

NATIONAL FLOOD INSURANCE PROGRAM

CLAIMS MANUAL

March 2025



FEMA



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Message to National Flood Insurance Program Claims Professionals



As our trusted industry partners, claims professionals are often the first representatives of the NFIP to engage with our policyholders on the worst day of their lives following a flood event. That is why we rely on you to bring your expertise to every interaction, displaying FEMA's core values of compassion, fairness, integrity, and respect.

The Federal Insurance Directorate is committed to reducing complexity for our policyholders and stakeholders. As part of the effort, we redesigned our NFIP Claims Manual so that it more clearly maps each step of the Claims Journey — from the time of loss through the resolution of the claim. It serves as a central source for both our customers and stakeholders, providing details and updates about the NFIP, the Standard Flood Insurance Policy, essential forms, coverage limits, claims processes, and much more, to ensure that you are equipped with the knowledge and tools to handle every claim with confidence.

We are making additional changes to help individuals and communities better prepare

and recover from flood. We are enhancing the message to include more risk education information and using underwriting factors to encourage risk discussions with property owners. Finally, we are working with communities to help them better understand and mitigate evolving flood risks.

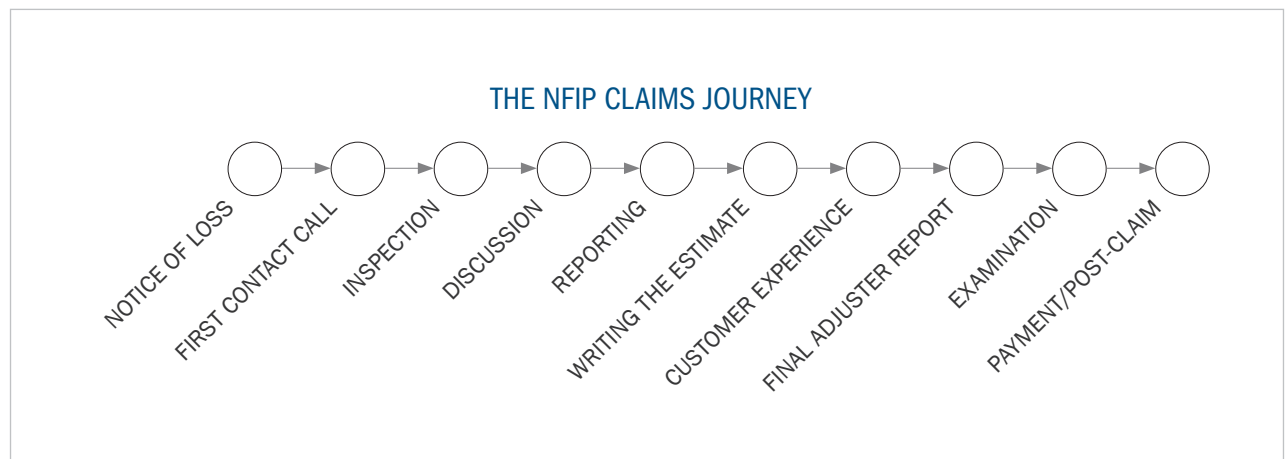
These efforts are intended to further the Federal Insurance Directorate's mission of providing customer-focused flood insurance to help survivors and their communities recover effectively from flood events. We know the secret to success is in the details. Paying attention to the details shows that we are invested in our policyholders' recovery, and it allows us to reduce disaster suffering.

I have full confidence that you will continue the high-quality service that our NFIP customers have come to expect. I am grateful for your work to help policyholders recover from flood losses, and I look forward to your continued commitment as we work together to build a safer, more resilient nation.

— **Elizabeth Asche, Ph.D.**

*Assistant Administrator
Federal Insurance Directorate*

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The Claims Manual is designed to assist NFIP claims professionals as they guide NFIP policyholders through the claims journey.

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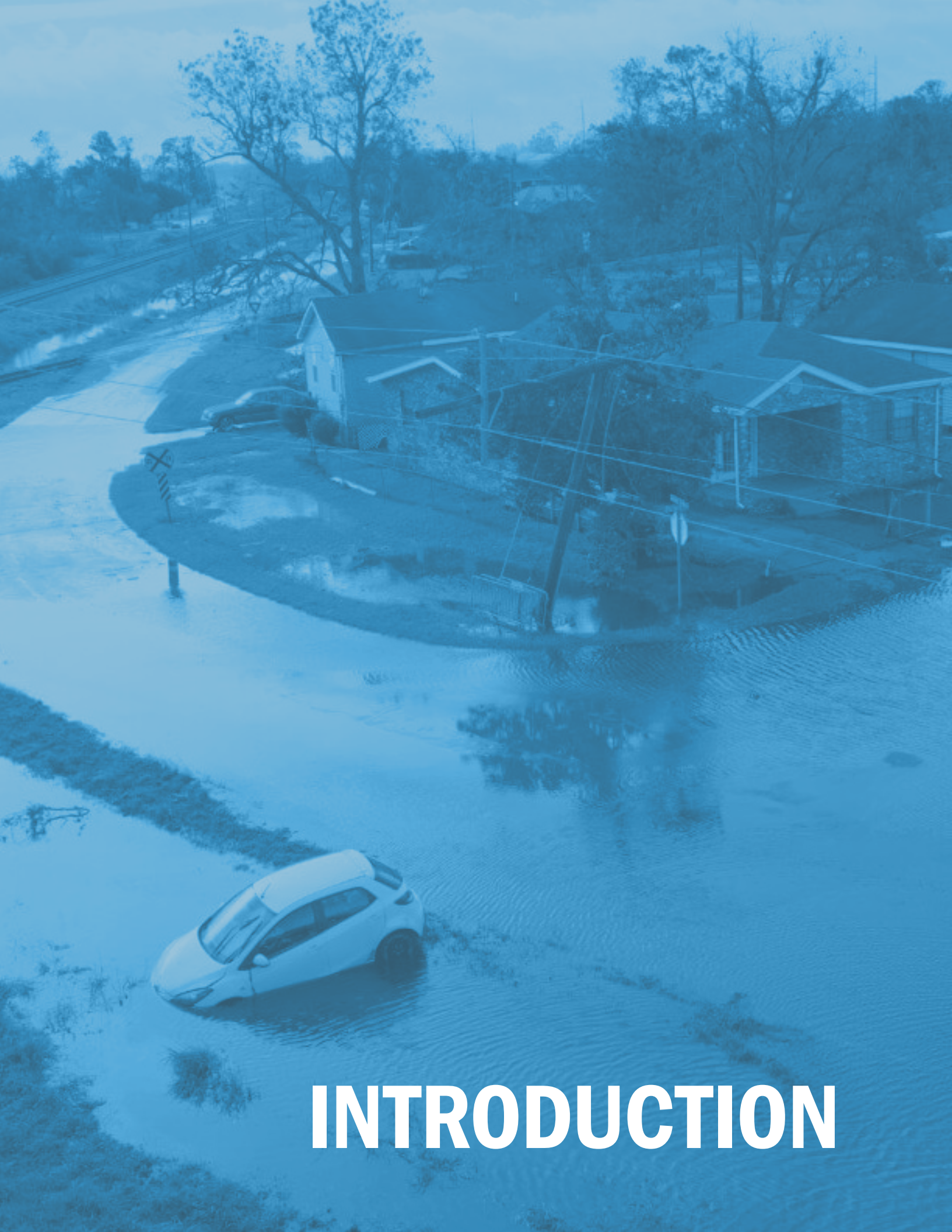
SFIP Guidance

Figure 3: SFIP HierarchySFIP Guidance–1

Increased Cost of Compliance

Figure 4: ICC JourneyICC–1

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INTRODUCTION

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Purpose

The purpose of the NFIP Claims Manual (“Manual”) is to **provide** claims guidance to **flood insurance claims professionals, which includes NFIP insurers, examiners, NFIP insurer’s staff adjusters, independent adjusters, and adjusting firms, so** policyholders experience consistent and reliable service. The Manual contains processes for all aspects of the claims journey, from the notice of loss to final payment.

This Manual supersedes all prior NFIP flood insurance claims bulletins, except those announcing:

- Event Designation Numbers (EDNs),
- Flood Response Office (FRO) locations, and
- Claims adjuster briefings.

Note: This document includes hyperlinks to websites and PDFs. These links are current as of the date of publication. Some links may perform better in different web browsers. Due to the interactive nature of some PDF forms, it may be necessary to download PDFs to your computer in order to open them in a PDF viewer. See <https://www.fema.gov/flood-insurance/find-form/adjusters> for further information on how to download and use the forms.

Disclaimer: This document represents the current FEMA guidance on the covered topics and may assist **NFIP insurers, examiners, agents, adjusters, and policyholders** to apply applicable statutory and regulatory requirements, as well as the terms and conditions of the Standard Flood Insurance Policy. This document is not a substitute for applicable legal requirements, nor is it itself a rule. It is not intended to, nor does it impose, legally binding requirements on any party, except where parties have voluntarily entered into an agreement requiring compliance with FEMA guidance. FEMA’s discussion of any brand, trademark, or registered mark is not an endorsement. References to states and communities throughout this Manual include NFIP-participating tribal governments.

National Flood Insurance Program

Congress created the **National Flood Insurance Program (NFIP)** in 1968 with a goal of making flood insurance available nationwide. It sought to accomplish this through effective partnership across all levels of government, the insurance industry, lending institutions, and property owners. **FEMA administers the NFIP and is responsible for selling flood insurance; identifying and publishing flood hazard data; and establishing floodplain management criteria guiding construction in the floodplain.**

To participate in the NFIP and be eligible to purchase flood insurance, communities must adopt and enforce land use ordinances that meet or exceed FEMA's minimum floodplain management regulations and adopt the effective Flood Insurance Rate Map (FIRM). FEMA markets flood insurance in two ways: the NFIP Direct and the Write Your Own (WYO) Program, which enables eligible private insurance companies to sell and service NFIP policies under the company's own name.

Note: The Standard Flood Insurance Policy (SFIP) forms and Group Flood Insurance Policy are under federal law, unlike other property lines.

NFIP Knowledge

FEMA expects every **flood insurance** claims professional to follow the guidance in this Manual and be knowledgeable of the provisions, exclusions, and restrictions of the SFIPs. **Flood insurance claims** professionals should also determine whether an NFIP bulletin issued after the publication of this Manual gives policy and claim clarifications. NFIP Bulletins are located at <https://nfipservices.floodsmart.gov>, under the Industry Resources link.

Note: FEMA recommends adjusters and claims examiners subscribe to the WYO Clearinghouse Bulletin Subscription distribution list located at <https://nfipservices.floodsmart.gov/home/maillinglist>.

Standard Flood Insurance Policy

FEMA must establish the terms and conditions of flood insurance coverage by regulation. See 42 U.S.C. § 4013(a). FEMA **accomplishes** this through the Standard Flood Insurance Policy (SFIP) **forms**. See 44 C.F.R. § 61.13 (2024); 44 C.F.R. Pt. 61, App. A(1)-(3) (2024). NFIP insurers must use the SFIP **forms**. The SFIP defines the coverages, limitations, and exclusions for NFIP flood insurance policies and includes terms and conditions that are unique to the NFIP. There are three different SFIP forms: the Dwelling Form, the General Property (GP) Form, and the Residential Condominium Building Association Policy (RCBAP) Form. See 44 C.F.R. Pt. 61, App. A(1)-(3) (2024).

