

Course Overview, Course Goal, and Objectives

Welcome to the Insurance Considerations course.

The course will provide an overview of the role of insurance in the Public Assistance process.

By the end of the course, State, Local, Tribal, and Territorial Applicants and Recipients will be able to understand most common insurance considerations, compliance, and requirements as it relates to the potential impacts of Public Assistance grant funding.

Upon successfully completing the course, participants will be able to:

- Identify the most common types of insurance coverage
- Explain the importance of disclosing and documenting all existing insurance policies early in the disaster recovery process
- Summarize the process for insurance reviews, including documentation requirements, key roles, and responsibilities
- Discuss how insurance coverages can potentially affect funding and conditions of the grant award
- Identify where in Grants Portal insurance documents, reviews, and conditions are retained

Lesson 1 Overview and Objectives

This lesson provides a general overview of insurance document types and requirements from FEMA for Public Assistance grant funding.

At the end of this lesson, participants will be able to:

- Identify administrative requirements of the course
- State the goals and objectives of the course
- Identify the different types of insurance coverage
- Describe the role of insurance as it relates to Public Assistance grant funding
- Describe FEMA's insurance requirements for eligibility for Public Assistance grant funding

Insurance Definitions (1 of 2)

Insurance is defined by Merriam-Webster as:

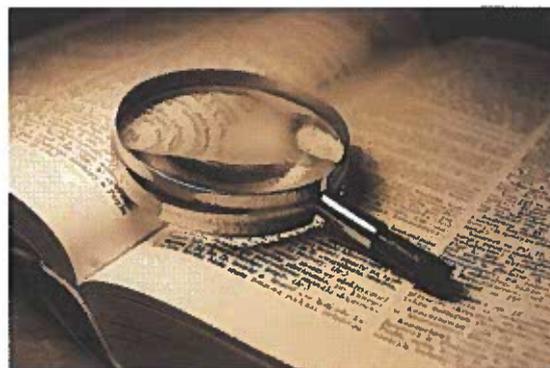
1. The business of insuring persons or property
2. Coverage by contract whereby one party undertakes to indemnify or guarantee another against loss by a specified contingency or peril
3. A means of guaranteeing protection or safety



Insurance Definitions (2 of 2)

FEMA defines insurance as:

Risk transfer from the insured to an insurer, where the insured agrees to pay a premium to the insurer, and in return the insurer agrees to reimburse the insured for covered losses to a property or properties if the losses are caused by designated hazards or perils.



Types of Insurance Coverage

Insurance covers losses as a result of earthquakes, winds, fires, flood, and other disasters. There are many types of insurance coverage, including:

- Blanket Policy
- Insurance Pools
- National Flood Insurance Program
- Self-Insurance Plan
- Standard Flood Insurance Policy



Types of Insurance: Blanket Policy

A Blanket Policy is a single insurance policy that provides multiple types of coverage and/or covers multiple properties.



INSURANCE

Types of Insurance: Insurance Pools

Insurance Pools are two or more entities which agree to share their risks under a contractual agreement. A

pool is not under the control of a single pool member and is governed by a board or similar organizational entity comprised of participating members.



Types of Insurance: National Flood Insurance Program

National Flood Insurance Program is the program of flood insurance coverage and floodplain management administered under the National Flood Insurance Act of 1968, as amended, and applicable Federal regulations promulgated in 44 Code of Federal regulations, Subchapter B (Parts 50-149).

A community that participates in the National Flood Insurance Program must adopt and enforce a floodplain management ordinance that meets or exceeds the minimum National Flood Insurance Program requirements.

Such an ordinance must contain construction requirements for new construction or Substantial Improvement of buildings located in a Special Flood Hazard Area.



Types of Insurance: Self-Insurance Plan

A Self-Insurance Plan is a formal means to manage risk through dedicated self-funding rather than through commercially available insurance. FEMA distinguishes a self-insurance plan from non-insurance, "rainy-day funds," or other forms of risk retention through evidence of fixed contributions and a formalized plan or system to pay losses as they occur.



Types of Insurance: Standard Flood Insurance Policy

Standard Flood Insurance Policy is the flood insurance policy issued by the Federal Insurance Administrator or an insurer pursuant to an arrangement with the Federal Insurance Administrator pursuant to Federal statutes and regulations.



First Source of Funding

Insurance is the first source of funding after a loss during the recovery process. FEMA requires the Applicant to take reasonable efforts to pursue claims to recover insurance proceeds that they are entitled to receive from the insurer(s).

If the Applicant expends costs to pursue its insurance claim, FEMA offsets the insurance reductions with the Applicant's reasonable costs to pursue the claim.



Duplicating Insurance Proceeds (1 of 2)

FEMA cannot provide Public Assistance grant funding that duplicates insurance proceeds. Consequently, FEMA reduces eligible costs by the amount of:

- Actual insurance proceeds, if known, OR
- Anticipated insurance proceeds based on the Applicant's insurance policy
 - If the amount of actual insurance proceeds is unknown, FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives

Duplicating Insurance Proceeds (2 of 2)

FEMA requires the Applicant to take reasonable efforts to pursue claims to recover insurance proceeds that it is entitled to receive from its insurer(s).

If the Applicant expends costs to pursue its insurance claim, FEMA offsets the insurance reduction with the Applicant's reasonable costs to pursue the claim.

Insurance Authorities

The statute that authorizes FEMA to provide assistance via the Public Assistance Program is the Robert T. Stafford Act. The following sections of the Robert T. Stafford Act are insurance authorities that FEMA provides under the Public Assistance Program:

- Title III - Major Disaster and Emergency Assistance Administration
 - Section 311, Insurance
 - Section 312, Duplication of Benefits
- Title IV - Major Disaster Assistance Programs (applies to Major Disaster Declarations)
 - Section 403, Essential Assistance

Stafford Act, Section 311

Section 311 of the Robert T. Stafford Act discusses insurance and its requirements.

Applicants who receive Public Assistance grant funding for permanent work to replace, repair, reconstruct, or construct a facility must obtain and maintain insurance on that facility.

The Applicant must insure facilities with the types and extent of insurance reasonably available, adequate, and necessary to protect against future loss to the property.

If the Applicant does not obtain and maintain the required insurance from a previous disaster, then the facility is not eligible for Public Assistance funding in a subsequent disaster, regardless of the hazard(s) that caused the damage.

Stafford Act, Section 312

Section 312 of the Robert T. Stafford Act discusses duplication of benefits, special rules, and recovery of duplicative benefits.

FEMA is legally prohibited from duplicating benefits from other sources. If the Applicant receives funding from another source for the same work that FEMA funded, FEMA reduces the eligible cost or de-obligates funding to prevent a duplication of benefits.

Stafford Act, Section 403

Section 403 of the Robert T. Stafford Act applies to Major Disaster Declarations and discusses essential assistance.

Federal agencies may on the direction of the President, provide assistance essential to meeting immediate threats to life and property resulting from a major disaster.

