



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)

APPEAL DECISION

FEMA Flood Insurance Appeal Decision #C4

December 18, 2022

OVERVIEW

The policyholders filed an appeal in August 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a claimed loss event dated May 2020.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$250,000 in building coverage and \$100,000 in personal property coverage.
- The policyholders notified the insurer of the claimed loss event and the insurer assigned an adjuster to inspect the property.
- On May 2020, the adjuster inspected the property and documented an exterior waterline of eight-inches and an interior waterline of four-inches. The adjuster did not document canvassing the neighborhood for flooding.
- The adjuster completed an estimate and recommended the insurer issued the policyholders an advanced payment. On May 2020, the insurer issued the policyholders an advancement payment of \$2,500 for building damages.
- On June 2020, the policyholders submitted additional invoices for review in a request for additional payment.
- On July 2020, a second adjuster conducted an inspection on the property. The adjuster noted a six-inch exterior waterline and a one-inch interior waterline. The adjuster canvassed the area to confirm if a flood event, as defined by the SFIP, was the cause of the damages. Evidence and statements from neighbors failed to substantiate that any adjacent properties or that two or more acres experienced a partial or complete inundation by flood waters.
- On July 2020 the insurer requested the return of the advance payment from the policyholders.
- In a letter dated July 2020, the insurer denied coverage citing no general and temporary condition of flood.
- The policyholders appeal the insurer’s denial and believe had the first adjuster properly canvassed the area, that a flood would have been confirmed. The policyholders include a signed statement from their neighbor in support of their appeal.

¹ See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² 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. The policyholders’ 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”].

RULES

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

The SFIP defines a flood as a temporary inundation of two or more acres of dry land or two or more adjoining properties, one of which is the policyholders' property, by inland or tidal overflow; rapid accumulation of rainfall or snowmelt; or mudflow. In order to qualify for coverage, the SFIP requires a general condition of flooding exists at the described location on the reported date of loss.⁴

The SFIP requires the policyholders to prove their loss and submit a signed and sworn proof of loss complete with documentation that supports the loss and the dollar amount requested. The proof of loss must be submitted directly to the insurer.⁵

ANALYSIS

The policyholders contest the denial of their claim due to no general and temporary condition of flood.

The insurer agrees to pay for direct physical loss by or from flood to insured property if the policyholders comply with all terms and conditions of the SFIP. The SFIP defines a flood as a temporary inundation of two or more acres of dry land or two or more adjoining properties (one of which is the policyholders'), by inland or tidal overflow; rapid accumulation of rainfall or snowmelt; or mudflow. In order to qualify for coverage, the SFIP requires a general condition of flooding exists at the described location on the reported date of loss.

The first adjuster who inspected the property likely assumed that based on what was observed as waterlines, that a flood must have occurred. However, the first adjuster did not document canvassing the neighbors to confirm that adjacent properties flooded or that two or more acres were affected. When the second adjuster conducted the second inspection to verify the additional claimed damage made by the policyholders, discrepancies in the waterlines were found. This prompted the second adjuster to canvas the neighborhood and confirm whether or not a flood event occurred as defined by the SFIP. The evidence and statements provided by neighbors failed to substantiate that any adjacent properties or that two or more acres were affected.

In case of a loss, the SFIP requires the policyholders provide a signed proof of loss that proves the damages being claimed were caused by flood. FEMA's review finds that none of the documentation in the claim file or provided with the appeal clearly shows that a flood occurred on the claimed date of loss. FEMA's review of the appeal file found that the damage appears to be from water pooling near a drain from heavy rain, not a flood. The waterlines are not clear, not uniform, and appear to be rain splatter. Had a flood occurred, there would be clear watermarks and debris outside of the property. The pool looks unaffected where it likely would have risen or at least had evidence of debris inside it. The photograph in the claim file, apparently taken approximately a block away does not clearly show the location of where it was taken.

³ See SFIP (I).

⁴ See SFIP (II)(A)(1).

⁵ See SFIP (VII)(J)(3)-(5).

With their appeal, the policyholders provide a statement from their neighbor who states they were confused by the adjuster's questions when he canvassed the area. The neighbor states in the letter that water did pool in their backyard on the claimed date of loss. However, the letter it is not dated and there are no photographs to support their statement. FEMA's review of the National Flood Insurance Program's claims database found that there were no other reported flood claims in the nearby area on or around the reported date of loss.

FEMA's review finds the insurer appropriately applied the SFIP when denying the policyholders' claim. The policyholders have not proven their loss, that a flood occurred, as defined by the SFIP. There has been no evidence presented that would justify FEMA to overturn the denial or instruct the insurer to re-evaluate.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage due to no general and temporary condition of flood.