See the [NFIP Flood Insurance Manual](#) for additional information about eligible policyholders and building occupancies for each SFIP.

TABLE 1: Standard Flood Insurance Policy Forms

SFIP Form	Eligible Policyholders	Eligible Building Occupancies
Dwelling Form	<ul style="list-style-type: none"> • Homeowner • Residential unit owner • Building owner • Residential renter 	<ul style="list-style-type: none"> • Single-family residence. • Residential manufactured/mobile home. • Residential unit. • Two-to-four family building.
General Property Form	<ul style="list-style-type: none"> • Building owner • Unit owner • Building or unit lessee 	<ul style="list-style-type: none"> • Other residential building • Condominium building where less than 75 percent of the total floor area is residential. • Non-residential building. • Non-residential manufactured/mobile building. • Non-residential unit. • Detached garage. • Non-residential contents in any building or unit • A building owner's residential contents located in multiple units within a building with five or more units.
RCBAP	Issued to a residential condominium association on behalf of the association and unit owners	<p>In a regular program community only, a residential condominium building.</p> <p>Note: The RCBAP covers contents owned by the condominium association for a residential condominium building with 75 percent or more of its total floor area in residential use.</p>

Becoming an NFIP Adjuster

In order to adjust flood losses for the NFIP, independent adjusters must both register with the NFIP and possess an active Flood Control Number (FCN). To receive an FCN, an independent adjuster must possess the requisite qualifications and attend an annual NFIP claims presentation.

The FCNs are unique identifiers issued by FEMA that are assigned to each adjuster and adjusting firm, authorizing them to adjust specific types of NFIP claims. Adjusters must carry their FCN card at all times and present it to the policyholder upon request.

NFIP Registered Adjuster	NFIP Standard Operations
<p>JOHN DOE</p> <p>FCN: 0000000000 Status: Active</p> <p>Registration Date: 1/16/2025 Valid Through: 06/30/2026</p> <p>AUTHORIZED FOR: Residential (Dwelling) Commercial Manufactured (Mobile) Home Condo/RCBAP</p> 	<p>2025</p>  <p>This card is the property of FEMA. It may only be used by the person for which it was issued and only for the sole purpose of adjusting claims on behalf of the National Flood Insurance Program. Unauthorized use is strictly prohibited.</p> <p>This FCN card is valid through June 30, 2026, and does not guarantee assignment of NFIP claims.</p> <p>For a replacement FCN card, please contact the NFIP Standard Operations at NFIPAdjusterMailbox@fema.dhs.gov.</p>
National Flood Insurance Program	NFIPSERVICES.FLOODSMART.GOV

▲ FCN cards are FEMA property and may only be used by the person to whom it was issued, for the sole purpose of adjusting **NFIP** claims on behalf of the **NFIP** insurer.

Only licensed independent adjusters with active FCNs may adjust NFIP claims. The FCN is used to identify and authorize adjusters to handle claims for the NFIP. The FCN card confirms the adjuster is active, registered, and specifies the types of claims they are authorized to handle under the NFIP. NFIP insurers' staff adjusters are not required to have an FCN, but must have the same specialized knowledge standards as those with an FCN.

Qualifications The NFIP requires independent adjusters to **meet and maintain compliance with certain requirements to be qualified** to adjust different property types.

[The Adjuster Registration Application](#) contains five registration categories. Adjusters may register for any or all categories for which they satisfy the qualification requirements, [see Table 2](#).

TABLE 2: Adjuster Registration Requirements

Category	Registration Requirements
Residential	<ul style="list-style-type: none"> Have a minimum of four consecutive years of full-time property loss adjusting experience with an Independent Adjusting (IA) firm or as a P&C staff adjuster. To qualify for these categories, an adjuster must show they are capable of preparing an accurate scope of damage and dollar estimate for the following: <ul style="list-style-type: none"> \$50,000 for manufactured homes and travel trailers; \$250,000 for residential losses; and \$500,000 for commercial losses.
Manufactured (Mobile) Home/Travel Trailer	<ul style="list-style-type: none"> Attend the annual NFIP claims presentation. Demonstrate a thorough understanding of the SFIP and NFIP adjustment criteria for all SFIP forms. Have knowledge of manufactured home and travel trailer construction and valuation.
Commercial (up to \$1M)	<ul style="list-style-type: none"> Have at least five years of full-time large-loss property adjusting experience. For commercial losses, be capable of preparing an accurate scope of damage and dollar estimate of \$500,000 or more. For RCBAP, be capable of preparing an accurate scope of damage and dollar estimate of \$1,000,000 or more.
Condominium (RCBAP)	<ul style="list-style-type: none"> Provide to FEMA written recommendations from three insurance company supervisors or claims management personnel. The recommendations must reflect the adjusting experience only. Attend the annual NFIP claims presentation. Demonstrate a thorough understanding of the SFIP and NFIP adjustment criteria for all SFIP forms.

Qualifications continued

To be eligible to obtain an FCN and adjust NFIP claims, a licensed independent adjuster must:

- Meet the requirements described in Table 2 of this section;
- Apply for and obtain an FCN;
- Attend annual FEMA-approved NFIP claims presentations and workshops; and
- Abide by the NFIP's Code of Conduct and by the FEMA Core Values.

More details on how to apply for an FCN can be found at [FloodSmart.gov](https://www.floodsmart.gov). The complete Adjuster Registration Application must be sent to FEMA via the following method:

Email: NFIPAdjusterMailbox@fema.dhs.gov

FEMA will send the adjuster an approval or denial notification by email to new adjusters and adjusters seeking to add categories to their FCNs. If approved, FEMA will issue the adjuster an FCN card by email. FCN cards are considered FEMA property. FCN cards may only be used by the designated adjuster for the exclusive purpose of adjusting NFIP claims on behalf of the NFIP insurer. Unauthorized use of the FCN card is strictly prohibited. The assigned FCN will be active for one year. Provided the adjuster continues to attend annual FEMA-approved NFIP claims presentations and abides by the Code of Conduct, FEMA will automatically renew the FCN card. **Note:** FEMA reserves the right to request a new application from any adjuster when it determines updates in information are needed.

If an adjuster fails to attend the annual FEMA-approved NFIP claims presentation, the adjuster's FCN will become inactive, and the adjuster will be unable to adjust NFIP claims. Adjusters with inactive FCNs will need to reapply for an FCN. FEMA maintains a database of active and inactive NFIP adjusters, and records of adjusters' attendance at annual FEMA-approved NFIP claims presentations and workshops.

Flood Adjuster Capacity Program (FACP)

During large or mid-sized events, FEMA may implement the Flood Adjuster Capacity Program to ensure there are sufficient qualified adjusters available to adjust claims. For more information, please see the [Flood Adjuster Capacity Program Manual](#).

► Adjusters may be authorized to handle claims under the FACP and issued unique FCN cards, which are vertical in orientation and contain unique identifiers. These cards remain FEMA property and may only be used by the designated adjuster for the exclusive purpose of adjusting claims on behalf of the NFIP insurer. The card is valid only until the adjuster's training is finalized.



Flood Insurance Claims Professional Expectations

FEMA's goal is to ensure that flood insurance claims professionals, including independent adjusters, adjusting firms, examiners, and NFIP insurers' staff adjusters, handle each claim fairly, without unnecessary delay, and to see that everyone involved in the flood claim process treats each policyholder with respect and empathy.

- Adjusters will likely be the first, and perhaps the only, NFIP insurer's representative a policyholder meets after a flood. The NFIP policyholders depend on the adjusters' expertise and compassion to help them recover from what may be a devastating experience for them.
- NFIP insurers have the authority to examine claims, make coverage decisions, and communicate the claims determinations to policyholders. How the examiner handles their oversight of flood claims can positively influence the customer experience.
- Pay the policyholder as soon as possible, including all undisputed amounts. The examiner can help NFIP policyholders recover by being responsive to policyholder inquiries, proactively examining reports, promptly issuing payments, and providing appropriate and professional communications.

Adjusters

The NFIP insurer assigns the adjuster to help the policyholder document the loss and to make a recommendation on the claim to the insurer, which is shared with the policyholder. FEMA expects every adjuster handling NFIP flood losses to:

- Explain the policy to the policyholder and make recommendations to the NFIP insurer;
- Communicate to the policyholder that the adjuster does not have the authority to approve or deny a claim, only to make recommendations subject to review by the NFIP insurer;
- Adjust all claims in compliance with the SFIP, this Manual, and any applicable bulletin issued by FEMA after publication of this Manual; and
- Review and explain the building estimates and proactively assist policyholders with the contents claim and Proof of Loss (POL).



Adjusting Companies

Adjusting companies have a pivotal role in the oversight of independent adjusters handling claims under their company banner, to include training, knowledge of the NFIP policies and processes, and maintaining NFIP authorized adjusters.

The adjusting company will work with the WYO companies and NFIP Direct for instructional guidance. The adjusting company should:

- Distribute claim assignments to the proper adjusters based on registration level and professional qualifications.

Adjusting Companies continued

FOR MORE INFO

See Time Standards
on page Claims
Oversight-13

- Involve senior **flood insurance** claims professionals or reassign claims with the policyholder's best interests in mind, when needed.
- Ensure adjusters on new assignments are contacting policyholders as soon as possible, and that communications expectations are properly met.
- Validate that preliminary reports, advance payments, referrals for underwriting review and engineer assignments, and 30-day status reports are sent in a timely manner in compliance with published time standards.
- Actively supervise and oversee claims handled by adjusters-in-training.
- Review and ensure accuracy on all claims, in particular assignments for less frequent or more complex claim types, such as manufactured homes, claims of foundation damage, and all GP-insured and condo-type losses.
- Support the review of pending or final claims by NFIP General Adjusters (random or at the request of FEMA), policyholders (or representative), or **NFIP** insurers. The adjusting company or adjuster must be able to discuss all activity on a claim if the policyholder or representative makes any inquiry (e.g., appeal, appraisal, litigation, etc.).
- The adjusting company must have high standards when monitoring professional conflicts of interest.

Examiners

Authority. Examiners administrate claims on behalf of the NFIP insurers. Accordingly, they have the authority to pay claims, to make and confirm coverage determinations, and to deny coverage when appropriate. Examiners should offer guidance to adjusters as needed. **Examiners engage with the adjuster to guide policyholders through the entire NFIP claims process - from the first notice of loss to their final claim determination. By sharing and communicating their knowledge of the SFIP to the policyholder, claims examiners can help policyholders understand the key actions necessary to smooth out the claims journey.**

Responsibilities. Claims examiner responsibilities include:

- Adjuster assignment, whether done by an automated system or done manually, and monitoring performance for timely contact and inspection.
- Managing the claim file, including:
 - Issuing advance payments (when authorized);
 - Resolving **underwriting** issues with their underwriting department;
 - Settling coverage issues within the claims department;
 - Overseeing adjusters to ensure timely reporting and settlement recommendations;
 - Affirming and validating adjuster recommendations, as supported by evidence in the claim file;
 - Recommending and hiring experts; and
 - Issuing proper and timely payments.
- Claims reporting and forms management including:
 - Pivot (NFIP system of record) reporting; and
 - Proper expense payments.

**Examiners
continued**

- Communicating with policyholders, including:
 - Partial and full denial letters; and
 - Other communications, as necessary.