Robert T. Stafford Act Title 4 USC Chapter 68 Subchapter I 5121

Robert T. Stafford Act Title 4 USC Chapter 68 Subchapter I 5121, discusses providing an orderly and continuing means of assistance by the Federal government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage which result from such disasters by:

1. Revising and broadening the scope of existing disaster relief programs
2. Encouraging the development of comprehensive disaster preparedness and assistance plans, programs, capabilities, and organizations by the States and by local governments
3. Achieving greater coordination and responsiveness of disaster preparedness and relief programs
4. Encouraging individuals, States, and local governments to protect themselves by obtaining insurance coverage to supplement or replace governmental assistance
5. Encouraging hazard mitigation measures to reduce losses from disasters, including development of land use and construction regulations
6. Providing Federal assistance programs for both public and private losses sustained in disasters

44 Code of Federal Regulations

FEMA and any entity receiving Public Assistance must comply with all applicable Federal Regulations. The following are regulations that are a FEMA Public Assistance insurance authority:

- 44 Code of Federal Regulations 206.250 (discusses insurance deductions)
- 44 Code of Federal Regulations 206.252 (discusses insurance requirements for facilities damaged by a flood)
- 44 Code of Federal Regulations 206.253 (discusses insurance requirements for facilities damaged by a disaster other than a flood)

FEMA Recovery Policy (FP206-086-1)

The FEMA Recovery Policy (FP206-086-1), *Public Assistance Policy on Insurance*, describes insurance reductions in detail and the requirement to obtain and maintain insurance.

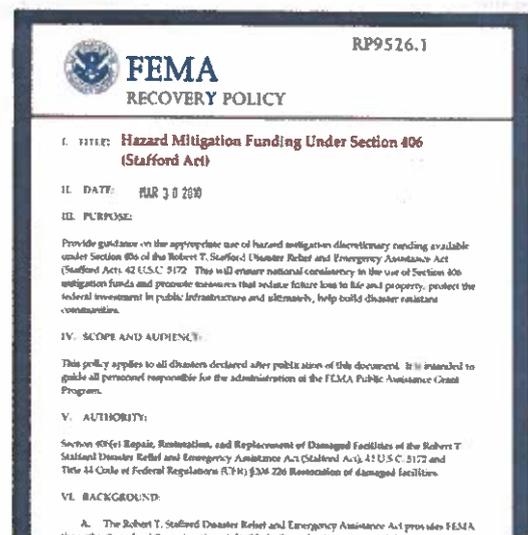
The purpose of the *Public Assistance Policy on Insurance*, is to guide decision making and interpret statutes and regulations related to insurance requirements under FEMA's Public Assistance program.

Select this link to access the Public Assistance Policy on Insurance: [Public Assistance Policy on Insurance](#)

FEMA Recovery Policy (FP205-081-2)

The FEMA Recovery Policy (FP205-081-2), *Disaster Grant Closeout Procedures*, clarifies FEMA's requirements under Section 705 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and establishes the guidelines to determine whether Section 705 applies, prohibiting FEMA from recovering payments made under the Public Assistance Program.

The purpose of this policy is to explain how FEMA implements Section 705 in order to ensure consistent application to Public Assistance program funding.



The Requirement to Obtain and Maintain Insurance (1 of 3)

When FEMA provides an Applicant assistance for permanent work to replace, restore, repair, reconstruct, or construct a facility, the Applicant must insure that facility against future loss.

FEMA refers to this as the requirement to "obtain and maintain" insurance, or, the "insurance requirement."

1. By law, Applicants must comply with this requirement as a condition of FEMA assistance.
2. FEMA applies this requirement to buildings, contents, equipment, and vehicles.
3. FEMA does not require Applicants to obtain and maintain insurance for temporary facilities.



The Requirement to Obtain and Maintain Insurance (2 of 3)

44CFR 206.253 states (in part): The Applicant is not required to obtain and maintain insurance on facilities for sustained eligible damages in an amount not exceeding \$5,000 in eligible costs (prior to any reductions). Those facilities will not have an obtain and maintain requirement.

44CFR 206.252 states (in part): The requirement to purchase flood insurance on flood damaged facilities is waived when eligible damages for the insurable project do not exceed \$5,000.

The Applicant may request that FEMA modify the insurance requirements when:

- The required insurance is not reasonably available
- An alternative to the insurance requirement provides adequate protection against future loss to the property
- The required insurance is not necessary to protect against future loss to the property



The Requirement to Obtain and Maintain Insurance (3 of 3)

Additionally, FEMA does not require greater types and amounts of insurance than are certified as reasonably available, adequate, or necessary by the appropriate State Insurance Commissioner.

The State Insurance Commissioner cannot waive the Federal insurance requirement, but may certify the types and extent of insurance are not reasonably available to protect against future loss to an insurable facility.

The Applicant may comply with the insurance requirement for both flood and non-flood hazards with coverage available through commercial property insurance, which may include blanket insurance policies, standard flood insurance policies, insurance pools, or a combination of these sources.

In some cases, with FEMA approval, the Recipient may comply with the insurance requirement using a self-insurance plan.



Insurance Reductions

When the Applicant receives Public Assistance funding for a facility damaged by the same hazard in a subsequent disaster, FEMA reduces funding in this subsequent disaster by the amount of insurance required from the previous disaster.

If FEMA or the State Insurance Commissioner certification modified the Applicant's insurance requirement, FEMA reduces funding to the modified insurance amount.

If the Applicant's anticipated or actual insurance proceeds are higher than the amount of insurance required in the previous disaster, FEMA reduces funding by the anticipated or actual amount of insurance proceeds to avoid a duplication of benefits.

Duplication of Benefits

FEMA provides assistance under its Individual Assistance programs and Hazard Mitigation Grants Program that could duplicate assistance that is available under the Public Assistance Program. FEMA must ensure it does not duplicate funds in areas where its programs overlap.

If the Applicant receives funds from another Federal Agency for the same purpose as Public Assistance funding, it is a duplication of benefits. FEMA cannot duplicate funds provided by another Federal agency.

The Applicant should work with private property owners to pursue and recover insurance proceeds and credit FEMA the Federal share of any insurance proceeds received.

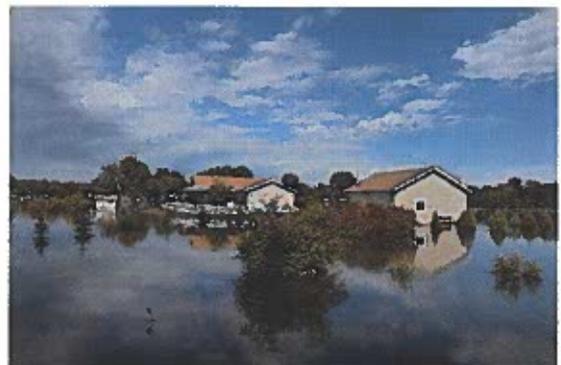


Special Flood Hazard Areas (1 of 4)

Special Flood Hazard are areas that are subject to inundation during a 100-year flood (a flood having a 1 percent chance of occurrence in a given year).

For a facility that is insurable by the National Flood Insurance Program that is also located in a Special Flood Hazard Area, FEMA must reduce Public Assistance funding when the facility is:

- Located in an area that FEMA has identified as a Special Flood Hazard Area for more than 1 year
- Damaged by flooding
- Uninsured for flood loss



- Insured for flood loss that is less than the maximum amount available under a Standard Flood Insurance Policy

Special Flood Hazard Areas (2 of 4)

If the Applicant believes that its property is incorrectly identified on a Flood Insurance Rate Map, the Applicant may request a Letter of Map Amendment or Letter of Map Revision to FEMA within 6 months of the disaster declaration.

