



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

FEMA Flood Insurance Appeal Decision #D2

SUMMARY

The policyholder through their representative (hereinafter “policyholder”) appeals 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 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.²

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

BACKGROUND

COVERAGE

The policyholder insures property under the SFIP Dwelling Form. At the time of loss, the policyholder had \$250,000 of building coverage and no 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 policyholder filed a claim for damages with the insurer and the insurer assigned an adjuster to inspect the property. The insured building is rated as a single-story, single-family building 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 policyholder’s 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, an adjuster inspected the property and confirmed a general and temporary condition of flood existed. The adjuster recorded a 44-inch waterline on the exterior of the building and a 33-inch waterline on the interior of the building. The adjuster's estimate included allowances for cleanup, treatment, building drying, replacement of non-salvageable floors, walls, doors, trim, cabinets, kitchen appliances, and building insulation and equipment.

The insurer issued the policyholder payment totaling \$103,499.34 for covered building damages.

In a letter dated March 2023, rejected the policyholder-signed proof of loss. The insurer stated the building damage estimate and cleanup invoice did not include documentation in support of the proof of loss. Specifically, the mitigation invoice was not itemized, and the damage estimate included increased pricing without justification. The adjuster also stated other allowances were either duplications or items installed above the flood waterline and documented as not damaged by flood or from flood.

The policyholder appeals the insurer's denial and contends the adjuster did not account for all damages. In support of their appeal, the policyholder submits photographs, a damage estimate completed by a damage consulting estimator, and correspondence.

ISSUES

The policyholder appeals the denial of coverage and seeks payment for building damages and the water mitigation estimate.

RULE

In case of loss or request for payment, the SFIP requires the policyholder to provide a signed and sworn-to proof of loss with the documentation that supports the loss and dollar amount requested.⁴

ANALYSIS

The policyholder appeals the denial of coverage and seeks payment for building damages and the water mitigation estimate.

In case of loss or request for payment, the policyholder must send directly to the insurer, a signed and sworn-to proof of loss with the documentation that supports the loss and the dollar amount requested. The policyholder submitted a signed proof of loss form with an estimate of damage completed by a damage consultant. FEMA's review finds the photographs provided do not support the claim of damage as presented and the estimate does not include justification in support of the scope and price. FEMA's review finds the following:

⁴ See SFIP (VII)(G)(3)-(5).

- The cost to remove and replace wall stud framing, hard tile flooring installed on concrete, countertops, bathtubs, and showers. FEMA’s review finds such items are generally salvageable.⁵ The appeal nor the proof of loss include documentation that supports the claim for replacement, loss, or damage or that the items require removal in order to access repairs to covered flood damage.
- Roofing labor, upper kitchen cabinets, whole house re-wiring, and exterior siding cleaning from the exterior floodwater level to the roof, are not covered because all are above the height of floodwater and not damaged by or from the flood event.⁶
- Drywall texture is not covered on the claim because it is not documented as being installed on walls in the building at the time of the loss.
- Personal property items, including a washer, dryer, and contents manipulation are not covered under the claim, because personal property items are not covered under Coverage A-Building Coverage.⁷ The policyholder did not purchase Coverage B-Personal Property coverage.
- The cost associated with the outdoor pool is not covered because pools are not covered under the SFIP.⁸
- When using the unit cost method of estimating, ancillary allowances for labor, materials, and equipment usage are not covered because the cost for all labor, materials, and equipment usage is accounted for within the unit price to remove, repair, or replace covered property. Such allowances are an estimating error or a duplication.
- Lump sum allowances from contractors cannot be considered because they are not itemized and do not include per room quantities or a unit price. The allowances in question are included in the adjuster’s itemized, unit-priced estimate.

If the policyholder requests additional payment, the policyholder must document the full loss and payment request. This request should include two sets of documents. *For repaired damages*, the policyholder should provide copies of the contractor’s estimate with corresponding proof of payment (credit card invoices, cancelled checks, debit entry in bank account registry for cash payments), contractor repair receipts, new material purchase invoices, and the like, plus photographs of all repaired damages. This includes flood-damage tear-out, flood cleanup, treatment, and building dry-out. *For unrepaired damages or repairs in progress*, the policyholder should provide copies of the contractor/policyholder-signed repair agreement with the corresponding estimate to repair, material purchase orders, and the like, plus photographs of all non-repaired property.

The insurer may issue additional payment if the documented loss and payment request exceeds the building claim payment plus the deductible and any reduction for depreciation. The insurer agrees to pay the policyholder for insured property damaged by flood with materials of like kind and quality.⁹ The insurer cannot pay the policyholder for the increased cost to repair due to betterments in materials or workmanship or changes due to other renovations or codes upgrades. If the policyholder’s request is for an omitted item or an omission of quality, and there is no dispute on these facts and the omission is documented in the claim file, the insurer should pay the claim without documenting the rest of the scope of damage and repair.

⁵ See FEMA Technical Bulletin 2, Flood-Damaged Materials Requirements (2008).

⁶ See SFIP (I), (II)(C)(14).

⁷ See SFIP (III)(A).

⁸ See SFIP (IV)(14).

⁹ See SFIP (VII)(H)(3)(a).

Accordingly, FEMA finds the insurer properly denied the policyholder's additional payment request as the policyholder's proof of loss does not support the claimed loss and dollar amount requested.

CONCLUSION

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