



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

*FEMA Flood Insurance Appeal Decision #C43*

## **OVERVIEW**

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The policyholder filed an appeal on August 2020, alleging her flood insurance carrier (hereinafter “insurer”) improperly denied part of her claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising from a flood event dated August 2017.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of the loss, the policyholder had \$57,200 in building coverage.
- The policyholder reported the loss to the insurer and the insurer assigned an adjuster to inspect the property.
- On September 2017, the adjuster inspected the property and confirmed a general and temporary condition of flood existed. The adjuster measured a watermark of 24 inches on the exterior of the dwelling. The adjuster noted no interior watermark and noted floodwaters were confined to the crawlspace. The adjuster documented that the floodwaters did not reach the main level of the home.
- The adjuster prepared an estimate for the insurer’s review that included allowances for HVAC replacement, clean-up of the floor joists and crawlspace, and exterior pressure washing.
- The insurer agreed with the adjuster’s estimate and issued the policyholder payments for covered building damages totaling \$3,822.03.
- In April 2020, over two and half years after the date of loss, the policyholder reported to the insurer that her floors were sagging as a result of the flood. The insurer retained an engineer to determine the impact of the August 2017 flood event on the foundation and flooring.
- On May 2020, the engineer inspected the property and reported floodwaters were two inches below the subfloor and did not contact the subfloor. The engineer determined floodwaters did not cause any damage to the subfloor, and that the soft spots in the kitchen and laundry room were decayed subfloor sections resulting from leaking waterlines below the bathroom and HVAC closet.

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<sup>1</sup> See 44 C.F.R. § 61.13 (2016); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> 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. The policyholder’s 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”].

- In a letter dated August 2020, the insurer denied coverage for the subfloor and flooring citing SFIP definition of direct physical loss and the SFIP exclusion for damage caused by water, moisture, mildew, or mold.
- On appeal, the policyholder requests payment for a new floor in the kitchen and utility room which the policyholder states was damaged by the flood event.
- The policyholder does not include substantive information that responds to the insurer's reason for denial; therefore, FEMA's decision is based on the documentation in the claim file.

## RULES

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The insurer agrees to pay the policyholder for direct physical loss by or from flood to insured property, provided the policyholder complied with all terms and conditions of the SFIP.<sup>3</sup>

Loss or damage to insured property, must be directly caused by a flood. There must be evidence of physical changes to the property.<sup>4</sup>

The SFIP excludes coverage for a loss caused directly or indirectly by water, moisture, mildew or mold damage that results primarily from any condition substantially confined to the dwelling; or that is within the policyholder's control, including but not limited to design, structural, or mechanical defects; failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or failure to inspect and maintain the property after a flood recedes.<sup>5</sup>

## ANALYSIS

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On appeal, the policyholder seeks coverage for flooring in her utility room and kitchen.

The insurer agrees to pay the policyholder for direct physical loss by or from flood to insured property. Here, during the initial inspection, the adjuster recorded a 24-inch floodwater line, with floodwaters confined within the crawlspace. The adjuster noted that water did not reach the floor joists or subfloors, and never entered the insured dwelling. In April 2020, the policyholder notified the insurer of flooring damages, which was over two and a half years after the reported date of loss. For these damages to be covered by the SFIP, there must be evidence that the damages were caused directly by a flood.

The insurer retained an engineer who inspected the property on May 2020. The engineer concluded that the floodwaters did not rise high enough to touch the subfloor. He also concluded that the darkly stained subfloor sections are localized below the laundry room, kitchen, and bathroom. The engineer determined that the soft spots in the kitchen and laundry room are decayed subfloor sections resulting from leaking waterlines below the bathroom and HVAC closet.

FEMA's review finds that the engineer's photographs of decayed subfloor sections in isolated areas do not represent clear flood damage. There are no uniform or consistent patterns visible in the photographs to

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<sup>3</sup> See SFIP (I).

<sup>4</sup> See SFIP (II)(B)(12).

<sup>5</sup> See SFIP (V)(D)(4).

show that the flood waters caused the depicted damage to the flooring. Had a flood caused this damage, there likely would be damage to the entire subflooring of the home.

The SFIP excludes coverage a loss caused directly or indirectly by water, moisture, mildew or mold damage that results primarily from any condition substantially confined to the dwelling; or that is within the policyholder's control, including but not limited to design, structural, or mechanical defects; failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or failure to inspect and maintain the property after a flood recedes. According to the claim file, the policyholder stated she noticed damage to the floor in 2018 but waited until April 2020 to alert the insurer of the damage, and took no demonstrated actions to remedy the situation. The policy does not cover these damages as they were within the policyholder's control. In order to provide coverage, the SFIP requires the policyholder to maintain the property after a flood recedes. Had the policyholder performed timely mitigation following the flood event, the damages caused from moisture within the crawlspace would have been prevented.

FEMA's review finds the insurer properly applied the SFIP when denying the policyholder's claim.

## **CONCLUSION**

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Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage for flooring in their utility room and kitchen.