If the Applicant's request is approved and FEMA determines that the property is not located in a Special Flood Hazard Area, FEMA may reinstate Public Assistance funding.

Costs incurred in pursuit of a Letter of Amendment or Letter of Map Revision are not eligible for Public Assistance grant funding.



Special Flood Hazard Areas (3 of 4)

If the Applicant does not have flood insurance for the facility or carries inadequate flood insurance for the insurable facility, FEMA will reduce eligible project costs by the maximum amount of insurance proceeds that could have been obtained from a National Flood Insurance Program standard flood insurance policy for the building and its contents



Special Flood Hazard Areas (4 of 4)

FEMA does not apply this reduction to Private Non-Profit facilities in communities that do not participate in the National Flood Insurance Program.

However, for FEMA to provide Public Assistance grant funding for the Private Non-Profit facility, the community must agree to:

- Participate in the National Flood Insurance Program within 6 months of the declaration
- Must purchase the required flood insurance; **OR**



- Must obtain and maintain flood insurance from another source.

Lesson 1 Summary

In this lesson, you learned how to:

- Identify Administrative requirements of the course
- State the goals and objectives of the course
- Identify the different types of insurance coverage
- Describe the role of insurance as it relates to Public Assistance grant funding
- Describe FEMA's insurance requirements for eligibility for Public Assistance grant funding

The next lesson will provide an overview of the common types of insurance policies and the documentation Applicants must submit to FEMA when applying for Public Assistance grant funding.

Lesson 2 Overview and Objectives

This lesson provides an overview of the common types of insurance policies and the documentation Applicants must submit to FEMA when applying for Public Assistance grant funding. The lesson first identifies the most common types of insurance encountered in the Public Assistance Program.

The lesson then discusses the importance of disclosing and documenting existing insurance policies early in the disaster recovery process.

Last, the lesson describes the required insurance documentation Applicants must submit to FEMA for the insurance review.

At the end of this lesson, participants will be able to:

- Identify the most common types of insurance encountered in the Public Assistance Program
- Discuss the importance of disclosing and documenting existing insurance policies early in the disaster recovery process
- Describe the required insurance documentation Applicants must submit to FEMA for the insurance review

Common Types of Insurance

The following are common types of insurance:

- General "all-perils" property insurance policy
- Flood insurance policy
- Wind insurance policy
- Earthquake insurance policy
- Auto insurance policy
- Fleet insurance policy
- Deductible buydown policy

- Excess coverage policy

There are always unique situations that require specific coverage that are not identified above.



General "All-Perils" Property Insurance Policy

General "All-Perils" property insurance, also known as open peril, is a type of policy that covers a broad range of losses. The policy covers risks not explicitly excluded in the policy contract, however, they typically do not cover overland flooding. It may not cover all-perils and may require additional coverage.

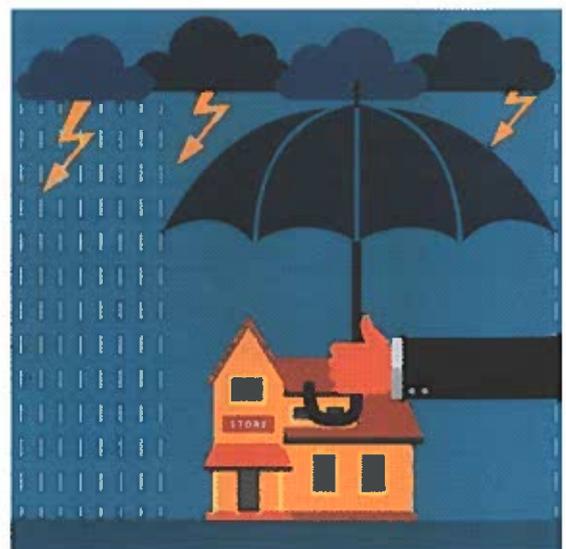


Flood Insurance Policy (1 of 2)

A flood insurance policy is coverage protecting the insured against loss or damage to real or personal property from flood. It covers structural damage to the home or building, including the air conditioner, furnace, and water heater. Flood insurance also covers associated cleanup costs.

The National Flood Insurance Program (NFIP) is the most frequently encountered flood insurance policy.

Previously mentioned in the first lesson, the National Flood Insurance Program aims to reduce the impact of flooding on private and public structures. It does so by providing affordable insurance to property owners, renters, and business and by encouraging communities to adopt and enforce floodplain management regulations. These efforts help mitigate



the effects of flooding on new and improved structures.

Flood Insurance Policy (2 of 2)

Overall, the National Flood Insurance Program reduces the socio-economic impact of disaster by promoting the purchase or retention of not only general risk insurance, but also of flood insurance, specifically.

For FEMA to provide Public Assistance funding for a Private Non-Profit facility, the community must agree to participate in the National Flood Insurance Program within 6 months of the declaration and the Private Non-Profit must purchase the required flood insurance; or the Private Non-Profit must obtain and maintain flood insurance from another source



Wind Insurance Policy

Wind insurance or windstorm insurance policy, is a type of property and casualty insurance designed to cover damages caused by high winds.

Windstorm insurance may cover damages from hurricane-force winds, tornados, hail, and other weather events that are accompanied by wind gusts that exceed 35 miles per hour.



Earthquake Insurance Policy

Earthquake insurance policy is defined as property coverages for losses resulting from a sudden trembling or shaking of the earth, including that caused by volcanic eruption.

Excluded from this policy are losses resulting from fire, explosion, flood, or tidal wave following the covered event.



Auto Insurance Policy

Auto insurance policies are typically defined as coverage for bodily injury and property damage incurred through ownership or operation of a vehicle. These policies can be broken into auto liability and auto physical damage.

Auto Liability: coverage that protects against financial loss because of legal liability for motor vehicle related injuries or damage to the property of others caused by accidents arising out of ownership, maintenance, or use of a motor vehicle.

Auto Physical Damage: motor vehicle insurance coverage (including collision, vandalism, fire, and theft) that insures against material damage to the insured's vehicle.

Flood damage to a vehicle is typically covered by the auto insurance's comprehensive coverage.



Fleet Insurance Policy

Fleet insurance provides liability insurance coverage for all of an Applicant's vehicles in one policy. These policies often provide provisions to allow employees of a Applicant to drive any vehicle in the fleet and be covered if they cause an accident.



Deductible Buy Down Policy

A deductible buy down policy is a separate policy from the initial policy. This is where the insured purchases a separate deductible buy down policy from another carrier to cover losses in a layer below the deductible.

This brings the deductible to a more manageable dollar amount than the initial high deductible policy.



Excess Coverage Policy

Excess coverage policy is coverage of the insured above a specific amount set forth in a basic policy issued by the primary insurer; or a self-insurer for losses over a stated amount; or an insured or self-insurer for known or unknown gaps in basic coverages or self-insured retentions.

Flood is the most common excess coverage but other perils can be covered as well.