FEMA expects every examiner handling NFIP flood losses to:

- Understand their first obligation to a policyholder is to identify coverage under the SFIP;
- Obtain comprehensive reports from adjusters allowing the examiner to resolve claims with accuracy and efficiency;
- Understand their payment decisions must be in accordance with the SFIP; and
- Attend an annual NFIP claims presentation in order to hear FEMA's current messaging on claims.

**Code of
Conduct**

Flood insurance claims professionals (i.e., independent adjusters, adjusting firms, NFIP insurers' staff adjusters, and examiners), must uphold the highest standards of honesty, impartiality, integrity, and professional conduct. These principles are essential to ensuring the proper performance of NFIP-related duties and maintaining the trust and confidence of NFIP policyholders.

Flood insurance claims professionals must conduct themselves with courtesy, integrity, and a strong sense of responsibility toward policyholders. Flood insurance claims professionals must act promptly and diligently in serving policyholders, demonstrating professional behavior that reflects positively on both the NFIP insurer and the NFIP.

FEMA does not accept any flood insurance claims professional conflict of interest.

- Any flood insurance claims professionals that perform work on behalf of an NFIP insurer, or is registered in the Flood Adjuster Capacity Program, may not perform any service related to NFIP claims or business (including support, inspections, consulting, or estimating) for or as a public adjuster (licensed or not), or give representation adverse to the NFIP.
- Adjusters, including adjusting firms, also may not adjust claims for a property in which the adjuster or immediate family member owns an interest, nor can an adjuster accept any money from a third party to steer business to a specific firm or individual.
- Flood insurance claims professionals may not accept monetary or non-monetary incentives from policyholders.
- The use of the FCN by an adjuster or adjusting firm for any purpose other than adjusting a flood insurance claim on behalf of an NFIP insurer is improper and may result in immediate suspension or revocation of the FCN. FEMA may refer the improper usage of the FCN to investigators as necessary to protect the integrity of the NFIP.

***“Ethics is
knowing the
difference between
what you have a
right to do and
what is right to do.”***

—Justice Potter Stewart

*Investigation
Procedure of NFIP
Code of Conduct
Violations*

NFIP insurers, including FEMA's Direct Servicing Agent, and their adjusting firms have an obligation to protect the integrity of the NFIP. When an NFIP insurer or adjusting firm becomes aware of an allegation or possible violation of the NFIP's Code of Conduct, they must:

- Conduct an internal investigation and coordinate with FEMA.
- If a violation is confirmed by the NFIP insurer or adjusting firm, they must notify FEMA, immediately, and give all supporting documentation, including their findings and recommendations.

FEMA will investigate all complaints asserting a violation of the NFIP's Code of Conduct to confirm the validity of the complaint.

- FEMA will notify the flood insurance claims professional of the allegations by email and provide the person, at least, ten (10) business days to respond to the allegations, with all pertinent information.
- FEMA will notify the flood insurance claims professional of its findings and determination by email, with an opportunity to submit an administrative appeal to the Assistant Administrator for Federal Insurance Directorate, within twenty (20) calendar days of notification.
- However, if no response to the notice of alleged violation to the NFIP's Code of Conduct is received from the flood insurance claims professional within the ten (10) business days period, FEMA may consider its investigation complete and notify the flood insurance claims professional of FEMA's final determination, according to its findings, without an opportunity for an administrative appeal.

*Consequences
of a Code of
Conduct Violation*

- If FEMA determines that there was a violation of the NFIP's Code of Conduct, the flood insurance claims professional must be removed or suspended from handling any NFIP claim or business for a period FEMA deems necessary to remedy the underlying violation, but in no case less than one (1) year. If FEMA determines that an adjuster or adjusting firm violated the NFIP's Code of Conduct and the violation is not amenable to remedy, the final determination may include the indefinite or permanent revocation of the FCN.
- Reinstatement of the flood insurance claims professional, including reinstatement of the FCNs, may be requested upon application and demonstration of compliance with FEMA's final determination, and subject to FEMA's approval.

Documentation can be sent to the NFIP via the following method:

E-mail: NFIPAdjusterMailbox@fema.dhs.gov

FOR MORE INFO

See Protect Policyholder
Privacy on page Claims
Journey-4

If sent over email, you must password-protect, encrypt, or otherwise protect the privacy of any personally identifiable information contained within the documentation.

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SECTION ONE

CLAIMS JOURNEY

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Approach to this Manual

This Manual presents the flood insurance claims professional with two major categories:

1. Customer experience expectations throughout the policyholder claims journey, and
2. Guidance concerning specific provisions of the Standard Flood Insurance Policy (SFIP).

This first section, Claims Journey, sets out an idealized multi-step process that every claim should follow in the interest of completeness and customer service. This section addresses what it means to provide good service from the adjuster in the field, good service from the independent adjusting company, and good service from the **NFIP** insurer's claims department.

The next section, SFIP Guidance, provides FEMA's guidance and interpretations for specific provisions of the SFIP. This guidance is organized hierarchically to support consistent treatment of policyholders, limit confusion, and ensure accurate basis for the denial of claims. It includes entries specific to Increased Cost of Compliance (ICC) coverage and special claims handling scenarios.

The Claims Journey

FIGURE 1: NFIP CLAIMS JOURNEY



The Claims Journey provides an overview of the major actions that **flood insurance** claims professionals will take, both with and without the policyholder. This journey is written with the Dwelling Form in mind but will reference General Property (GP) and Residential Condominium Building Association Policy (RCBAP) concepts wherever appropriate.

Our customer service **requirements** permeate every step of the journey, keeping with FEMA's **Core Values** of **Compassion**, **Fairness**, **Integrity**, and **Respect**. **Flood insurance claims professionals must abide by FEMA's Core Values**. These themes, set out in the table below, will echo throughout the pages that follow.

FEMA CORE VALUES	
Compassion	Be empathetic to the stressful circumstances the policyholder may be experiencing and your crucial role in helping their recovery. Every interaction with the policyholder is an opportunity to cultivate a relationship.
Fairness	Strive to achieve principled, well-reasoned, and just outcomes in the execution of all claims, and adjust each claim fairly and without unnecessary delay, bias, or preference.
Integrity	Integrity is the foundation of all our actions and is central to our conduct. Maintain the highest standards of integrity by creating a culture of honesty, consistency, and predictability. Trust is the earned result of conducting our actions with integrity. Failure to adhere to the highest standards reflects poorly on the NFIP.
Respect	Treat all policyholders with dignity and respect. This is not only important, but it is also their right.

Be Prepared

Flood insurance claims professionals should:

- Have their resources (e.g., [NFIP Claims Handbook](#), [ICC Brochure](#)) on hand and understand all three SFIP forms: Dwelling, GP, and RCBAP. Policies written under the Group Flood Insurance Policy (GFIP) will only be assigned to adjusters by NFIP Direct.

Be Prepared continued

- Know, apply, and communicate all updates or changes to insurer guidance. Adjusters must be familiar with both the general guidance provided by FEMA and any company-specific guidance.
- Know when they may offer an advance payment to the policyholder with an eligible claim and always check for new guidance on advance payments; and
- Know when to engage outside professional services on adjustments (e.g., foundation damage, salvage, elevation disputes/building rating, commercial inventory accounting) and, when necessary, seek the appropriate authorization in a timely manner.

Protect Policyholder Privacy

Starting with the notice of loss and throughout the claim, the **flood insurance claims professional** should exercise care when handling all personally identifiable information (PII). Sensitive PII (SPII), however, requires special handling due to the increased risk of harm to an individual if it is compromised. The loss or compromise of SPII can result in embarrassment, inconvenience, reputational harm, emotional harm, financial loss, unfairness, and, in rare cases, a risk to personal safety.

What is PII?

PII is any information that permits the identity of an individual to be directly or indirectly inferred, including any other information that is linked or linkable to that individual, regardless of whether the individual is a U.S. citizen, legal permanent resident, **or** visitor to the U.S.

PII examples include:

- Name;
- Date and place of birth;
- Mailing address;
- Phone number;
- ZIP code; and
- Vehicle identifiers (including license plate).

What is SPII?

SPII is personally identifiable information which if lost, compromised, or disclosed without authorization, could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual. Further, FEMA considers some information SPII when coupled with the person's name or other unique identifier (e.g., personal address, telephone number) including: full date of birth, authentication information such as mother's maiden name or passwords, and portions of social security numbers.

SPII examples include:

- Social Security number;
- Financial and bank account numbers;



What is SPII? continued

- Driver's license number; and
- Biometric identifiers (e.g., fingerprints).
- Other data elements such as citizenship or immigration status, medical information, ethnicity, religion, sexual orientation, or lifestyle information, in conjunction with the identity of an individual (directly or indirectly inferred), are also SPII.

Note: SPII requires stricter handling guidelines because of the increased risk to an individual if the data is inappropriately accessed or compromised. Some categories of PII are sensitive as stand-alone data elements, including Social Security numbers and driver's license or state identification numbers.

How to Protect Privacy

Flood insurance claims professionals should follow basic steps to ensure policyholders' PII and SPII (generally, PII) are protected.

- When sharing PII by email, all documents should be password-protected.
- Never email PII to a personal email account to work remotely. Flood insurance claims professionals' personally owned computers and other devices should not be used to access, save, store, or host sensitive PII.
- Do not leave PII unattended on desks, printers, fax machines, or copiers. Secure PII in a locked desk drawer, file cabinet, or similar locked enclosure when not in use. When using PII, keep it in an area where access is controlled and limited to persons with an official need to know. Avoid faxing PII, if possible.
- Encrypt PII stored on CDs, DVDs, hard drives, USB flash drives, or other removable media prior to mailing or sharing.
- Do not share account information like usernames or passwords with anyone. Do not keep username or password information in a place that is accessible to others (e.g., on a sticky note on your computer).
- Only store PII on shared drives if access can be restricted to persons with proper authorization. Both folders and documents should be password protected.
- Do not post PII on the internet (including social media and other networking sites) or multi-access calendars that can be accessed by individuals who do not have a need to know.
- Government issued identifications (e.g., driver's licenses) should not be photographed and placed in the claim file, unless needed. Government issued identifications should be redacted to protect PII.

NFIP insurers may have additional guidelines for addressing PII. Flood insurance claims professionals should follow the NFIP insurer's direction.

Notice of Loss



Overview

The policyholder must **promptly** notify the **NFIP** insurer that a loss occurred and provide information critical to the investigation of the claim, (see **Dwelling and General SFIPs, Article VII.G.1; and RCBAP SFIP, Article VIII.G.1**).

- ✓ The policyholder's claim begins with the written notice of loss.
- ✓ **Flood insurance claims professionals must** document the policyholder's reasons for any delay in reporting a loss. **It is crucial that the reason(s) provided by the policyholder for the delay in reporting the loss is thoroughly documented.**
- ! **A policyholder's failure to provide timely notice of loss can be a basis for denial of a claim. Proper documentation can assist in determining whether the delay was justifiable under the terms of the policy.**

Actions to Take

The **NFIP** insurer should gather important policyholder information with the notice of loss: loss location, lienholder(s), coverage amount(s), temporary address (if any), contact number(s), **and** email.

