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October 30, 2014

David L. Miller  
Associate Administrator  
Federal Insurance and Mitigation Administration  
Federal Emergency Management Agency  
500 C Street SW, Washington, DC 20472

Dear Mr. Miller:

On behalf of the over 1 million members of the National Association of REALTORS® (NAR), I am pleased to submit these Principles for the establishment of the Office of the Flood Insurance Advocate (Principles). The Principles were developed in consultation with other stakeholder groups and organizations with an interest in making sure the Flood Insurance Advocate is an effective voice for flood insurance consumers and policyholders.

Section 24 of the Homeowners Flood Insurance Affordability Act requires the FEMA Administrator to "...designate a Flood Insurance Advocate to advocate for the fair treatment of policy holders under the National Flood Insurance Program and property owners in the mapping of flood hazards, the identification of risks from flood, and the implementation of measures to minimize the risk of flood."

Subsection (b) specifically directs the Advocate to "aid potential policy holders under the National Flood Insurance Program in obtaining and verifying accurate and reliable flood insurance rate information when purchasing or renewing a flood insurance policy."

A major driver behind this provision was the confusion many property owners experienced as their flood insurance became unaffordable. Yet, when they turned to FEMA, they were unable to get their question answered or their issue resolved. The only recourse was to hire a third party to investigate the rate quote, obtain the documentation used to generate the quote, evaluate whether the insurance judgments and interpretations used were accurate, and then offer corrections for the insurance company to voluntarily make when errors were found. Often the company disagreed, and the third party then had to get FEMA involved. But this is FEMA's program. It's FEMA's responsibility to double check company practices and ensure compliance with its own regulations. The homeowner should not have to spend money on third parties to do FEMA's job for them.

These Principles reflect the need for balance in the Advocate's office among the competing activities of education, outreach, mitigation and policy holder assistance with its responsibility to investigate and guarantee the appropriate use of its rate tables and guidelines.



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Flood maps, mitigation and education are already FEMA strengths: the Agency has many talented and skilled staff that know the process and can explain how it works in simple terms to a homeowner. The Advocate's office adds a critical ingredient to this skill set by going beyond education and outreach to in fact advocate for the property owner when a quoted insurance rate or flood map would appear to be inaccurate.

However, to be effective the Advocate must also have expertise and background in insurance and understand the underwriting process to determine if the rate quote is accurate and how the quote was developed. The advocate must have the authority to investigate the quote, gather information it needs to make determinations, and resolve the matter. The Advocate should also have sufficient independence and autonomy within FEMA to making rating corrections and provide the homeowner with mitigation, map or grant options. When patterns related to inaccurate maps or rate quotes are discerned, the Advocate should be able to report to Congress with recommendations for further action at the next reauthorization.

With the effective implementation of refund and rate relief provisions on the horizon and other critical reforms to the program in process, we urge you to appoint a Flood Insurance Advocate as quickly as possible.

Sincerely,

A handwritten signature in blue ink that reads "Steve Brown". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Brown  
2014 President, National Association of REALTORS®

cc: Senator Landrieu

## OFFICE OF THE FLOOD INSURANCE ADVOCATE:

### Principles of the National Association of REALTORS®

#### Authority

- To investigate and resolve inquiries regarding the accuracy of:
  - flood insurance rates and quotations;
  - elevation certificates;
  - letters of map amendment or revision;
  - appeals and reimbursement of expenses; and,
  - fund elevation, buyouts and mitigation.
- To obtain any data or documentation needed to respond to inquiries.

#### Accountability

- To collect data, track and analyze:
  - patterns and concerns with the NFIP as well as their primary cause and resolution; and,
  - the advocate's success rate, including timeliness in resolving policyholder inquiries.

#### Autonomy

- To do all of the above; and,
- To report, independent of DHS/FEMA, to Congress on patterns and concerns with the NFIP and make recommendations to strengthen the Office or the program as a whole.

#### ADDITIONAL INFORMATION

- The Office of Advocate serves as a **one-stop shop, triage and clearinghouse** of information for the policyholder or prospective policyholder to get answers to their questions about flood insurance rates, quotes, certs, maps, and map appeals.
  - Triage: The advocate takes the calls that take more than a few minutes to answer. These are the calls requiring an in-depth or cross-cutting investigation or expertise, with which no one single program at FEMA (including the call centers) is equipped to handle on its own.
  - One-stop: Policyholders or prospective policyholders should not be routed to more than one department within FEMA, and should be able to obtain all the information they need from one source, the advocate. The advocate will, on the policy holder's behalf, contact the FEMA department(s) or WYO, obtain whatever data or documentation they need, and respond to the inquiry.
  - The Office will open a file for each inquiry, investigates and obtains information needed from another FEMA office, WYO or insurance agent, and report backs to the property owner as to whether the rate/map is accurate, and if not, what needs to be done to resolve the inquiry.
  - Clearinghouse: The advocate is the central agency within FEMA that collects information and provides data analytics on process patterns and concerns on the NFIP, their primary cause and resolution which can be considered and used by Congress at reauthorization.
- Advocates FOR the policyholder and not FEMA, the WYO or agent.
- Resolves the inquiry even if only to report to the policyholder that FEMA or WYO provided accurate information and identify some options, e.g., mitigation, which could help lower the rate.
  - If a rate quote is the result of an inaccuracy, the advocate will tell the WYO or agent exactly what the problem is with the quote and how to fix it; same goes for maps or map appeals where FEMA is the one driving the inaccuracy; or

- If the problem is the lender is requiring coverage for more than the federal minimum, the advocate should report that.
- Has the ability to report directly to Congress and make recommendations including proposed legislative solutions but gives FEMA the opportunity to address areas of concern before issuing such a report.
- Is independent of FEMA in the sense that the Advocate does not have to obtain approval from DHS, FEMA or the NFIP in order to report to Congress or carry out its duties as outlined above.
- Finds a culture within FEMA where other departments will respond to the Advocate's questions in a timely manner. Will need a head, but the focus is on the OFFICE of the Advocate – i.e., a team of experts housed at FEMA's headquarters where it can provide national and consistent direction across regions/states.
  - [Note: FY2015 House and Senate appropriations legislation include \$5 million for the Office. By comparison, the FIO has 17-18 FTEs for \$2.1 mil with 80% going to personnel]
- Modeled after Taxpayer Advocate Service and led by a D.C. office director, with at least one sub-director who is an insurance rating expert.
  - Is an advocate service with a familiarity of FEMA's programs (rates, maps, mitigation, etc.);
  - Must have an insurance underwriting and rating background – focusing exclusively on flood maps or mitigation is not enough; and,
  - Also is or has experts who know mitigation, flood mapping, appeals, as very few insurance experts are also experts in mitigation/mapping.