Disclosing and Documenting Existing Insurance Coverage (1 of 2)

The FEMA Program Delivery Manager should conduct the Recovery Scoping Meeting within 21 days of approval of the Request for Public Assistance.

While the Applicant Briefing is designed to address general information for all potential Applicants, the Recovery Scoping Meeting is designed to address the specific needs of each eligible Applicant.

At the Recovery Scoping Meeting, FEMA, Recipient, and Applicant will discuss insurance requirements as well as:

- Details of the Applicant's impacts from the incident
- Hazard mitigation opportunities
- Eligibility criteria for work and costs
- Project Formulation
- Environmental and Historic Preservation compliance requirements
- Documentation requirements
- Appeal process

Disclosing and Documenting Existing Insurance Coverage (2 of 2)

It is important to disclose and document existing insurance coverage early in the disaster recovery and application process. This is because insurance is used to:

- Determine dollar amounts of coverage(s) available
- Determine the Total Insured Value in the calculation of a deductible
- Formulate projects

Required Insurance Documentation

The Applicant must upload insurance documentation into Grants Portal. The required insurance documentation is needed as proof of insurance.

The Applicant must provide the Insurance policy in its entirety, including but not limited to:

- Forms and endorsements
- Declaration pages
- Policy endorsements and extensions of coverage
- Schedule of covered locations
- Total Insured Value

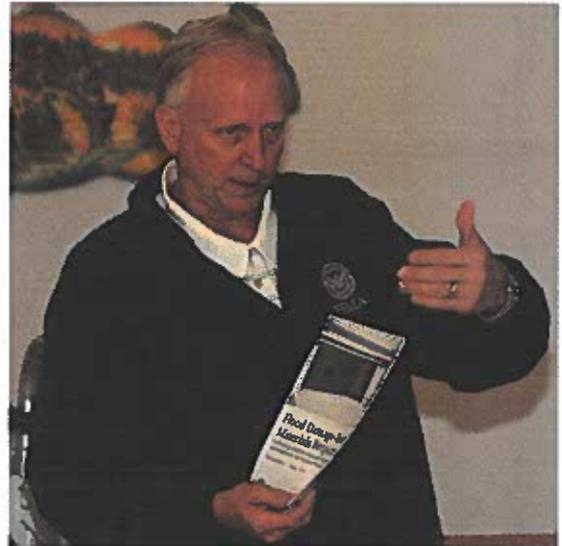


Forms and Endorsements (1 of 2)

Any forms and endorsements that are applicable to the Applicant must be provided to FEMA through Grants Portal.

Some examples include:

- Dwelling Policy Form
- General Property Policy Form
- Claims Adjuster Forms for National Flood Insurance Program policyholders
- General Change Endorsement for Flood Insurance



Forms and Endorsements (2 of 2)

At the time of the most recent disaster loss, copies of Declaration Pages and Schedules of Value are required for all property and flood insurance policies.

For previous disaster losses, copies of Declaration Pages are needed for all property and flood insurance policies.

Policy Endorsements and Extensions of Coverage

The Applicant must provide documentation of policy endorsements and extensions of coverage to FEMA by uploading them into Grants Portal.

This includes policy endorsements and extensions of coverage applicable to:

- Equipment breakdown
- Flood
- Wind
- Auto
- Fleet

Schedule of Covered Locations

The Applicant must also provide the schedule of covered locations to FEMA by uploading this document into Grants Portal. The schedule of covered locations is used to confirm the facility is covered under the insurance policy.

Required Insurance Settlement Documentation

The Applicant must also submit insurance settlement information for FEMA review on the project level in Grants Portal. The following is required documentation to support the insurance settlement for review:

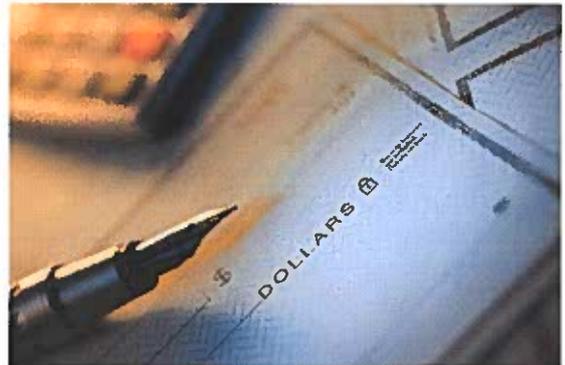
- Adjuster's estimates/reports
- Final statement of loss
- Settlement checks
- Claim correspondence with the insurance company
- Letter of Denial from the insurance company: It must contain the reason for the denial

Proof of Loss

A Proof of Loss, is a policyholder's statement of the amount of money being requested, signed to, and sworn to, by the policyholder with documentation to support the amount requested. The Proof of Loss is not the claim.

The claim is the policyholders' declaration that they are entitled to be paid for a covered loss under the terms of the Standard Flood Insurance Policy.

A policyholder who suffers flood damage to property insured under the National Flood Insurance Program, has only one claim arising from that event, regardless of the number of Proofs of Loss with documentation packages the policyholder may submit in support of that claim.



Lesson 2 Summary

In this lesson, you learned how to:

- Identify the most common types of insurance encountered in the Public Assistance Program
- Discuss the importance of disclosing and documenting existing insurance policies early in the disaster recovery process
- Describe the required insurance documentation Applicants must submit to FEMA for the insurance review

The next lesson will provide an overview of the insurance review process for Applicants requesting Public Assistance grant funding.

Lesson 3 Overview and Objectives

This lesson provides an overview of the insurance review process for Applicants requesting Public Assistance grant funding.

At the end of this lesson, participants will be able to:

- Review the purpose of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding

- Summarize the process and key components of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding

Insurance Review Process (1 of 3)

As mentioned in previous lessons, the Robert T. Stafford Act requires that Applicants insure facilities and their contents with the "types and extent" of insurance that is reasonably available, adequate, and necessary to protect against future loss to the property. Types refers to the hazard(s) that caused the disaster-related damage and extent refers to the amount of insurance required.

FEMA will calculate the amount of insurance the Applicant is required to obtain and maintain using estimated or actual eligible costs prior to any reductions and including both the Federal and non-Federal cost share.

If FEMA provides assistance that covers costs related to replacing, restoring, repairing, reconstructing, or constructing items that are not buildings, contents, equipment, and vehicles, FEMA will subtract costs related to these items from the amount of required insurance.

Insurance Review Process (2 of 3)

Applicants must insure against future losses from the hazard(s) that caused the damage to the property.

- When multiple hazards cause damage to a property, the Applicant must insure against each hazard in an amount based on the damage caused by each hazard.
- FEMA requires insurance against the hazard(s) that caused the damage, even if that means the Applicant must purchase additional or broader coverage.
- If an Applicant relocates a facility outside of a Special Flood Hazard Area, FEMA may not require the Applicant to obtain and maintain flood insurance, but will require an all-hazards or other appropriate policy to protect against future loss.

Insurance Review Process (3 of 3)

Prior to project approval, FEMA will notify Applicants of their initial insurance requirement(s) and identify the types and extent of insurance the Applicant is required to obtain and maintain through Grants Portal.