- **Accurately** record **details of the flood** from the policyholder, even if the loss is minor.
- **Include a brief description of the loss, floodwater depth, extent of damage (including affected room areas), and any unique circumstances. This information will help the adjusting firm to properly prioritize and assign the loss. If there is a question about the accuracy of the date of loss, note it.**

Setting Expectations with the Policyholder

FEMA expects high-quality claims processing service from NFIP insurers. Flood insurance claims professionals must:

- Let the policyholder know what to expect and when to expect it (e.g., when the adjuster will call back to make the appointment).
- Follow **NFIP insurer** pre-inspection advance payment procedures, **as authorized by FEMA, according to guidance provided in this Manual.**
- Provide helpful guidance policyholders can take to help with their recovery, for example by suggesting they:
 - Take as many photographs of the building and personal property damages as **necessary to properly document the loss;**
 - **Do not throw away anything the policyholder wants to claim;**
 - Give information on damage tear-out, clean-up, and building dry out, especially if the policyholder intends to hire a contractor;

- If able, remove flood-wetted materials such as carpet as soon as possible, **after they are photographed**, to start the dry out process;
- **Save samples of flooring materials (e.g., carpet) and the like;**
- Separate the damaged and undamaged property;
- Discard hazardous items like household chemicals and spoiled foods as soon as possible after they are photographed; **and**
- Help the policyholder know what to look out for when hiring a remediation, drying, or emergency service contractor.

Reporting Delays

Failure to provide a notice of loss may prejudice the ability of the NFIP insurer to inspect the loss, identify the cause and extent of damage, and determine applicable coverage under the SFIP. When the policyholder delays the notice of loss, it is important to determine if the delay harms the NFIP insurer's ability to fully investigate the loss and the claim. Some examples include the policyholder reporting the loss after repairs are performed, or when an avoidable delay causes damage to undamaged property or changes damaged property from salvageable to non-salvageable.

- In contrast, a justifiable delay could be due to an order issued by local authorities or prolonged inundation which prevents prompt access to the insured property. The **flood insurance claims professional** must ask the policyholder questions to understand the circumstances of and reasons for the delay and report the reason to the NFIP insurer. If the late notification of loss has harmed the NFIP insurer's ability to properly and fully investigate the loss and claim, and the policyholder's explanation does not provide **reasonable** justification, the NFIP insurer has the right to deny the claim.

Write Your Own Company Rules

When there is a delay in reporting the loss, NFIP insurers may require the use of a non-waiver agreement. The non-waiver should include the reason for the non-waiver and the policyholder's explanation for the delay.

The adjuster should have the policyholder sign the non-waiver agreement immediately. If the policyholder refuses to sign the non-waiver agreement, the insurer may decide to send a Reservation of Rights. The adjuster should continue the inspection and review.

Best Practices Checklist

Initial Actions

Below is a non-exhaustive list of actions FEMA suggests flood insurance claims professionals take when policyholders submit their notice of loss.

This list is intended to serve as a guide and should be adapted based on specific claim circumstances and NFIP requirements.

- ☐ Review information in the first notice of loss—contact information (phone, email), mortgagee/payees, other insureds, mailing address (if displaced), etc.
- ☐ Share link to **Identifying Your Advocates After a Flood** flier: <https://agents.>

Initial Actions continued

floodsmart.gov/identifying-advocates-after-flood

- ☐ Set expectations with the policyholder for how the claim will progress (e.g., timing, communications, contact information) and what the policyholder is expected to do (e.g., proof of loss).



Pre-Inspection Advance Payments (When Authorized)

Advance payments help policyholders start their recovery sooner and reduce disaster suffering. Advance payment amounts must be deducted from the final claim payment, after a full inspection and adjustment of the loss.

Option 1: \$5,000. Upon notice of loss from the policyholder with an active flood insurance policy, FEMA **may** allow a payment on building and contents losses combined (less deductibles). The **NFIP** insurer must obtain verbal or written statements from the policyholder and document the following:

- ☐ A flood (**as defined at SFIP, Article II.B**) directly damaged the insured property;
- ☐ The source of the flood;
- ☐ A brief description of how the flood occurred, with supporting documentation from an official weather bureau or reputable news media;
- ☐ An explanation of other flood effects to support that loss is in excess of the advanced amount (e.g., flooding on street, neighboring properties);
- ☐ Approximate floodwater depth (interior floor level, exterior);
- ☐ Whether the extent of damage is confined to an area subject to coverage limitations or not;
- ☐ A brief description of damage to the building and personal property items; and
- ☐ Any prior loss, to avoid duplicated payment for non-repaired property items.

Option 2: \$20,000. With more substantive documentation to complement all the information required by option 1, the **NFIP** insurer may offer payment, **when authorized by FEMA**, up to \$20,000 on building and contents losses combined (less deductibles) when they also obtain:

- ☐ Photographs depicting floodwater depths and damage to property; and
- ☐ Verification of any out-of-pocket expenses related to repair or replacement of insured property (e.g., receipts, invoices, etc.)

Policyholder Tips

- If evacuated, don't return to the property until it is safe to do so.
- Take photographs and videos of the flood damage to the items, especially if discarding them. A policyholder should not dispose of non-hazardous or non-perishable items prior to an adjuster's inspection.

Policyholder Tips

continued

- Save swatches and samples of any discarded items (e.g., carpet, wallpaper, furniture upholstery, curtains) so that the adjuster may review the type and quality.
- Record serial numbers for large appliances and building machinery and equipment.
- Gather any receipts you have for high-value flood-damaged items.
- Take steps to prevent mold.

Coverage Reminders

The SFIP does not provide coverage for additional living expenses; **however, FEMA Individual Assistance may be able to provide resources and support depending on the specific disaster declaration and eligibility criteria.**

- When hiring contractors, repair technicians, or clean up services, remind the policyholder to contact their **NFIP** insurer or adjuster before signing a contract.

Policyholder Representatives

NFIP insurers may not disclose a policyholder's information to a policyholder's representative or allow a representative to act on behalf of a policyholder without obtaining a letter of representation signed by all policyholders named on the policy. At minimum, a letter of representation must include:

- Policyholder's full name;
- Policyholder's current address;
- Policyholder's date and place of birth;
- Name of third-party representative; and
- Statement from policyholder authorizing the authorized representative to act on their behalf and for the insurer to release records to the representative.

The policyholder's signature must either be notarized or submitted with the following statement prescribed by 28 U.S.C. 1746:

I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct.

Executed on (date). (Signature)

First Contact Call



Policyholder Communications

The adjuster must contact the policyholder or their chosen representative within 48 hours of receiving the loss assignment. FEMA expects the adjuster to show compassion and empathy when discussing the loss and arranging the property inspection.

The adjuster should use the opportunity of the first contact call to establish trust with the policyholder. This begins by showing patience with the policyholder and actively listening to their concerns before addressing the next steps to their claim journey.

Discussion with the Policyholder

- ☐ Explain how the policyholder should prepare for the inspection;
- ☐ Encourage the policyholder to initiate mitigation steps to avoid further damage;
- ☐ Ask them to begin to document their loss; and
- ☐ Share other helpful guidance in case they need to hire services (e.g., electrical, HVAC, damage tear-out, drying services).

CUSTOMER EXPERIENCE

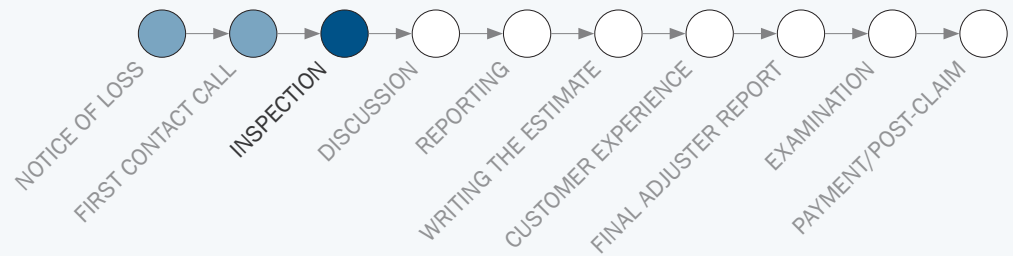
Prioritizing GP Losses

When dealing with commercial losses, it is necessary to inspect the property as soon as possible after the notice of loss. This will benefit the policyholder by preserving the ability of the adjuster to inspect the damage and help control the claim handling.

Actions to Take

- Establish a mutually agreed-upon date and time (or window of time) for the inspection.
- If the date or time of inspection is delayed (e.g., nature of the flood; scheduling issues), tell the policyholder how to prepare for the inspection, photograph their building and personal property damages, preserve flood waterlines, initiate mitigation steps to avoid further damage, start the cleanup process, and what to know before hiring any service for damage mitigation, drying, or repairs.
- A good practice here is to obtain the policyholder's email address and follow up the first contact call with a message confirming the inspection date and time, basic instructions towards recovery and the claim process, and PDF copies of the [NFIP Claims Handbook](#) and [ICC Brochure](#).
- It is best not to discuss coverage limitations (basements or post-FIRM elevated buildings) prior to the inspection. Wait until you can confirm facts that will be gathered during the inspection.

Inspection



Overview

The NFIP requires all losses to be assigned to a qualified adjuster **with a valid FCN**. Adjuster professionalism, empathy towards the policyholder for the loss to their property and potential financial ramifications, and meaningful communication are key aspects to the inspection. This helps to build trust and lay the groundwork for a prompt and successful claim resolution. The adjuster should spend time with the policyholder explaining how policy coverage applies to the policyholder's loss and what is necessary for the claim process. The adjuster should give a realistic timeline for completion of the estimate.



Professionalism

Adjusters should be punctual for inspections, present themselves in a professional manner, and communicate any delays. If the adjuster believes the inspection will be delayed, they should inform the policyholder. Adjusters should wear professional attire and present their FCN card and any government-issued photo ID to the policyholder at the start of the inspection. This demonstrates professionalism and builds trust.

FEMA expects **adjusters** to:

- **Confirm the identity of the person at the inspection. Valid government issued identifications with the person's name and photograph (e.g., driver's licenses) must be checked to confirm the identity of the person participating in the inspection. It can also be used to verify if the insured building is the principal residence if it is the policyholder's identification card and also contains a physical address.**
- **Communicate the coverage and limitations to policyholders during the inspection.**

CUSTOMER EXPERIENCE

Consider the Context

When conducting an inspection, adjusters should avoid situations that could cast them in a bad light or inadvertently offend the culture or values of the policyholder.

When minors are present in the building that requires inspection, the adjuster should never enter unless there is an adult present, preferably the policyholder or policyholder's representative.

- Tour the building with the policyholder to view damage and hear concerns.
- Help the policyholder document their loss and provide a recommendation on the claim to the policyholder and the **NFIP** insurer. It is very important for the adjuster to fully investigate the loss and spend time to document the claim for a successful claim journey.

Policyholder Interactions

The policyholder is in the best situation to tell the adjuster what is important to them and what was damaged as a result of the flood. Accordingly, the adjuster should invite the policyholder to discuss the loss and have them conduct a tour of the property. Giving the policyholder the opportunity to lead a room-by-room tour of the property will allow the adjuster to listen and take notes. As part of active listening, the adjuster should hold off on taking photographs until later in the inspection. At the end of the tour, the adjuster should spend time with the policyholder and review what was learned to ensure information was captured correctly and all concerns were understood.

CUSTOMER EXPERIENCE

Getting the Reason Right

Words matter when communicating with the policyholder. Be sure to distinguish between similar but separate concepts. For example, there is a difference between a finding of no general condition of flood and no direct physical loss by or from flood. Using the right terminology can build trust and avoid unnecessary conflict.

