



**FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)
APPEAL DECISION**

FEMA Flood Insurance Appeal Decision #B1

OVERVIEW

The policyholder filed an appeal in April 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied part of their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a flood event in October 2018.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholder had \$200,000 of building coverage and \$80,000 of personal property coverage.
- The policyholder reported the flood loss to the insurer and the insurer assigned an adjuster to inspect the property.
- The dwelling is an elevated, two story converted mobile home with permanent front and rear extensions, supported by steel framing and concrete blocks.
- In November 2018, the adjuster inspected the property and reported no watermarks on the interior or exterior of the dwelling. However, the adjuster found floodwaters in the crawlspace and evidence of erosion in the rear of the property. Due to the instability of the dwelling, the adjuster could not access the interior of the dwelling. Because of structural concerns, the insurer requested an engineering consult.
- The insurer retained an engineer to inspect the property.
- In November 2018, the engineer inspected the property and found repeated flood events caused displacement and shifting of the foundation piers. The engineer concluded the flooding was ongoing. The current loss led to significant soil erosion beneath the right-rear extension. The engineer confirmed that up to 50% of the erosion resulted from this flood event.
- In March 2019, the policyholder had an engineer inspect the property due to significant erosion to the southeast rear corner of the dwelling. The rear extension was cantilevered over the embankment, with collapse imminent. The engineer advised the policyholder that the structure was unsafe, condemned it, and reported it to the local authorities.
- The policyholder requested an additional payment and submitted a signed proof of loss dated September 18, 2019, proposals, and a sketch.
- The insurer issued the policyholder a payment totaling \$5,788.53 for covered building damages.

¹ See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² The policyholder files this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholder’s claim. The policyholder’s appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

- In a letter dated January 2020, the insurer denied a portion of the claim and rejected \$192,961.47 of the proof of loss due to unsubstantiated repair cost.
- In a letter dated March 2020, the insurer issued the policyholder an additional payment totaling \$29,087.96 for releveling and soil replenishment. The insurer denied coverage for an access ramp, citing the SFIP exclusion for other economic loss.
- The policyholder appeals the denials, stating that his dwelling was condemned, and repairs could not be completed for the amount the insurer issued. In support of his appeal, the policyholder includes two estimates.
- Because this information does not respond to the insurer's reason for denial, FEMA's decision is based on the documentation in the claim file.

RULES

The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property, provided the policyholder complies with all terms and conditions of the SFIP.³

The SFIP requires the policyholder provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed within 60 days of the date of loss.⁴

ANALYSIS

The policyholder appeals the denials, stating his dwelling was condemned, and it could not be repaired for the amount the insurer issued.

The insurer agrees to pay the policyholder for the direct physical loss by or from flood to covered property, provided the policyholder complies with all terms and conditions. The SFIP requires the policyholder provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed.

Here, the adjuster reported that floodwaters were limited to the crawlspace with signs of significant erosion. The insurer's engineer found recurring erosion to the property's right-rear, with 50% of the erosion attributed to the subject flood event. The engineer also reported numerous pre-existing structural and foundation damages to the dwelling.

The policyholder hired an engineer to inspect the property. The policyholder's engineer reported that the dwelling cantilevered over the embankment and in danger of collapse. The policyholder's engineer condemned the building, rendered it uninhabitable, and reported it to the local authorities.

The policyholder requested an additional payment and presented the insurer with a signed proof of loss and two estimates for leveling the property and soil replacement. The first estimate was un-itemized and included 120 tons of select fill. FEMA's review notes that this was three times more than the covered 40 cubic yards. The second estimate included 1,800 tons of select fill, which also exceeded the covered amount.

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (VII)(J)(3)-(5).

The insurer can only pay for damage caused by or from this flood event. FEMA's review finds that the insurer can only provide coverage for the undermined soil and the related foundation damages. FEMA's review finds that the insurer properly denied coverage for any soil that eroded outside the dwelling's footprint and for ongoing erosion due to prior flooding.

Based on the information presented, there is no basis for FEMA to overturn the denial or instruct the insurer to re-evaluate.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage for property not damaged by direct physical loss by or from flood.