The type and extent of insurance required may be modified based on the appropriate provisions.

Project Size

FEMA categorizes projects as large or small based on the final approved amount of eligible costs after any cost adjustments, including insurance reductions:

- A Small Project is a Project with a cost below the threshold
- A Large Project is a Project with a cost equal to or greater than the threshold

The threshold applies to incidents declared within that fiscal year. FEMA administers funding for Large and Small projects differently.

For Large Projects that are not capped projects, FEMA adjusts any estimated costs to the actual incurred amount so that the final approved funding is based on actual costs.

For Small Projects, FEMA does not adjust estimated costs to the actual incurred amount.

Small Projects (1 of 2)

Small Projects are most commonly formulated on an estimate of costs. Insurance reductions for Small Projects are made on an anticipated insurance proceeds basis.

Once FEMA obligates a Small Project, FEMA does not adjust the approved amount of an individual Small Project. FEMA only adjusts the approved amount on individual Small Projects if one of the following conditions applies:

- Applicant did not complete the approved scope of work
- Applicant requests additional funds related to an eligible change in scope of work
- Project contains inadvertent errors or omissions
- Actual insurance proceeds differ from the amount deducted in the Project

In these cases, FEMA only adjusts the specific cost items affected.

Small Projects (2 of 2)

To close Small Projects, the Recipient must certify that the Applicant completed the approved scope of work for all its Small Projects and complied with all Environmental and Historic Preservation requirements.

The Recipient must submit the certification of completion of all Small Projects to FEMA within 180 days from the date that the Applicant completes its last Small Project. Once FEMA receives the Recipient's certification, FEMA closes all of the Applicant's Small Projects.

Large Projects (1 of 3)

Large Projects are either formulated on an estimate of costs or actual costs. Initially insurance reductions for Large Projects may be done on an anticipated insurance proceed reduction basis. However, all Large Projects undergo final reconciliation at closeout based on actual costs and actual insurance proceeds received.

With the exception of Capped Projects, the final eligible grant amount for a Large Project is the actual documented cost of the completed, eligible scope of work. Therefore, upon completion of each Large Project that FEMA obligated based on an estimated amount; the Applicant should provide the documentation to support the actual costs.

If the actual costs significantly differ from the estimated amount, the Applicant should provide an explanation for the significant difference.

Large Projects (2 of 3)

The Recipient must certify that all incurred costs are associated with the approved scope of work and that the Applicant completed all work in accordance with FEMA regulations and policies.

The Recipient must submit its certification of the Applicant's completion of each Large Project with the final payment of claim and supporting documentation to FEMA within 180 days from the date that the Applicant completes each Large Project.

FEMA reviews the documentation and, if necessary, obligates additional funds or reduces funding based on actual costs to complete the eligible scope of work.

Large Projects (3 of 3)

If the project included approved hazard mitigation measures; FEMA does not re-evaluate the cost-effectiveness of the Hazard Mitigation Proposal based on the final actual cost. If during the review, FEMA determines that the Applicant performed work that was not included in the approved scope of work.

FEMA will designate the project as an Improved Project, cap the funding at the original estimated amount, and review the additional scope of work for Environmental and Historic Preservation compliance.

For Capped Projects, the Applicant must provide documentation to support that it used the funds in accordance with the eligibility criteria and alternative procedures guidance.

Once FEMA completes the necessary review and funding adjustments, FEMA closes the project.

Categories of Work

Insurance coverages can be found in all Categories of Work (A through G). Therefore, all projects are reviewed for insurance coverage.

Emergency Work - Address an immediate threat:

- Debris Removal
- Emergency protective measures

Permanent Work - Restoration of:

- Roads/bridges
- Water control facilities
- Buildings/equipment
- Utilities
- Parks, recreational, and other facilities

Applicant

The Applicants' responsibility in the insurance review process is to respond to the Request For Information from FEMA and provide all of the information required for the review.

The Applicant is responsible for risk management. It is important to remember that private insurance is the first source of help after a disaster. FEMA Public Assistance is supplemental in nature and available when communities are overwhelmed by a disaster and after insurance benefits and other local or State resources have been exhausted.

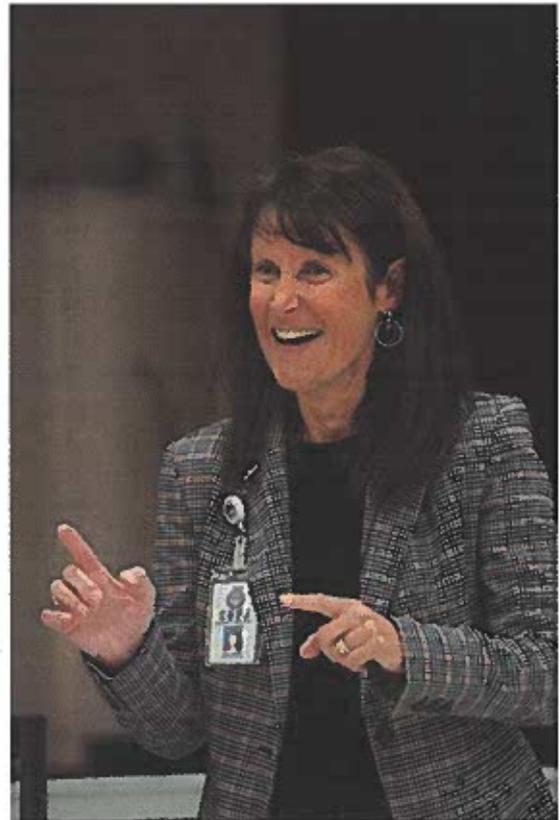


Program Delivery Manager

The Program Delivery Manager is a single point-of-contact assigned to each Applicant. The Program Delivery Manager provides assistance to the Applicant throughout the application process and the insurance review process.

Work that is already completed is compiled by the Program Delivery Manager, in coordination with the Applicant, to ensure all supporting documentation is provided.

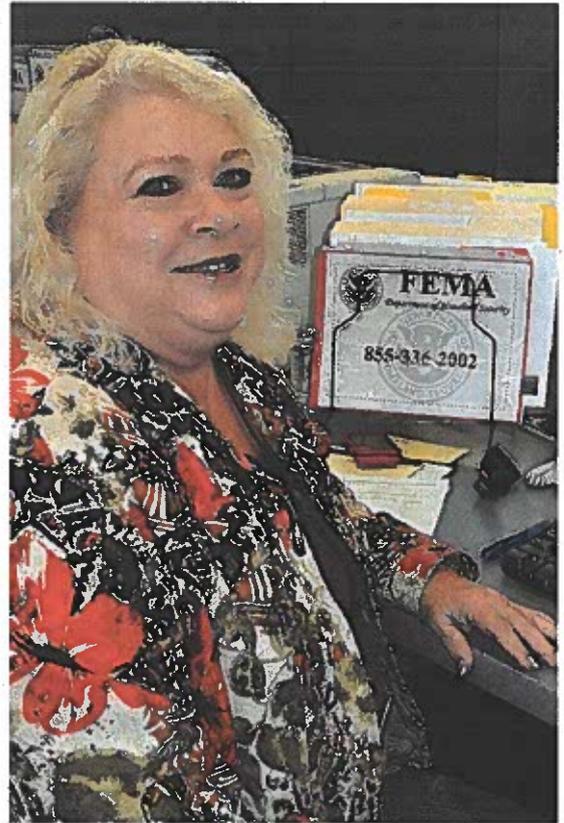
The Program Delivery Manager will contact the Applicant via Grants Portal, as necessary, for any outstanding issues, requests for information, and for project concurrence and signature.



Insurance Specialist

The Insurance Specialist is typically a certified and qualified and/or general property insurance adjuster with experience dealing with commercial property insurance policies working in the Consolidate Resource Center.

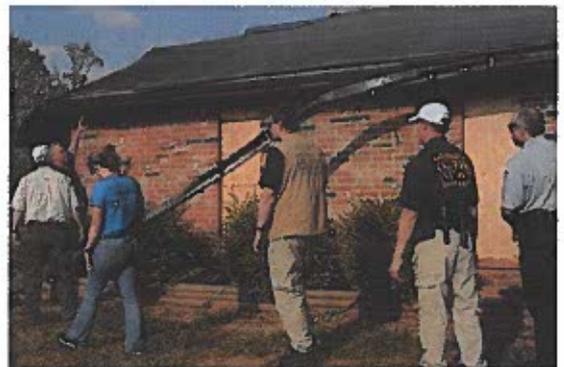
The Insurance Specialist's primary role is to provide technical expertise in evaluating insurance related issues.



Recipient/State Insurance Specialist

The Recipient Insurance Specialist has the responsibility for ensuring that the Applicant has obtained and/or maintains insurance for insurable facilities that received Public Assistance grant funding.

Not all States have dedicated insurance specialist positions; all Recipients have insurance duties and responsibilities.



FEMA Insurance Specialist

The FEMA Insurance Specialist is responsible for reviewing damage and insurance to assess impacts for Public Assistance funding.

The FEMA Insurance Specialist will address insurance issues as identified throughout the Public Assistance Program process.



Key Components

There are several key components for determining total eligible costs for a project's grant obligation, including:

- Anticipated or actual insurance proceeds reductions
- Deductibles and self-insured retention
- Duplication of benefits
- Prior loss reductions
- Mandatory reductions for Special Flood Hazard Areas
- Obtain and Maintain Grant funding condition



Anticipated or Actual Insurance Proceeds

Before FEMA approves assistance for a facility, the Applicant must provide FEMA with information about any actual or anticipated insurance settlement or recovery it is entitled to for that facility.

FEMA will reduce assistance to the Applicant by the amount of:

- Actual insurance proceeds, if known
- If the amount of actual insurance proceeds is unknown, the insurance specialist will reduce the grant by the anticipated insurance proceeds expected
- If the amount of actual insurance proceeds is known, FEMA will reduce the grant by those actual proceeds

Self-Insured Plans

Self-Insured Plans are comprised of Self-Insured Retention. Self-Insured Retention is a type of retained risk whereby the policyholder retains an amount of loss before an additional layer (or layers) of coverage become available. Upon meeting the threshold, the insurer offering the additional layer(s) assumes liability.

FEMA does not consider self-insured retentions to constitute self-insurance plans.

Duplication of Benefits (1 of 3)

FEMA cannot provide assistance for disaster-related losses that duplicate benefits available to an Applicant from another source, including insurance.

Applicants must take reasonable efforts to recover insurance proceeds that they are entitled to receive from their insurer(s).

The Insurance Specialist reviews the damage to assess components that are or are not covered items in consideration for funding to eliminate the duplication of efforts.

Duplication of Benefits (2 of 3)

When an Applicant receives proceeds for losses that are ineligible for FEMA assistance, FEMA will calculate a relative apportionment of insurance proceeds before reduction assistance. FEMA will apportion insurance proceeds as follows, based on:

- Proceeds per type of loss as specified by the Applicant's policy or settlement documentation
- Policy limits for categories of loss as specified in the Applicant's policy
- Ratio of total eligible losses compared to total ineligible losses

Duplication of Benefits (3 of 3)

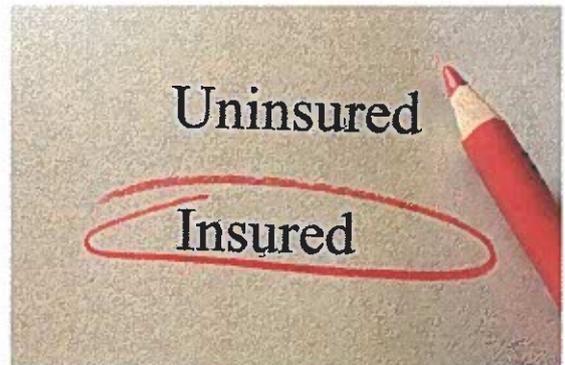
If an Applicant has an obtain and maintain insurance requirement from a previous event:

- FEMA will reduce assistance by the actual or anticipated amount of insurance proceeds or the amount of insurance required in the previous disaster, whichever is greater
- FEMA will only consider insolvent insurers, legal fees, or apportionment of proceeds when the Applicant's anticipated or actual insurance proceeds are higher than the amount of insurance required in the previous disaster
- If an Applicant failed to obtain or maintain insurance for a facility as required in the previous disaster, that facility is not eligible for disaster assistance

Obtain and Maintain Grant Funding Condition

As a condition of receiving FEMA Public Assistance funding, Applicants are required to obtain and maintain using estimated or actual eligible costs prior to any reductions (for example, reductions by insurance proceeds or based on a previous insurance requirement) and including both the Federal and non-Federal cost share.

Failure to comply with obtain and maintain insurance requirements can lead to loss of funding not just for the current disaster but for a future disaster, regardless of what peril causes the future loss.



Insurance Commissioner's Certification (1 of 5)

Sometimes insurance market conditions prevent the ability to reasonably meet the obtain and maintain insurance requirement. As a result, the Robert T. Stafford Act allows the Applicant to apply for an Insurance Commissioner's Certification.

The Insurance Commissioner's Certification acts as a declaration that some portion of the obtain and maintain requirement is not reasonable available to a FEMA Public Assistance Applicant. It may be the best way to ensure continued eligibility for FEMA Public Assistance grant funding if you incur damage to insurable assets in a subsequent disaster.

Insurance Commissioner's Certification (2 of 5)

Why an Insurance Commissioner Certification may be needed:

- Applicant who has not obtained and maintained insurance (for the full amount of FEMA Public Assistance eligible damages) in a current disaster is at risk for de-obligation of that funding
- Eligibility for future FEMA Public Assistance grant funding requires Applicants to obtain and maintain insurance for each damaged facility (in at least the amount of previously eligible damages) that has received FEMA Public Assistance grant funding in a prior disaster of the same type
- Applicant that cannot reasonably obtain and maintain the required level of insurance coverage can apply for an Insurance Commissioner Certification. For future Public Assistance eligibility, FEMA does not require greater amounts of insurance than certified as reasonable by the State Insurance Commissioner
- Facilities that sustained eligible damages that do not exceed \$5,000 will not have an obtain and maintain requirement

Insurance Commissioner's Certification (3 of 5)

Insurance Commissioner's Certification Application Process

1. Applicant notifies the Recipient that, because of the insurance market, it merits consideration for an Insurance Commissioner's Certification.
2. The Recipient sends an application packet to the Applicant.