Cause of Loss

On every flood claim, the adjuster must confirm whether a flood, as defined **at Article II.B** of the SFIP, occurred at the described location or in the area. The adjuster must also confirm direct physical loss by or from flood. If there was a flood in the area, the adjuster must confirm the flood was the proximate cause of damage to insured property. This may require the adjuster to canvass

ADJUSTER TIPS

Documenting No Condition of Flood

When the adjuster cannot find evidence of a flood, the claim file must include documentation that supports the facts. For example:

- Photographs showing the lack of an exterior waterline on the building at the lowest adjacent grade;
- Lack of flood-borne debris in the yard; undisturbed vegetation in the yard and in the areas immediately adjacent to the described location; or
- Interview notes obtained from a canvass of neighbors and nearby building occupants.

If the cause of damage to property is understood by the adjuster **to be other than flood**, such as water entering through or around a window, door threshold, ceiling, pipe, or drain, etc., photographs of the source and other related evidence should be provided to support the adjuster's **report**.

the nearby properties for observations from neighbors that describe the events in the area or at their location. When documenting a flood that is in question, the adjuster should search the local weather bureau for past storm or flood forecasts, warning bulletins, or other posted public statements. A search of the internet for related articles from local news outlets or publicly posted social media may help to support the adjuster's recommendation. For some events, contacting the nearest police or fire department may be needed to help to confirm a flood.

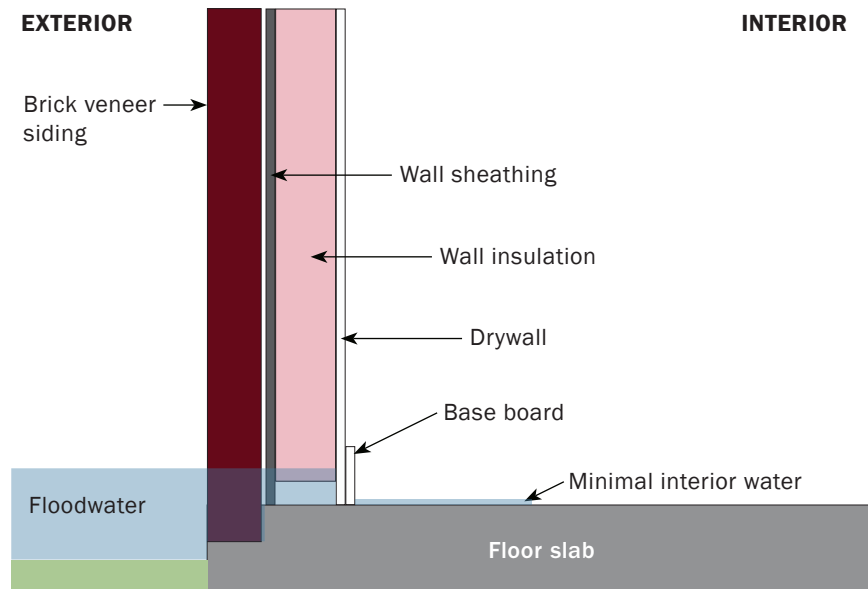
The adjuster must document:

- When the flooding began, when the flood receded, and the source of the water; and
- Whether the flood caused direct physical loss to insured property.

Documenting and Measuring the Waterline

Whenever a building floods, it has a waterline. **A waterline is usually evidenced by flood debris covering the wall from grade-level or floor slab to the water limit.** Proper documentation of the waterline is critical to determining the extent and scope of damage, but a missing or unclear photographic record of the waterline makes it difficult or impossible to support that a flood occurred or to validate the scope of loss. Improper documentation can call into question the entire adjustment or payment recommendation. Therefore, adjusters must take extra time to locate and properly measure, photograph, and document waterlines.

- Record the highest exterior waterline on the building. It is always located at the lowest adjacent grade (LAG).
- Recording the minimum exterior waterline, located at the highest adjacent grade (HAG), may be helpful on certain losses.
- Photograph the full height of the measured waterline from the ground to the top of the waterline.
- Take several measured interior waterlines, erring on the side of having more documentation of the waterline than less. If the building has more than one floor, there should be photos that correspond to each level, i.e., measurements for the basement, main floor, a sunken living room, attached garage, etc.
- If the adjuster cannot find a waterline, the adjuster should confirm that they thoroughly sought out elusive waterlines before documenting the lack of a waterline. The adjuster might consider:
 - **On the exterior:** Behind an outdoor HVAC unit, around support posts, underneath a porch or deck.
 - **In a crawlspace:** Interior sides of foundation walls, piers, floor joists, or plumbing lines. Note that water damage to the insulated main supply duct is not always an indicator of flood inundation, but may instead be attributable to long-term exposure to condensation from under-insulation or a leak in the supply trunk line.
 - **On the interior:** Inside a storm door on the exterior door threshold, or on the unfinished MDF backside of particleboard furniture, furniture legs, etc.

FIGURE 2: DOCUMENTING A WATERLINE

▲ The perimeter wall cavity may require special attention when interior wall damage is not visible and the exterior floodwater height is above the common point with the interior floor level. The adjuster may need to request permission to cut a small hole into the drywall at the baseboard level in an inconspicuous wall location (e.g., closet) or use a prodding tool with a moisture meter to investigate.

Photographs

Take as many photographs as necessary to support the claim recommendation. This includes photographing the evidence of flood or no flood; photos that support the policy **underwriting factors**, policy coverage, covered scope of flood damage; and non-covered damage due to other perils or other causes of damage.



▲ Example of a sub-par photograph: photo at a distance, building obscured.

Describing Photographs

It is important that photographs are meaningful and properly described with an annotation.

It may help to categorize photographs:

- **Existence of a flood or no flood;**
- **Policy **underwriting factors** and coverage support**, for example basement, non-basement, elevated, sunken living rooms, detached garage eligibility, SFIP-eligible porches, and non-covered property such as decks, patios, open porches, etc.;



▲ Example of a good photograph: clear picture of the **flood debris** showing the **waterline**, from the floor slab to the water limit, with **measurement**.



▲ Example of a questionable photograph: no flood debris, would not support a recommendation of damage by or from flood.

- **Scope of damage**, e.g., exterior and interior waterlines, damage by or from flood to support repair or replacement, and quality of finishes;
- **Damage to building and personal property (quantity/quality);**
- **Items of note**, such as exceptional value, severe damage, complex repair procedures; and
- **Special issues**, such as foundation or engineering issues, questions regarding the lowest floor status, or building elevation status.

Damage Assessment

During the inspection, the adjuster should document as much relevant information as possible to help with additional claim adjustment and examination. This information includes but is not limited to:

- An assessment of all property damage;
- Evidence relevant to the recommendation to repair or replace damaged property;
- Notes with details describing building and content loss items;
- The quantity and quality of damaged property; and
- A listing of all machinery and equipment, with serial numbers.

Assessing Mold and Moisture Damage Above the Waterline

During the inspection, it is important for the adjuster to determine if any damages above the waterline were caused by moisture and mold due to the policyholder's failure to remove flood-wetted property items in a timely fashion or from rain or wind-driven rainwater, versus whether or not any of this damage was caused directly by the length of time floodwater remained inside the building or from prolonged exposure of flood-wetted material after floodwaters receded due to lack of access to the building beyond the policyholder's control.

In view of this, the adjuster can gain a better understanding here by noting the timespan between the following specific dates:

- Date of loss;

- Date the building became accessible once floodwaters receded;
- Date the policyholder reported their loss;
- Date of inspection;
- Date of interior damages removal and salvageable materials cleaned and treated;
- Date the building electrical and HVAC building systems were restored; and
- Date structural drying began.



The adjuster should document the reason for the passage of time in the claim file or obtain a signed statement from the policyholder to help support the claim. If the amount of time is believed to be unreasonable, the adjuster must determine if the delay contributed to the damage above the waterline.

Because any policyholder's claim is at risk of incurring non-covered damage above the waterline, the insurer and the adjuster should approach this issue by addressing its potential to the policyholder at the earliest opportunity during the claim journey: at the first notice of loss, first contact call by the adjuster, or at the loss inspection. For a [specific example of this issue](#), see [FEMA Flood Insurance Appeal Decision #C36](#) in response to a policyholder's appeal.

Handling a Claim with Multiple Perils

The SFIP is a single-peril policy and will only pay for direct physical loss by or from flood to the insured building and personal property. When a claim assignment or loss inspection reveals the involvement of flood damage and damage from another peril, information about other insurance coverage from the policyholder is needed to complete the claim. Additionally, the adjuster will have to spend additional time when assessing and documenting the damages from flood and the other peril.

Handling a flood claim with another peril often arises from a tropical weather system or a **nor'easter**. However, losses with flood and another peril are not limited to these types of events. In some states, insurance regulations require homeowners policies that cover fire to also cover damage caused by flood or mudflow when the flood or mudflow is considered connected to the fire event, even if the same policy has a coverage exclusion for flood or mudflow. Another common example is when a sewer backup occurs from a flood in the proximate area, damaging property inside a basement. The homeowner may have a rider on their homeowners policy that can cover the same loss. Before any claim recommendation is given to the policyholder or **NFIP** insurer, **FEMA** requires the adjuster to understand the full scope of

ADJUSTER TIP

Attributing Damage

The terms "peril" and "other cause of loss" are not interchangeable. A peril is a separate cause of damage that occurs from the same event causing the flood, while other cause of loss is a broader term describing causes of damage that occur separately before or after the flood event.

Handling a Claim with Multiple Perils

continued

damage, the division of damage between perils, and the potential payment implications involving other insurance coverage.

What To Do at the Inspection

- At the outset, if **the adjuster** determines at least one other peril is involved, **the adjuster must** separate the activity to **be performed** on the loss assignment into two parts: one for flood, and a second for the other peril.
- **The adjuster should** perform all required inspection activities as normal, as if flood is the only cause of damage involved. This includes documenting a condition of flood and photographing evidence of exterior and interior flood waterlines. Confirm the full scope of flood damage with plenty of photographs. For example, if the height of interior floodwater is 25 inches, show this waterline in photographs with respect to a doorknob, kitchen countertop, desktop computer, tabletop television, garage disposal, toilet seat, and the like. This helps to document what installed property items are just below or just above the 25-inch interior flood waterline. Apply the same thinking with photographing exterior building damage and the exterior waterline measurement.
- **The adjuster should** document **the damages caused by** the other peril, including:
 - Damaged property below the waterline not characteristic of flood damage, such as wall framing structurally damaged by wind.
 - Damaged property above the exterior and interior waterline such as from rainwater, wind, moisture, mold, or other **non-flood** perils. **Photographs of damages** from wind and wind-driven rain, noting the difference between wind-driven debris and flood-borne debris, **and** the directional orientation of wind damage versus the direction of flood's velocity flow or wave action **should be recorded**.
 - Fire is easy to document in photographs, but damage from smoke is not. Whenever smoke damage is involved, the importance of obtaining **information about** other insurance **coverage** and coordinating and confirming the scope of damage with the other insurance adjuster(s) **increases**.
 - The extent of damage **should be noted** with greater detail where the scope of the other peril is close to, adjacent to, or overlaps with the scope of flood damage.
 - The adjuster **must** thoroughly document the full scope of damages with photographs so that the **policyholder and the examiner have sufficient information to reasonably understand the** efforts to properly attribute the scopes of loss between flood and the other peril.
- During the damage assessment part of the inspection, it is important for the adjuster to decipher what damages above the waterline **were** caused by moisture and mold due to the policyholder's failure to remove flood-wetted property items in a timely fashion versus rain or wind-driven rainwater, or whether or not the damage was caused directly by or from flood due to the length of time floodwater remained inside the building, or from prolonged exposure beyond the policyholder's control.

