



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

RESILIENCE

APPEAL DECISION

FEMA Flood Insurance Appeal Decision #D10

SUMMARY

The policyholders appeal the flood insurance carrier's (hereinafter "insurer") denial of a claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to their property arising in September 2022.

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.²

After reviewing the issues, evidence, and relevant authorities, FEMA affirms the insurer's decision.

BACKGROUND

COVERAGE

The policyholders insure property under the SFIP Dwelling Form. At the time of loss, the policyholders had \$180,000 of building coverage and \$43,000 of personal property coverage.

EVENT AND CLAIM FACTS

Hurricane Ian produced torrential rain, storm surge, and widespread flooding in Florida.³

Following the flood event, the policyholders filed a claim for damages with the insurer and the insurer assigned an adjuster to inspect the property. The insured building is a one-story, single-family dwelling on a slab-on-grade foundation.

In October 2022, an adjuster inspected the property and confirmed a general and temporary condition of flood existed. The adjuster documented a 17-inch waterline on the exterior of the building and an eight-

¹ See 44 C.F.R. § 61.13 (2021); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1)[hereinafter "SFIP"].

² The policyholders' appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Resilience, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter "Appeal File"].

³ See FEMA Bulletin W-22015 (Oct. 14, 2022) (setting Sept. 26 – Oct. 12, 2022, as event dates of loss).

inch waterline on the interior of the building. The adjuster prepared an estimate with allowances for clean-up, mildewcide application, dry out, carpet, carpet padding, tile cleaning and re-grouting, drywall up to four feet, insulation, painting, trim, molding, doors, base kitchen cabinets, bathroom vanities, appliances, HVAC, and personal property.

The insurer issued the policyholders payments totaling \$75,348.61 for covered building damages and \$43,000 for damages to personal property.

The policyholders submitted a request for additional payment to the adjuster for an extra layer of drywall in the master bath and increased costs on all materials. The adjuster requested the policyholders submit itemized estimates, signed contracts, or cancelled checks to show what work was completed.

The insurer reviewed the request for additional payment and issued the policyholders an additional payment of \$45.36 for a second layer of drywall.

In a letter dated May 2023, the insurer denied coverage for increased costs on all materials in the policyholders' request for additional payment because the policyholders' estimates lacked the specificity required to determine whether the items claimed were directly damaged by or from flood. The insurer also denied coverage for the platinum pavers and lanai citing property not covered.

The policyholders appeal the insurer's denial and seek coverage for the difference in the claim settlement and their contractor's estimate. In support of their appeal, the policyholders provide an itemized contractor's estimate.

ISSUE

The policyholders seek coverage for the difference between the contractor's itemized repair estimate and the insurer's claim settlement.

RULES

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders complied with all terms and conditions of the SFIP.⁴

In case of loss or request for payment, the SFIP requires the policyholders to submit a signed and sworn-to proof of loss with documentation that supports the loss and dollar amount requested.⁵

⁴ See SFIP (I)(II)(C)(14).

⁵ See SFIP (VII)(G)(3)-(5).

ANALYSIS

The policyholders seek coverage for the difference between the contractor's itemized repair estimate and the insurer's claim settlement.

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property. In case of loss or request for payment, the SFIP requires the policyholders to provide a signed and sworn-to proof of loss with the documentation that supports the loss and dollar amount requested.

In their appeal, the policyholders claim out-of-pocket expenses, but they have not clarified what they have already paid for and whether the contractor's estimates are higher than the adjuster's estimate for the same scope of work.

If the policyholders request additional payment, the policyholders must document the full loss and payment request. This includes two sets of documents:

- For repaired damages, the policyholders should provide documents related to the repairs. The documentation may include copies of contractor estimates with corresponding proof of repair (e.g., credit card invoices, cancelled checks, debit entry in bank account registry for cash payments) for each, contractor repair receipts, new material purchase invoices, or other evidence that the policyholders have paid, plus photographs of all repaired damages. This includes flood-damaged tear-out, flood cleanup, treatment, and building dry-out.
- For unrepaired damages or repairs in progress, the policyholders should provide copies of the contractors' and policyholders' signed repair agreement with the corresponding itemized estimate to repair, material purchase orders, and the like, plus photographs of all non-repaired damages.

Accordingly, FEMA finds the insurer properly denied payment for policyholders' repair estimate.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the decision to deny payment for the policyholders' repair estimate.

FEMA directs the insurer to review the policyholders' itemized estimate and compare the scope of the claim. If there are any omitted items that were damaged by or from flood or if the quality of an item was not accounted for, the insurer should revise the estimate and make payment following the request for additional payment guidance in the National Flood Insurance Program (NFIP) Claims Manual.⁶

⁶ See NFIP Claims Manual, Section 2: Claims Processes and Guidance, 49 Requests for Additional Payment, pgs. 285-287 (Oct. 1, 2021).