Insurance Commissioner's Certification (4 of 5)

Insurance Commissioner's Certification Application Process

3. Applicant returns the completed application to the Recipient's Office.
 - The Recipient reviews the required documentation for completeness
 - Make the threshold determination that the Applicant is a candidate for consideration of an Insurance Commissioner's Certification



Insurance Commissioner's Certification (5 of 5)

Insurance Commissioner's Certification Application Process

4. The Recipient forwards the packet to the Department of Insurance and an Insurance Commissioner for consideration.

- Staff reviews the packet; request for clarification and additional documentation (if it is needed to make a decision)
- The Recipient assists the Applicant in addressing the request(s) for additional information or documentation

5. Department of Insurance and Insurance Commissioner makes the final determination.



Subsequent Assistance

When a facility that received assistance is damaged by the same hazard in a subsequent disaster:

1. If the Applicant failed to maintain the required insurance from the previous disaster, then the facility is not eligible for assistance in any subsequent disaster.
2. Upon proof that the Applicant maintained its required insurance, FEMA will reduce assistance in the subsequent disaster by the amount of insurance required in the previous disaster.
3. If FEMA modified the Applicant's insurance requirements, assistance will be reduced by the modified insurance requirement.
4. If the Applicant's anticipated or actual insurance proceeds are higher than the amount of



insurance required in the previous disaster, FEMA will reduce assistance by that amount.

Properties Located within Special Flood Hazard Areas (1 of 2)

For properties located in a Special Flood Hazard Area, applicable law may require FEMA to reduce assistance.

- The reduction of assistance applies to properties insurable by the National Flood Insurance Program that meet each of the following criteria:
 - Located in a Special Flood Hazard Area where FEMA has identified the area as a Special Flood Hazard Area for more than one year
 - Damaged by flooding
 - Uninsured for flood loss
- FEMA will reduce assistance by the lesser of:
 - The value of the property at the time of the disaster
 - The maximum amount of insurance proceeds that a Standard Flood Insurance Policy would provide for a building and its contents



Properties Located within Special Flood Hazard Areas (2 of 2)

- For property located in a Special Flood Hazard Area that is covered by flood insurance:
 - FEMA will reduce assistance by the amount of actual or anticipated insurance proceeds or by the maximum amount of insurance proceeds that a Standard Flood Insurance Policy would provide
 - If the property is not insured through a Standard Flood Insurance Policy and the amount of actual or anticipated proceeds is less than what would be provided



NOAA / Photo by Gordon Yamasaki

through a Standard Flood Insurance Policy, then FEMA will reduce assistance by the maximum amount of insurance proceeds that a Standard Flood Insurance Policy would provide.

Note: Just because the property in a Special Flood Hazard Area has flood insurance does not mean the "Mandatory Reduction" is not calculated, it is calculated and compared to the actual flood insurance claim amount to determine if other flood coverage exceeds the Standard Flood Insurance Policy.

Lesson 3 Summary

In this lesson, you learned how to:

- Review the purpose of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding
- Summarize the process and key components of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding

The next lesson will provide an overview of where in Grants Portal Applicants can locate insurance requirements.

Lesson 4 Overview and Objectives

This lesson provides an overview of where in Grants Portal Public Assistance Applicants can locate insurance requirements.

At the end of this lesson, participants will be able to:

- Describe where to locate and review insurance documents, findings, and conditions in Grants Portal

Grants Portal

FEMA developed Grants Portal to assist the Recipient and Applicant and streamline the Public Assistance process.

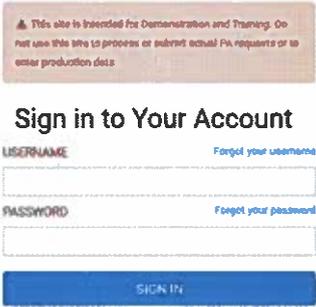
Applicants have a designated area in Grants Portal where all of their insurance documentation and information is stored.

How to Navigate to the Insurance Area in Grants Portal (1 of 6)

When opening Grants Portal, Applicants first need to sign in to their account using their username and password. Once the Applicant has entered their username and password, they must select the blue "Sign In" button to sign in.

The Applicant will be prompted with two pop-up screens labeled "Privacy Notice" and "Attention." Select the blue "Accept" button on both pop-ups to enter Grants Portal.

Grants Portal



▲ This site is intended for Demonstration and Training. Do not use this site to process or submit actual PA requests or to enter production data.

Sign in to Your Account

USERNAME [Forgot your username](#)

PASSWORD [Forgot your password](#)

SIGN IN

How to Navigate to the Insurance Area in Grants Portal (2 of 6)

Once inside Grants Portal, the Applicant needs to get to the Applicant Event Profile.

- Select the "My Organization" dropdown on the left side of the page to open the dropdown menu
- Select the tab labeled "Event PA Requests" in the dropdown



 Sign Out

▲ My Organization

Event PA Requests

▲ Your dashboard has no tiles!

The Dashboard is a great place to put the Grants Portal data that you care about the most.

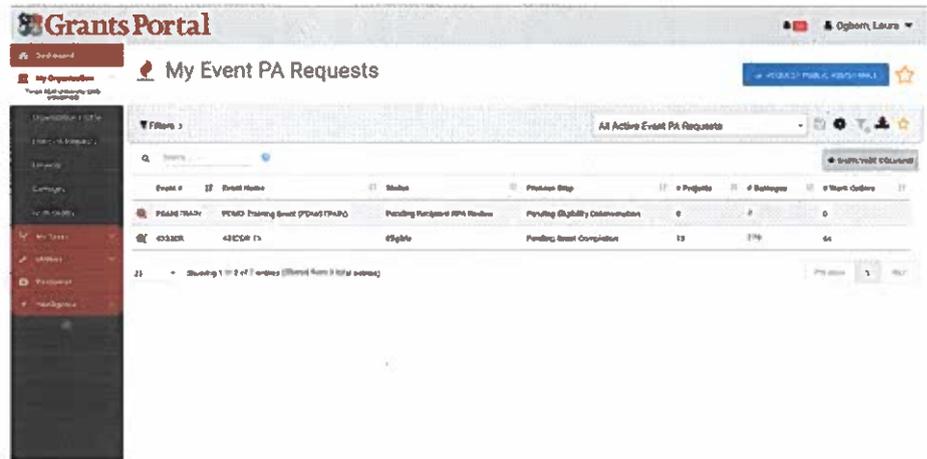
The Dashboard is made up of tiles that display the most important info about a particular item or set of data in the system.

Any time you see data that you want to keep track of with "Q" in the top of the page or section, a tile will be created for most periodic data.