Handling a Claim with Multiple Perils

continued

- Once the adjuster has completed the damage assessment and obtained the photographs necessary to fully document the claim of covered damage and scope of non-covered damage, the adjuster should discuss **the next steps** with the policyholder. This includes discussing the overall scope of flood damage and scope of damage from other perils, including other causes not associated with the date of loss.
- In addition to the normal discussion points, the adjuster should request the following information regarding other insurance that may also covers the loss:
 - Name of other insurance carrier;
 - Policy number;
 - Claim number;
 - **Name of any other adjuster;**
 - Phone number and email address; and
 - Agent's contact info.

What to do Before Sending the Preliminary Report (See Reporting, Preliminary Report for more details on Preliminary Reports)

In addition to **regular flood adjustment responsibilities**, the adjuster should **include** in the Preliminary Report:

- **Sufficient photographs, properly annotated, that describe the risk, address any underwriting concerns, and support the cause of loss and extent of damage to building and contents in the preliminary assessment.** For photos of the exterior, **the adjuster should make sure the annotations include a description of the location depicted in the photos, (e.g., "north side, SW corner, or rear crawlspace").**
- **If other insurance or another adjuster is indicated, request their contact information.**
- **If not already obtained, or if no information has been provided, a copy of the adjuster's email to the policyholder requesting the other insurance company's coverage and agent and company contact information.**
- **If deciphering the extent of flood damage and the potential overlap with the other peril is problematic or challenging, send a copy of the completed request to the NFIP insurer for a forensic damage assessment from a state licensed engineer, concisely explaining the issue justifying the request (see Reporting, Use of Professional Services).** The request should include a copy of the Preliminary Report with all photographs, including any policyholder-provided photographs with the engineer's inspection request.

What to do to Complete the Flood Insurance Estimate

- If the scope of flood damage does not overlap or border damage from the other peril, and these facts are well-documented in the **flood** adjuster's photographs, there is no need to coordinate the claim with the other adjuster.

Handling a Claim with Multiple Perils

continued

Example: flood inundates the interior building to two feet, creating a four-foot scope of damage with wall painting to the ceilings. Wind also damages the roof and nothing more. The scope of damage for both perils (flood and wind) do not overlap and do not border the other. The adjuster addresses these facts in the “other insurance” section of the report, and handles the claim to its conclusion, as normal.

- If the scope of flood damage overlaps or borders the scope from the other peril, the flood adjuster should make contact with the other adjuster to confirm the extent of damage from the other peril.

Example: flood inundates the interior building to two feet, creating a four-foot scope of damage with wall painting to the ceilings. Wind also damages the roof, which causes rainwater to damage the drywalled ceiling, requiring replacement. The scope of damage for both perils (flood and wind) border the other. To ensure the other insurance claim does not also paint the walls, since the ceiling drywall replacement affects the painted seam at the wall and ceiling, the **flood** adjuster should contact the other adjuster to ensure no **overlapping coverage**.

If there is agreement of scope of damage between the adjusters, **the flood adjuster must** document the call in the claim file notes and agree with the other adjuster that whoever completes their respective insurance estimate first will **send** the same to the other and confirm the agreed scope.

- If there is disagreement, **the flood adjuster should request to exchange photos with the other adjuster** to better understand the scope and cause of damage. If the disagreement continues, **the flood adjuster should note** the scope in question and contact **the adjusting firm** supervisor to see if the other adjuster’s scope is correct, or if a forensic damage assessment by a state licensed **engineer is** needed. When the scope in question is resolved with the appropriate documentation, the **flood** adjuster should obtain a copy of the other adjuster’s insurance estimate and any supporting **engineering** report and complete the claim accordingly.

If the other insurance estimate is not complete by the time the flood estimate can be finalized, **the flood adjuster should** complete the flood estimate and zero-out the price of any overlapping line items in the estimate **that the flood adjuster understands or has been informed is required to be covered** on the other insurance estimate, or which is supported by the **engineer's** forensic damage assessment. **The flood adjuster should then** send an email with the flood insurance estimate to the other adjuster explaining the scope of damage and include a copy of the engineer’s report.

- If the combined flood and other peril **repair** estimates exceed the value of the building (see detailed building valuation), or if the building is non-repairable (**e.g.**, slab-only remaining or washed-away building), **then** the building is **considered** a total loss and the claim payment **must be** based on a detailed building valuation, less the scope of damage from the other peril, **the** applicable depreciation, and the policy deductible. If **the** net value exceeds the policy limit, **then** the claim payment **will be** the policy limit.

Handling a Claim with Multiple Perils

continued

What to do When Completing the Recommendation to the Policyholder

- The flood adjuster should record notes in the insurance estimate describing the scope of flood damages versus where the scope of damages from the other peril begins.
- If the flood adjuster received the estimate from the other adjuster, the flood adjuster should indicate it in the estimate and confirm the flood scope versus the scope of damage covered by the other insurance coverage.
- On certain claim assignments, the flood adjuster may find it more useful to list the full scope of flood damage and the full scope of damage from the other peril, while “zeroing out” the unit price for the line items for the other peril. Such an effort may help resolve or avoid challenging issues or assist with understanding the coverage application of the SFIP on the flood insurance claim.
- The flood adjuster should document the estimate to the policyholder in a way that is not overwhelming and answers potential questions that can reasonably be anticipated before they are asked.
- If the SFIP Other Insurance provision (Dwelling and General SFIPs, Article VII.B; and RCBAP SFIP, Article VIII.B) requires a proportional distribution of the loss with the other insurance coverage, the flood adjuster must complete the math calculations on a separate document page and provide it to the policyholder with the insurance estimate. When completing the information regarding the other insurance calculations, the flood adjuster should make sure all math functions are within a single arithmetic expression on one side of the equal sign, to avoid a math error.

Example: When a basement is inundated by sewer backup, where flood is in the immediate area and is the proximate cause, the SFIP pays with limited coverage and the other insurance policy pays with full coverage up to the sewer backup limit (must confirm with the declarations page of the other insurance policy). The flood adjuster must prorate the claim based on the total amount of insurance coverage involved (flood Coverage A amount, plus the other insurance sublimit coverage amount), noting that the SFIP is primary up to the other insurance deductible.

Flood policy Coverage A: \$200,000 / \$2,000 deductible

Other insurance sewer backup sublimit: \$30,000 / \$1,000 deductible

Scope of covered damage under SFIP = \$40,000

The proportion of flood insurance coverage to the total amount of insurance coverage involved, multiplied by the amount of SFIP covered damage, less the other deductible, plus the amount of the other insurance deductible, less the SFIP deductible, equals the payable SFIP claim before any non-recoverable depreciation:

$$200,000 \div (200,000 + 30,000) \times (40,000 - 1,000) + 1,000 - 2,000 = \$32,913.04 \text{ SFIP covered RCV payable amount}$$

Based on the above, start with the math functions within the parentheses first, then complete the math expression in order from left to right.

Handling a Claim with Multiple Perils

continued

In this example, the net payable for the covered SFIP claim is \$32,913.04 before any non-recoverable depreciation. The other insurance should cover the difference, plus the value of property items not covered in a basement under the SFIP, less the other insurance deductible, up to the sewer backup sublimit.

Special adjustment considerations when the other peril policy pays without a detailed estimate or consideration of multi-peril involvement.

To evaluate a reasonable settlement under the SFIP, it is important to consider that the other peril policy payment may include items not covered by the SFIP, such as pool decks, decks, elevators, carports, patios, patio covers, and sheds. The other peril policy may also cover code compliance or provide increased payments for a total loss. The flood adjuster should help the policyholder:

- Establish a pre-loss property value based on general contractor pricing to rebuild and replace (with like kind and quality) the SFIP-insured building, other structures, and equipment existing at the time of loss.
- Identify the quality of finishes and equipment within each structure at the time of loss. A subject matter expert (appraiser) may be required for an itemized, detailed valuation of all buildings, structures, and building equipment.
- If necessary, after request to and approval by the NFIP insurer for a forensic damage assessment, the flood adjuster should use a subject matter expert (engineer) to determine the cause of loss and apportion the damage to each involved peril (see Reporting, Use of Professional Services).

Using the information provided by the subject matter experts, the flood adjuster should evaluate the information to recommend if payment is owed by the NFIP insurer or if the other peril insurance settlement paid the policyholder the pre-loss value of the SFIP-covered property. The flood adjuster should assist the policyholder with:

- Identifying what was included in the other peril insurance settlement by reviewing the other peril insurance policy declarations page to identify the building, other structures, personal property, and loss of use, or a combination of these.
- Deducting the values of property not covered by the SFIP from the other peril insurance settlement (e.g., the SFIP does not cover pools or pool decking).
- Listing the property covered under the SFIP and the other peril insurance.
- Identifying items already paid for under the other peril insurance.
- Avoiding duplicate claims for the same items under multiple policies for multiple perils.

If payment is owed under the SFIP, the flood adjuster must apply non-recoverable depreciation and the applicable deductible to determine the amount payable under the SFIP claim, subject to coverage limits.

The above list is illustrative and not exclusive because different and unexpected issues can arise in claims, and it is not possible to include every situation. Proactive handling and effective timely communication of these

Handling a Claim with Multiple Perils

continued

complex claims will help ensure that policyholders receive **the corresponding** benefit available under the SFIP. If there are questions about what to do, contact the respective **NFIP** insurer for guidance.

What to do When Completing the Closing Report

- The narrative report should include a section that discusses Other Insurance Coverage and include a general description of the scope, details, and other adjuster contact info. If the claim requires a proportional loss distribution, make sure to include a copy of the other insurance calculations.
- Include all copies of emails sent or received regarding other insurance from the agent, other adjuster, or the policyholder, including the other insurance estimate.
- **Additional photos must be properly annotated and submitted with the interim report or final report, whichever comes first.**

ADJUSTER TIP

Expect Questions

Just like with the policyholder recommendation, the adjuster should approach the closing report and narrative with the idea to answer questions before they are asked. This builds trust, avoids phone calls, and prevents claim processing delays.

Flood in Progress

FOR MORE INFO

See Post-Wildfire Exception for Waiting Period, in 2. SFIP Guidance on page Eligibility-9

The SFIP will not pay for damage caused by a flood that was a continuation of a flood that existed prior to coverage becoming effective. **Also, the SFIP will not pay for damage caused by a flood that was a continuation of a flood that existed** on or before the day the application and payment for coverage were submitted to the **NFIP** insurer.

- In other words, the SFIP does not insure damage from a flood that began before a new policy's waiting period **began or has run** (or coverage, if no waiting period **was in effect**) even if the flood did not damage the insured property until after the waiting period **ended** (or coverage **was in effect**) i.e., if **"a flood was in progress."** If a flood was already in progress before a policyholder requested an increase in coverage on an existing policy, the SFIP will only **pay for** damage that occurred to the insured property from the same flood event after the waiting period (or increased coverage, if no waiting period) **has run**, to the lesser policy limits.

ADJUSTER TIP

Flood Data Sources

Data available to assist in determining the time of a flood occurrence include:

- The National Oceanic and Atmospheric Administration (NOAA) for data on river and lake levels;
- News reports and social media or other sources that may help an adjuster to determine when flooding was first reported; and
- Community officials for assistance in determining lake or river levels.

