

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
National Flood Insurance Program | Federal Insurance Directorate
Appeal Decision for Appeal D6¹

POLICYHOLDER: Redacted
POLICY NO.: Redacted

PROPERTY ADDRESS:	Redacted	BUILDING COVERAGE:	\$250,000
		PERS. PROPERTY COVERAGE:	\$0.00

DATE OF LOSS:	September 2022	APPEAL SUBMISSION DATE:	April 2023
DATE OF DENIAL:	March 2023	APPEAL ELIGIBILITY DATE:	April 2023

PROPERTY DESCRIPTION: A two-story, single-family, elevated post-FIRM (Flood Insurance Rate Map) building on pilings with a lower enclosure.
POLICYHOLDER'S APPEAL: The policyholder requests coverage up to the building's valuation.

RESULT: Uphold denial

BASIS FOR DECISION UNDER THE STANDARD FLOOD INSURANCE POLICY (SFIP):²

- The insurer denied coverage because the wind insurer already paid the policyholder a total loss claim of \$350,000.
- The SFIP is a direct physical loss policy; it is not a valued policy. (See SFIP (III)(A), (II)(C)(30)).
- In case of loss or request for payment, the policyholder must submit a signed proof of loss with the documentation that supports the loss and the dollar amount requested, including policy and claim payment details from other insurance covering the loss. (See SFIP (VII)(G)(3)-(5)).
- When multiple perils are involved during a loss event, such as wind and flood, the wind and flood insurers should agree on the proportional percentage or distribution of damage from each peril and apply that percentage or value of damage against the building's replacement cost value. (See SFIP (VII)(B)(1), (VII)(B)(3)).
- In case of a total loss, the value of the wind and flood damage paid should not exceed the replacement cost value of the building or the policy limits, whichever is less. (See SFIP (VII)(R)(2)). Replacement cost value is based on the cost to replace a new building with like, kind, and quality, including planning, site preparation, excavation, overhead and profit, and sales tax. Replacement cost value may not include property items that are not insured under the SFIP. It may not include other costs such as those based on the market or other intangible factors such as those used to determine valuations for real estate, tax assessment, or financial lending.
- The flood adjuster noted the building's replacement cost value is \$242,738.
- Because the wind insurer paid the policyholder a total loss claim of \$350,000, over the building's replacement cost value, the insurer correctly denied payment.
- The policyholder did not submit a proof of loss with the documentation that supports the loss, including all policy and claim details on other insurance covering the property.
- Therefore, FEMA directs the insurer to coordinate benefits with the wind insurer to agree on the replacement cost value of the building and the distribution of damage attributable to each respective claim.
- If the insurer obtains a forensic damage evaluation from a state-licensed engineer to help determine the proportion of flood and wind damage to the insured property, the insurer should share a full color copy of the report with the policyholder and the wind insurer.

¹ 44 C.F.R. § 62.20. All appeal-related documents are on file with FEMA [hereinafter "Appeal File"].

² See 44 C.F.R. § 61.13 (2021); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1).

- If the flood loss is determined to be equal to or greater than substantial damage threshold in force by the local community, the policyholder may be entitled to benefits under the SFIP Coverage D, Increased Cost of Compliance . FEMA directs the insurer to inform the policyholder of the SFIP eligibility and documentation requirements for receiving Increased Cost of Compliance benefits.

Branch Chief/Examiner of Record

Policyholder Services Division Director

Delivery of this Appeal Decision concludes your appeal. 44 C.F.R. § 62.20(f)(3). If you do not agree with this decision, please refer to the SFIP for options for further action. The appeals process does not extend the one-year period to file suit against the flood insurer that began when the insurer first denied your claim in writing. 44 C.F.R. § 62.20(f)(4).

You may request a phone discussion with a FEMA flood insurance expert regarding this Appeal Decision by emailing FEMA-FL-Appeals@fema.dhs.gov and referencing the FEMA Appeal Decision number. Such discussions are for informational purposes only. FEMA will not reopen the appeal or consider new information during any phone discussion.