How to Navigate to the Insurance Area in Grants Portal (3 of 6)

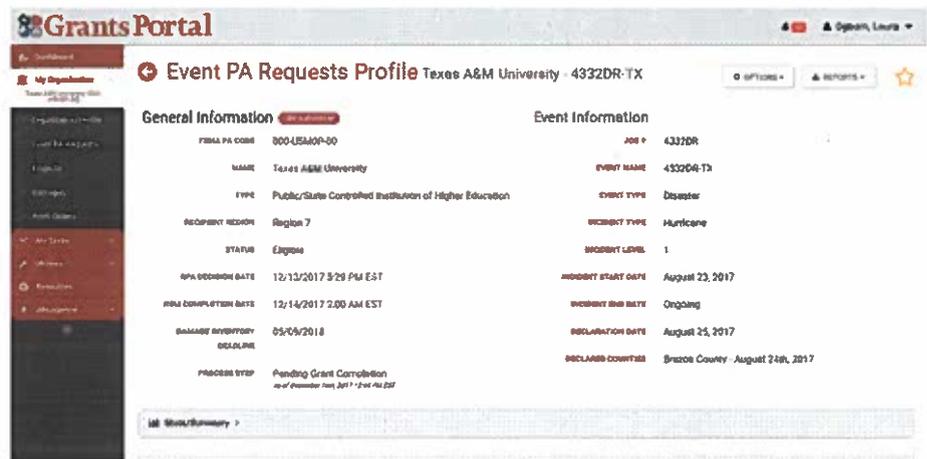
Once the "Event PA Requests" tab has been selected, the Applicant will be on the "My Event PA Requests" page.

- Select the "View" button, represented by a red magnifying glass, next to the desired project to open the "Event PA Requests Profile" page



How to Navigate to the Insurance Area in Grants Portal (4 of 6)

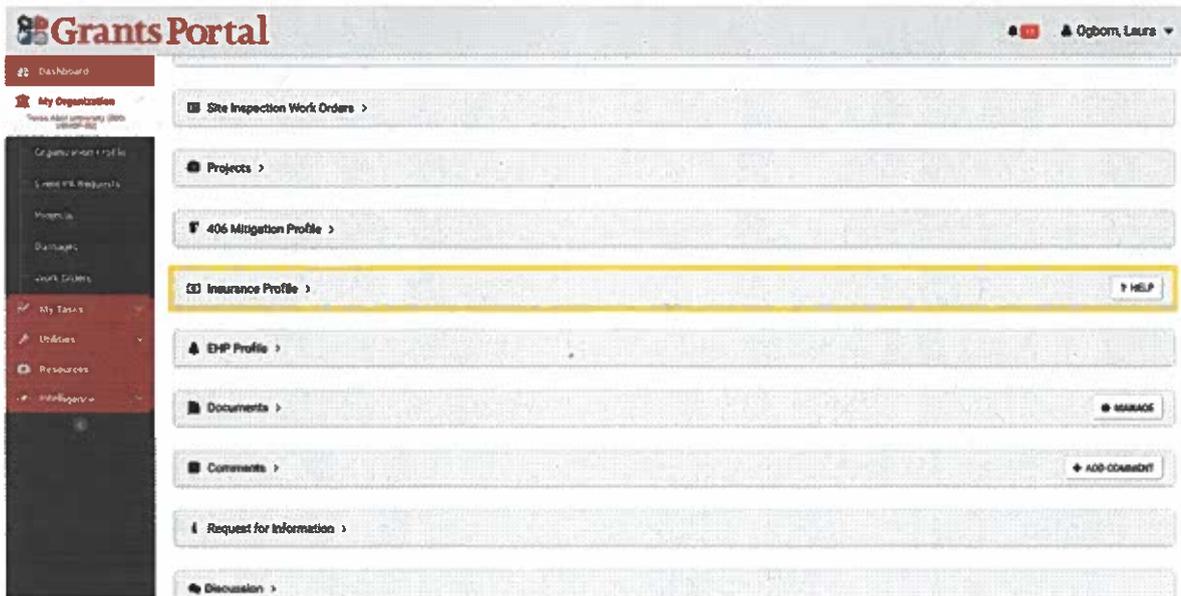
The "Event PA Requests Profile" page in Grants Portal provides General and Event Information. This profile is an Applicant's profile for an event. Applicants can upload documents pertinent to the event as well as review the project details.



How to Navigate to the Insurance Area in Grants Portal (5 of 6)

On the "Event PA Requests Profile" page:

- Scroll down to the bar in the project labeled "Insurance Profile"
- Select the dropdown area on the "Insurance Profile" bar to expand it and reveal the insurance area



How to Navigate to the Insurance Area in Grants Portal (6 of 6)

Once the "Insurance Profile" bar is expanded, the Applicant will see a series of tabs with the following sections:

- Insurance Information
 - INS Exploratory Call Questionnaire
 - Insurance Policies
 - Insurance Documents
 - O&M Requirements
- Damage Inventory
 - Insured Damages
 - Not Insured Damages
- Insurance Summary
- Insurance Report



In the "Insurance Profile" area, Applicants will be able to review all attached documentation by selecting its corresponding dropdown. This includes review and requirements such as the "obtain and maintain" requirement.

Lesson 4 Summary

In this lesson, you learned how to:

- Describe where to locate and review insurance documents, findings, and conditions in Grants Portal

The next lesson will review the course objectives. Participants will take a Post-Course Assessment and complete the Course Evaluation Form.

Lesson 5 Overview and Objectives

This lesson will review the course objectives. Participants will take a Post-Course Assessment at its conclusion.

At the end of this lesson, participants will be able to summarize the content of the course.

Course Objectives

In this course, you learned how to:

- Identify the most common types of insurance coverage
- Explain the importance of disclosing and documenting all existing insurance policies early in the disaster recovery process
- Summarize the process for insurance reviews, including documentation requirements, key roles, and responsibilities
- Discuss how insurance coverages can potentially affect funding and conditions of the grant award
- Identify where in Grants Portal insurance documents, reviews, and conditions are retained

Lesson 1 Objectives

Lesson 1 provided a high-level overview of the course and its objectives. It also identified the different types of insurance coverage and described the role of insurance as it relates to Public Assistance grant funding. Last, the lesson discussed FEMA's insurance requirements for Public Assistance eligibility.

You should now be able to:

- Identify the different types of insurance coverage
- Describe the role of insurance as it relates to Public Assistance grant funding
- Describe FEMA's insurance requirements for eligibility for Public Assistance grant funding

Lesson 2 Objectives

Lesson 2 provided a high-level overview of the common types of insurance policies and the documentation Applicants must submit to FEMA when applying for Public Assistance grant funding.

You should now be able to:

- Identify the most common types of insurance encountered in the Public Assistance Program
- Discuss the importance of disclosing and documenting existing insurance policies early in the disaster recovery process
- Describe the required insurance documentation Applicants must submit to FEMA for the insurance review

Lesson 3 Objectives

Lesson 3 discussed the insurance review process for Applicants requesting Public Assistance grant funding.

You should now be able to:

- Review the purpose of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding
- Summarize the process and key components of the insurance review FEMA conducts on Applicants requesting Public Assistance grant funding

Lesson 4 Objectives

Lesson 4 described where in Grants Portal Applicants can locate insurance requirements.

You should now be able to:

- Describe where to locate and review insurance documents, findings, and conditions in Grants Portal

Course Summary

Congratulations! This course is complete.

This course provided you with an overview of the role of insurance in the Public Assistance process.