Flood in Progress *continued*

- When a flood claim is reported, the insurer must determine when the flood started and if the flood-in-progress exclusion applies. The adjuster must investigate if a flood is already in progress on or before the date the policyholder submitted the application for coverage under the SFIP and the correct premium paid.
- The adjuster should interview the policyholder and conduct a neighborhood canvass to determine the location of the floodwaters in relation to the insured property location at the time the policy became effective. In the narrative, the adjuster must detail their process and evidence used for recommending coverage or denial under the SFIP.

Whether a flood is in progress for a claim is evaluated on an individual basis. FEMA will apply the V.B. Flood in Progress exclusion in the SFIP regardless of individual property, city, county, or parish boundaries. FEMA does not interpret the V.B. exclusion as triggered only when floodwaters physically touch the insured building.

Flood-in-Progress Adjustment Tips.

Evidence that a flood may be in progress on or before the date the policyholder submitted the application for coverage or request for additional coverage under the SFIP and the correct premium may include:

- A flood in the area where the insured building is located caused by the same source of flooding as the flood on the insured property; or
- An event initiating a flood that causes damage, such as: a spillway opening, a levee breaching, a dam releasing water, or water escaping from the banks of a waterway (stream, river, creek, etc.).

When a loss occurs on or before the date the waiting period for coverage began or when there is evidence that a flood may have been in progress on or before the date the policyholder submitted a request for additional coverage under the SFIP and the correct premium, the adjuster should identify and investigate the following:

- The date the policy was purchased;
- The date the policy or additional coverage went into effect;
- The date the flooding as defined by the policy at II.B began;
- Evidence of flood prevention prior to the effective date of the policy (e.g., temporary levees, sandbagging, constructed berms, pumps); and



FOR MORE INFO

See 44 CFR Pt. 61, Appendix A(1)-(3), V.B "Flood in Progress."

FOR MORE INFO

FEMA will post flood in progress information at <https://nfip-services.floodsmart.gov/claims/flood-in-progress>.

▲ A Flood-in-Progress explainer is available on floodsmart.gov. Click the image above to view it online.

Flood in Progress

continued

- Objective data sources.

If the adjuster needs assistance in confirming when a flood began, the adjuster should notify the insurer.

Building Scope

The scope of damage includes room measurements, preliminary damage findings, and photographs that document and describe the quantity, quality, and extent of damage to insured property. The adjuster should account for conditions unique to the loss or location and factors such as exceptional quantities, craftsmanship, or assemblies, which may require an adjustment to the scope and price to repair. Adjustments of this nature should be documented by the adjuster with a notation in the estimate under the applicable line item.

The adjuster **must** submit an itemized listing of all damaged property items, organized room-by-room, in the unit-cost style of estimating. The unit pricing should include all costs related to labor, material, and equipment usage, and only include the expense which restores the property with like kind and quality material and labor. Pricing should be reasonable and customary to the loss and location.

Note: It is important for the adjuster and policyholder to identify damaged items that are salvageable and require cleaning, refinishing, or repair; **and** the damages **that** are non-salvageable and require replacement.

Important: The adjuster must consistently document all state and local sales tax on applicable goods or services, subject to applicable depreciation.

The adjuster must inform the policyholder that once they obtain a signed agreement with a contractor, if differences exist with the insurance estimate, it may be necessary for the adjuster, supervising adjuster, or the claim examiner to communicate back with the policyholder and the contractor to understand the pricing differences or explain coverage issues to reach a claim settlement.

Personal Property (Contents)

FEMA expects the adjuster to list, document, and value the entire contents loss and **give** the list to the policyholder for review. If the policyholder elects to complete the inventory, the adjuster is expected to start the inventory and ensure that the policyholder understands how to document the remaining contents.

[illegible]

The adjuster **must** include documentation to support the claimed loss by photographing the extent of damages, quantities, qualities, and value. The adjuster must ensure coverage and depreciation are appropriately applied. Adjusters must also explain their judgment regarding repair or replacement when it may not be apparent to the policyholder or the examiner. The contents inventory should include notations specific to the applicable line

**Personal Property
(Contents)***continued*

item regarding descriptions of quality, make, model, serial number (when applicable), quantity, age, special limit item, and cost to replace with like kind and quality at current pricing.

The adjuster should list damages room-by-room, priced individually with like kind and quality, and include all costs related to applicable tax, removal, shipping, assembly, etc. Each replaced item must individually include a fair and reasonable rate of depreciation representing the age or physical condition of the item at the time of loss.

The adjuster should promptly address any salvage or buy-back opportunity with the policyholder or with a third party, with an explanation in the **Adjuster's Interim Report or the Adjuster's Narrative Report**. When the policyholder agrees to buy back items, this should be fully disclosed in the content loss as a credit under the applicable line item.

Discussion



Compassion

All **flood insurance claims professionals**, including the adjuster, must understand that after a flood loss, the policyholder is experiencing a challenging time in their life. This experience is not the same for every policyholder. Policyholders may experience different levels of stress from the flood event at different stages during their recovery process. The plight and recovery of every policyholder is our primary focus, and FEMA relies on the patience and empathy of adjusters to create the best claim journey for policyholders. To this end, FEMA recommends the following:

- **Offer written materials.** Give a copy of the:
 - [NFIP Claims Handbook](#), and
 - [ICC Brochure](#).
- **Explain coverage.** Spend time reviewing the SFIP with the policyholder, showing them the policy language or explaining how certain provisions or terms apply to their claim. This includes discussing both coverage and non-coverage issues. Inform the policyholder about the adjuster's role in helping the policyholder document their claim and make a recommendation to them and the insurer, explaining and showing support for that recommendation. The SFIP **does not provide** adjusters **any** authority to approve or deny claims or to tell the policyholder what the **NFIP** insurer will pay.
- **Explain the claim process and set expectations.** Inform the policyholder of the general steps in the claim process and how long it will take. When can the policyholder expect an advance payment (if requested)? When will they receive the adjuster's recommendation? When will the **NFIP** insurer make a claim decision and any payment?

CUSTOMER EXPERIENCE

Staying in Contact

FEMA expects adjusters to **give** their local contact information and the phone number for the supervisor's office to each policyholder they work with.

ADJUSTER TIP

Claims Questionnaire

A policyholder-completed and adjuster-reviewed claim questionnaire is a key document that helps to better understand the claim and support the adjuster's recommendation. It can also help avoid miscommunication, prevent a claim handling oversight, and avoid a processing delay. FEMA encourages their use on all NFIP claim files.

- **Confirm details.** Prevent process delays for the policyholder by confirming the correct mortgagee, mailing address, and all payees named on the Declarations Page.
- **Be aware of other disaster recovery programs.** Policyholders may need other types of assistance to recover.

Post-Inspection Advance Payments (When Authorized)

In a large flooding event, FEMA will generally authorize advance payments to policyholders via a bulletin. When **authorized by FEMA**, requested by the policyholder, and recommended by the adjuster, **the NFIP insurer may issue post-inspection advance payments**. The adjuster must verify the mailing address so the **NFIP insurer can send** the payment to the correct location.

Option 1: 25 Percent Advance. NFIP insurers may issue an advance payment of up to 25 percent of the reserve amount indicated on the Preliminary Report for each coverage type (i.e., building, contents), less deductible(s). The adjuster **must provide** the **NFIP insurer** with the Preliminary Report and any other applicable documentation normally submitted or required with the Preliminary Report. This includes, but is not limited to:

- ☐ Photographs;
- ☐ An Advance Payment Request form signed by the policyholder;
- ☐ Any underwriting memoranda;
- ☐ An **Adjuster's Preliminary Damage Assessment**; and
- ☐ An adjuster narrative addressing any prior NFIP paid loss.

Option 2: 50 Percent Advance. **For building coverage only.** The NFIP insurer may issue a larger advance payment amount of up to 50 percent of the reserve amount indicated on the Preliminary Report for building coverage, less deductible. For this type of post-inspection advance payment, in addition to obtaining and verifying the documentation listed in the preceding **Option 1**, the **NFIP insurer** should also obtain **more substantive documentation, including** a signed contract between the policyholder and the contractor, along with the estimate of repair. The estimate should itemize the repair and **costs** to the insured property.

Option 3: Building Valuation Loss Assessment (BVLA). The insurer may issue a post-inspection advance payment based on the FEMA-authorized BVLA advance payment method. In addition to the Preliminary Report and any other applicable documentation that is normally submitted or required, **the adjuster should include the following:**

- ☐ The proper photographs;
- ☐ An Advance Payment Request form signed by the policyholder,
- ☐ Any underwriting memoranda;
- ☐ An **Adjuster's Preliminary Damage Assessment**; and
- ☐ An adjuster narrative addressing any prior NFIP paid loss.
- ☐ The adjuster must also submit a properly completed BVLA worksheet, which is issued by FEMA following major flooding events, to the insurer.

Option 4: WYO's proprietary approach. The NFIP insurer may issue a post-inspection advance payment based on its own proprietary estimation approach. This approach and payment method may not broaden or change any coverage term in the SFIP. The NFIP insurer must document any deviations from normal FEMA processes and include a reference to the proprietary process in the claim file. As with the BVLA advance payment method, a claim payment under the insurer's own proprietary estimation approach is subject to all FEMA claim documentation and payment standards and requirements.

Advance Payments Exceeding the Insured Loss

Adjusters and examiners must avoid recommending and issuing advance payments that exceed the final total claim payment. **If the advance payment exceeds the amount of the insured loss, the policyholder is responsible for repaying the advanced payment in excess of the insured loss.** Adjusters and examiners should account for the following factors when determining the amount of an advance payment in order to avoid issuing an advance payment in excess of the insured loss:

- Amount of deductible(s);
- Interior water depth;
- Other non-flood related damage such as wind, water, etc.;
- Pre-loss condition and ACV of damaged property, especially if a previous flood payment was issued;
- Scope of damage such as when limited to a basement or lower enclosure with a post-FIRM elevated building subject to coverage limitations; and
- Use of flood avoidance measures, such as sandbags or property removed to safety.

Procedures for Issuing Advance Payments

An NFIP insurer may offer an advance payment upon written, verbal, or electronic request by the policyholder. With any advance payment, the NFIP insurer must include a written notice, **signed by the policyholder**, conditioning the advance payment on the policyholder's acknowledgment that:

1. The NFIP advance payment is not intended to **reimburse** the policyholder for non-SFIP insured expenses, such as costs related to evacuation, temporary housing while the home is non-inhabitable, a rental car to cover the loss of a personal vehicle, or any other expense not insured by the SFIP.
2. The issuance and acceptance of an advance payment does not prejudice or waive any claim or defense available to either the policyholder or **the NFIP insurer**.
3. The issuance and acceptance of an advance payment does not constitute an admission of coverage under the policy.
4. The policyholder must assert the insured property has suffered an insured loss.
5. If the NFIP insurer determines the claim is not an insured loss, or if the advance payment exceeds the amount of the insured loss, the policyholder is ineligible for the payment and agrees to repay the advanced payment in excess of the insured loss.

