivate a relationship. |
| Fairness | Strive to achieve principled, well-reasoned, and just outcomes in the execution of all claims, and adjust each claim fairly and without unnecessary delay, bias, or preference. |
| Integrity | Integrity is the foundation of all our actions and is central to our conduct. Maintain the highest standards of integrity by creating a culture of honesty, consistency, and predictability. Trust is the earned result of conducting our actions with integrity. Failure to adhere to the highest standards reflects poorly on the NFIP. |
| Respect | Treat all policyholders with dignity and respect. This is not only important, but it is also their right. |

11.2 Code of Conduct

Individuals handling NFIP claims will maintain the highest standards of honesty, impartiality, character, and conduct to ensure the proper performance of NFIP business and the continued trust and confidence of the NFIP policyholders. Adjusters must conduct themselves with courtesy and integrity, a deep sense of responsibility for policyholder trust, and promptness in dealing with and serving the policyholder. Adjusters will display a standard of professional behavior that reflects positively upon and will be a credit to both themselves and the NFIP.

FEMA does not accept any professional conflict of interest. Any independent adjuster or adjusting firm who performs work on behalf of the NFIP, or who is registered in the FACP, may not perform any services, including support, inspections, consulting, or estimating, for or as a public adjuster (licensed or not), or give representation adverse to the NFIP.

Adjusters also may not adjust claims for a property in which the adjuster or immediate family member owns an interest, nor can an adjuster accept any money from a third party to steer business to a specific firm or individual.

“Ethics is knowing the difference between what you have a right to do and what is right to do.”

—Justice Potter Stewart

**11. FEMA
Core Values
and Code
of Conduct**
continued

Adjusters and adjusting firms may not accept monetary or non-monetary incentives from policyholders. If a conflict is identified, an adjuster's registration will be deferred for one year to ensure interests have ended and will not reoccur. In addition, the use of the FCN for any purpose other than adjusting a flood insurance claim on behalf of an NFIP insurer is improper and may result in immediate suspension or revocation of the FCN. FEMA may refer to improper usage of the FCN to investigators as necessary to protect the integrity of the NFIP.

FEMA will investigate all complaints asserting a violation of the Code of Conduct to confirm the validity of the complaint. WYO companies, NFIP Direct, and adjusting firms also have an obligation to protect the integrity of the NFIP. When a WYO company, NFIP Direct, or adjusting firm becomes aware of a violation, they must conduct an internal investigation. If a violation is confirmed, they will immediately notify FEMA and give all supporting documentation, including their findings and recommendations. If FEMA determines that there was a violation of the NFIP's Code of Conduct, FEMA will act to revoke the FCN for a period necessary to remedy the underlying violation, which in no case will be less than one year from the date the violation ceased.

Documentation can be sent to the NFIP via either of the following methods:

E-mail: NFIPAdjusterMailbox@fema.dhs.gov

Mail: NFIP, PO Box 310, Lanham, MD 20703-0310

If sent over email, you must password-protect, encrypt, or otherwise protect the privacy of any personally identifiable information contained within the documentation. Once FEMA revokes the FCN, an adjuster will no longer have the authority to adjust claims on behalf of the NFIP. Where code of conduct violations are evident within the firm, the firm may lose authority to adjust claims on behalf of the NFIP.

An adjusting firm or adjuster may appeal a temporary suspension or indefinite revocation by submitting a request with supporting documentation to the Assistant Administrator for Federal Insurance for review and consideration. The Assistant Administrator for Federal Insurance is responsible for reviewing and making final determinations concerning all revocation appeals. The Assistant Administrator for Federal Insurance holds the ultimate authority to revoke or reinstate an FCN.

12. Resource Materials

Many of the following materials may be found at: [NFIPServices.FloodSmart.gov/claims](https://www.fema.gov/claims):

- [FEMA WYO Bulletins](#)
- [NFIP Claims Manual](#)
- [NFIP Claims Handbook](#)
- [NFIP Flood Insurance Manual](#)
- [Increased Cost of Compliance Brochure](#)
- [Increased Cost of Compliance \(ICC\) Coverage: Guidance for State and Local Officials](#)
- [Adjuster Forms](#)
- [FEMA Map Service Center](#)
- [FEMA Independent Study](#)
- [FACP Manual](#)
- [Standard Flood Insurance Policies \(Dwelling, General Property, and RCBAP\)](#)
- [Summary of Coverage](#)

13. Acronyms and Abbreviations

| | |
|----------------|-------------------------------------|
| DHS | Department of Homeland Security |
| EAD | Employment Authorization Document |
| FACP | Flood Adjuster Capacity Program |
| FCN | Flood Control Number |
| FEMA | Federal Emergency Management Agency |
| FID | Federal Insurance Directorate |
| IA | Independent Adjuster |
| NFIP | National Flood Insurance Program |
| NFIP SO | NFIP Standard Operations |
| SFIP | Standard Flood Insurance Policy |
| WYO | Write Your Own |

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