



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

FEMA Flood Insurance Appeal Decision #C17

OVERVIEW

The policyholders filed an appeal on January 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 dated September 2019.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$224,600 in building coverage and \$49,900 in personal property coverage.
- The policyholders reported the flood loss to the insurer and the insurer assigned an adjuster to inspect the property.
- On September 2019, an adjuster inspected the property and confirmed a general condition of flood existed. The adjuster measured waterlines of 49 inches on the exterior of the building and 10 inches on the interior of the building.
- The adjuster noted that the previous owner of the home had a flood-related loss on October 2016. The adjuster observed that the flood damaged air conditioner condenser units, entry door, storm door, tile floors, vanity and vanity top in the bathroom, tile floors in all rooms other than the living room and dining room, kitchen cabinets, countertops, floors and walls, garage green cabinets, garage doors, and exterior main door were not repaired or replaced. The adjuster recommended that the insurer issue a denial for those building items.
- The insurer reviewed the adjuster’s report and issued the policyholders payments totaling \$102,606.42 for building damage and \$12,108.87 for personal property damage.
- In a letter dated November 2019, the insurer denied coverage for flood damage that was not being repaired or replaced prior to the September 2019 flood event. The insurer’s letter also denied a generator wired to the main building because it was in a separate non-covered building and a lawnmower that was not located in a fully enclosed building at the time of the loss.
- The policyholders appeal the insurer’s decision to deny coverage for prior flood damage that was not repaired, the generator, and the lawnmower.

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 policyholders file 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 policyholders’ claim. The policyholders’ 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”].

- The policyholders did not include substantive supporting documentation with their appeal; therefore, FEMA’s decision is based on the documentation in the claim file.

RULES

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

The SFIP defines a building as a structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site.⁴

The SFIP provides coverage for personal property that is located inside a building at the location described on the Declarations Page of the policy.⁵

The SFIP does not cover personal property not inside a building.⁶

The SFIP requires the insured to submit documentation fully substantiating prior flood damage has been repaired or replaced.⁷ If the insurer paid for damage from a prior loss and the policyholders did not repair or replace the item covered, the insurer cannot pay for the same damage a second time after a subsequent flood.

ANALYSIS

The policyholders appeal the denial of prior flood loss damage not replaced or repaired, a generator, and a lawnmower.

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property provided the policyholders comply with all terms and conditions of the SFIP. The SFIP requires the insured to submit documentation proving prior flood damage has been repaired or replaced. If the insurer paid for damage from a prior loss and the policyholders did not repair or replace the item covered, the insurer cannot pay for the same damage a second time after a subsequent flood. This requirement of the SFIP applies regardless of whether there is a new owner of the property.

Here, the property had a prior loss in 2016. When inspecting the property for the subject flood event, the adjuster noted that it appear many damages had not been repaired or replaced. Specifically, it appear that damages from the 2016 flood loss to the air conditioner condenser units, entry door, storm door, tile floors, vanity and vanity top in the bathroom, tile floors in all rooms other than the living room and formal dining room, kitchen cabinets, countertops, floors and walls, garage green cabinets, garage doors, and exterior main door were not repaired or replaced.

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (II)(B)(6).

⁵ See SFIP (III)(B)(1).

⁶ See SFIP (IV)(1).

⁷ See SFIP (VII)(K)(2)(e).

The policyholders have not submitted any evidence to support that these items were either replaced or repaired. Without supporting evidence, the SFIP does not allow the insurer to cover damage to insured property that occurred prior to the covered loss, including unrepaired damage from a prior flood. FEMA's review finds that the policyholders have not provided sufficient evidence to demonstrate that the items at issue on appeal were repaired or replaced after the prior loss and before this flood event. FEMA agrees the insurer properly applied the terms and conditions of the flood policy in denying coverage for items claimed.

The SFIP provides coverage for personal property located inside a building at the location described on the Declarations Page of the policy. The SFIP does not cover personal property that is not inside a building. FEMA's review of the photos notes that the generator is housed in a detached shed adjacent to the attached garage. Therefore, the generator is not covered because it was located in a separate non-covered building. The SFIP covers generators if they are hard-wired to the building's electrical system, installed within an area of the insured building, such as an attached utility shed or closet, or within an SFIP-covered porch or detached SFIP-eligible garage.

FEMA's review of the claim file photographs show the lawn mower is not in the garage. The policyholders submitted no additional evidence to support that the lawnmower was located in a fully enclosed building at the time of the loss. The SFIP will insure against direct physical loss by or from flood to personal property located inside a building at the described location.

Based on the information in the claim file and appeal, FEMA's review finds the insurer properly applied the SFIP when denying policyholders' claim.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage.