



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

RESILIENCE

APPEAL DECISION

FEMA Flood Insurance Appeal Decision #D19

SUMMARY

The policyholders through their representative (hereinafter “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 \$250,000 of building coverage and \$100,000 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 property is a one-story, single-family dwelling, with a slab-on-grade foundation.

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).

In October 2022, the adjuster inspected the property and confirmed a general and temporary condition of flood existed. The adjuster recorded a 16-inch waterline on the exterior of the building and a two-inch waterline on the interior of the building. The adjuster prepared an estimate for covered damages and provided allowances for flood loss clean-up, structural drying, HVAC, flooring, moulding, appliances, doors, paint, drywall, garage doors, and garage door sensors.

In January 2023, the insurer issued the policyholders payment totaling \$70,238.43 for covered building damages.

The policyholder submitted a personal property inventory list, photographs, invoices, and other supportive documentation to the adjuster. The adjuster prepared an estimate which included the cost to clean and replace the rugs. The insurer reviewed the estimate and advised the adjuster to remove the cleaning allowance of the rugs.

In July 2023, the insurer issued the policyholders payment totaling \$72,862.74 for covered personal property damages.

In a letter dated August 2023, the insurer rejected \$3,310.50 of the policyholders' proof of loss, which denied coverage for cleaning the rugs.

The policyholders appeal the insurer's denial of coverage for cleaning their rugs. In support of their appeal, the policyholders provide a statement from a rug expert and an invoice for rug cleaning.

ISSUE

The policyholders seek payment for cleaning costs incurred for their rugs.

RULE

Under Actual Cash Value Loss Settlement, personal property items are subject to actual cash value.⁴

ANALYSIS

The policyholders seek payment for cleaning costs incurred for their rugs.

Under Actual Cash Value Loss Settlement, personal property items are subject to actual cash value. An actual cash value loss settlement is the cost to repair or replace items at the time of the loss, less the deductible and less its physical depreciation.⁵

The policyholders contend they paid to have the rugs cleaned in an effort to salvage the rugs but were unsuccessful in doing so. Because the rugs were not salvageable, the insurer included allowances to

⁴ See SFIP (VII)(R)(4)(e).

⁵ See National Flood Insurance Program, Section 1: SFIP Forms – Dwelling Form, pg. 80 (Oct. 1, 2021).

replace the rugs. FEMA's review finds because the SFIP will only pay for the cost to repair or replace an item, it cannot pay for both the cost to replace and clean that same item. The SFIP also excludes any other economic loss the policyholders may suffer.⁶

Accordingly, FEMA agrees with the insurer to deny coverage for the costs to clean the rugs.

CONCLUSION

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

⁶ See SFIP (V)(A)(7).