6. Acceptance of an advance payment will not affect the policyholder's right to seek additional payment under the terms and conditions of the SFIP.
7. After the claim is settled, the **NFIP** insurer will reduce the final payment by the amount of any advance(s) payment made to the policyholder.
8. Building coverage only: the **NFIP** insurer must include as co-payee any mortgagee shown on the Declaration Page of the **SFIP** or any known mortgagee on any advance payment for building coverage.
9. To finalize the claim, the policyholder must execute a proof of loss meeting the requirements of the SFIP for all amounts received, including the amount of the advance payment, except as may otherwise be authorized by the Administrator under any applicable waiver.

Explaining What the Adjuster Observed

Before reporting, the adjuster should discuss the scope of damage with the policyholder, taking care to discuss the following topics when applicable:

- Scope to clean, treatment against the growth of mold and mildew, drying out the building, and some tips when hiring repair services.
- The need to address affected building systems, such as building HVAC, electrical, and plumbing.
- The general interior scope of damage and common scope issues. **For example:**
 - Carpet over finished floors, and how this is treated as personal property;
 - Recommendations to repair or replace ceramic tile floors;
 - Recommendations concerning the replacement or reinstallation of a countertop;
 - Pair and set (e.g., lower vs. upper cabinets);
 - The requirement for direct physical loss by or from flood and its applicability (e.g., electronics above floodwater with power cord in flood; moisture and mold damage within the policyholder's control); and
 - Additions/extensions.

Similarly, the adjuster should discuss with the policyholder:

- Any prior losses and their impact on the claim.
- Contacting the adjuster or **NFIP** insurer prior to signing a contract, and what documentation the policyholder will need.

ADJUSTER TIP

Scope of Damage

When discussing the scope of damage with the policyholder, start at the floor and work up. Explain cleanup; treatment **and** drying; foundation support soil (how to account for it); subfloors and subfloor assemblies; finish flooring; the proper scope with walls, trim work, doors, cabinets, building systems, **and** permanent wall assemblies; and abandoned building materials.

Knowing code height measurements for items in the building builds trust: garbage disposals are often at 13 inches, so you are likely to discuss them with a 15-inch waterline but unlikely to do so with an 8-inch waterline. A similar approach can work for countertops (usually 34 inches), doorknobs (usually 32 inches), etc.

Insurable Interest

- **SFIP** policy eligibility requires **that** the individual or entity (e.g., property owner, tenant, or mortgagee) must have an insurable interest in the subject property. An insurable interest is an interest in the property to the extent that the owner of the interest derives a benefit from the preservation of the property and will suffer a loss from its destruction.
- Determining the insurable interest for a property is a fact-specific inquiry. Complex questions of insurable interest can arise involving mixed-use buildings with multiple forms of ownership. The NFIP can cover such a building under either a single policy or multiple policies, depending in part on whether a single SFIP form or multiple forms apply. **FEMA** recommends that under these circumstances, the adjuster **contacts the NFIP insurer** for assistance; the adjuster may be required to submit underwriting referrals. The adjuster must follow the **NFIP** insurer's underwriting reporting procedures.
- In any situation where a question exists as to the insurable interest of the policyholder, take the following actions:
 - The policyholder must provide the documentation in force at the time of the loss, which indicates the names of all owners of the property in question;
 - All owners and the policyholder must disclose and verify all lienholders for the property, including personal property contents; and
 - The policyholder must provide the documentation in force at the time of the loss, which indicates the vested financial interest which legally connects the policyholder to the other entities.
- In order to issue payment, the **NFIP** insurer must obtain a signed and sworn declaration (affidavit) by the policyholder **and all other insureds** attesting that no other interest owns the property in question and no other interest has a lien on the property in question. The **NFIP insurer should have the policyholder and all other interest owning insureds sign a hold harmless agreement**, relieving the **NFIP** insurer of any claims made against the **NFIP** insurer for damage to property insured on the claimed date of loss from any other entity, individual, or lienholder whose interest in the property was not disclosed to the **NFIP** insurer by the policyholder(s), the owner(s) of the building, the business, or the personal property contents.
- Upon receipt of the above documentation, the **NFIP** insurer must submit to FEMA a request to verify that no other NFIP policy is in force at the same location. Once verified, the **NFIP** insurer must immediately endorse the policy with the names of all owners, individuals, and entities, with applicable lienholders for the respective property as declared.

TABLE 3: INSURABLE INTEREST EXAMPLES

TOPIC	GUIDANCE
Mortgagee Interest	A mortgagee has an insurable interest in the mortgaged property.
Shareholder Interest	A shareholder with an insurable interest in a non-residential property (e.g., a building under the cooperative form of ownership) may obtain NFIP insurance to protect their financial interest in the property from loss.
Limited Liability Corporation	An individual listed as an owner of an LLC that owns a residential building and who resides there may obtain NFIP insurance to protect their financial interest in the property from loss.
Interest in Estate	An individual or entity with a financial interest in an estate holding insurable property may obtain NFIP insurance to protect that interest from loss.
Rent-to-Own Agreement	If a tenant has sufficient interest in the property under a rent-to-own agreement, then the landlord and owner and the tenant both have an insurable interest. Each of them may be named insureds under the flood insurance policy.
Lease Requirement to Purchase Building Coverage (“Triple-Net Lease”)	<p>If a lease agreement requires a tenant/lessee to purchase building coverage, the lease will state the same. The lease will also require the tenant/lessee to repair the building when damaged and to otherwise perform normal and regular maintenance on behalf of the building owner/lessor. Therefore, the building owner/lessor and the tenant/lessee must be named on the policy’s building coverage, provide the signed lease agreement in force at the time of the loss that specifies the tenant/lessee is responsible for maintaining the building (although they do not have an insurable interest themselves).</p> <p>Coverage for contents owned by the tenant must be written on a separate policy in the name of the tenant only, plus any declared lienholders. Tenants may not purchase building coverage if the owner or another party has purchased NFIP coverage on the same building, except as noted under the Duplicate Policies heading below.</p>
Capital Lease	<p>The term “personal property” includes property leased under a “capital lease.” A capital lease is a contract that entitles the lease-holder a temporary use of an item and the right to account for the financial effect on their balance sheet. With a capital lease, the lease-holder has an insurable interest in the leased property item, which they can claim under a loss, even if the property is not solely owned by the policyholder.</p> <p>In contrast, an “operating lease” is a contract that entitles the lease-holder temporary use of an item but does not convey ownership rights. According to Generally Accepted Accounting Principles (GAAP), property in possession of a policyholder obtained through an operating lease cannot be represented in balancing sheet financials; therefore, it is not covered.</p>

Cooperative Buildings

- Buildings in a cooperative form of ownership (referred to by FEMA as “cooperative buildings”) are typically owned and managed by a corporation. Their ownership is different from the condominium form of ownership:
 - Residents (shareholders) within cooperative buildings typically buy shares of the corporation, rather than the real estate (building, land, or both).
 - The corporation provides shareholders a preferential lease agreement, which affords them the right to occupy a specific space or “unit” within the cooperative building.
 - Under the rules of the NFIP, cooperative-owned buildings where at least 75 percent of the area is used for residential purposes are considered residential occupancies.
 - Cooperative buildings are not eligible for the RCBAP Form because they are not in the condominium form of ownership.
 - Shareholders of a cooperative building cannot purchase building coverage under an SFIP Dwelling Form to cover their individual units. Shareholders of a residential cooperative building can purchase the maximum amount of contents coverage under the Dwelling Form. Under certain circumstances, at the policyholder’s option, 10 percent of the contents coverage may be applied to betterments or improvements to the unit made at the insured shareholder’s expense.
 - FEMA recognizes there may be unusual forms of cooperative ownership. Contact the **NFIP** insurer to determine the entities with an insurable interest. In a situation where the policyholder is found to have an interest, it may be necessary to include the cooperative corporation as an additional loss payee, as its interest may appear, and any mortgagee should also be named as an additional payee. Claims on SFIPs issued to individuals or businesses owning buildings in such cooperatives are payable, subject to all other requirements and limitations.

ADJUSTER TIP Covering Co-ops

In a regular program community, a cooperative building can be insured for the maximum building coverage of \$500,000 under the GP Form in the corporation’s name (\$100,000 if emergency program).

Actions Needed

- ☐ Obtain or complete a claims questionnaire with the policyholder, confirming property address, permanent or temporary mailing address, and other policy, building, and flood facts.
- ☐ Discuss **underwriting** related issues.
- ☐ Discuss building and personal property scope.
- ☐ Documentation review:
 - ☐ Emergency repair receipts and estimates
 - ☐ Floodwater damage requirements
 - ☐ Personal property damage lists

Actions Needed*continued*

- ☐ Policyholder photographs
- ☐ Signed contractor agreement with corresponding itemized estimate of repair
- ☐ Discuss claim process.
- ☐ Discuss proof of loss filing requirements.
- ☐ Address involvement of third parties (e.g., public adjuster) if applicable.
- ☐ Discuss the need for an advance payment.

Reporting



Overview

All reporting from the adjuster should be limited to facts and observations that lay the groundwork for the adjuster's recommendation. A report may address the adjuster's opinion, provided it includes the explanation that justifies the adjuster's judgment. Reports should not include statements or opinions that are not based on evidence, or which do not include justification or rationale. Sarcasm or demeaning commentary are considered unprofessional and do not belong in any claim file, adjuster note, examiner note, photograph annotation, or written narrative report. Well-thought-out and factual reporting along with annotations on claim file photographs are important elements towards successfully supporting the **report** recommendation of the claim.

Timely Reporting

The NFIP Preliminary Report is due within 15 calendar days of receipt of the loss assignment. An adjuster should conclude the claim **and submit the Closing Report to the NFIP insurer within 45 days** after the Preliminary Report. When the claim cannot be concluded within **the 45 days**, the adjuster should file an **Interim Report instead, and then every 30 days thereafter**, until the claim is concluded or as directed by the claims examiner.

TABLE 4: REPORTING TIMEFRAMES

Timeframe	Action
15 days after receipt of loss assignment	Examiner receives Preliminary Report
45 days after NFIP Preliminary Report	Examiner receives signed adjuster's Closing Report OR Interim Report (every 30 days until adjuster completes assignment)
60 days from date of loss	Examiner has signed POL from policyholder (Note: FEMA may extend this through a bulletin.)

Preliminary Report

The adjuster should complete the entire Preliminary Report form and give special attention to the following components.

Reserve Amounts

Based on the initial inspection, the adjuster must recommend reserves on the Preliminary Report and provide updated reserves as the claim progresses. **Reserves are** the adjuster's best approximation of the amount of damage to the insured building and personal property at the time of, and prior to, an estimate being prepared.

Building Foundation Components

1. A building that has a floor installed above the ground level, supported by foundation walls, shear walls, posts, piers, pilings, or columns, is an elevated building.
2. In a post-FIRM elevated building, a concrete slab installed within the perimeter foundation is **not** considered structural and **is not** covered unless it is six inches thick and contains rebar driven into the building's foundation. When this type of concrete floor is at least six inches thick with rebar, it is considered a structural component of the foundation, but is not the foundation. A structural concrete floor of this type does not change the rating of an elevated building to non-elevated.
3. If an elevated floor is constructed over a crawlspace and the crawlspace is below the ground level on all sides, the building is **not** considered elevated, and the building's lowest floor is the below ground level crawlspace floor, meeting the SFIP definition of a basement.

ADJUSTER TIP

Photographs

In putting together the reports, be sure to accurately label photographs and explain exceptions or recommendations in the narrative report.

Adjuster Memorandum to the NFIP Insurer

When a special issue arises from the loss inspection, the adjuster should include a narrative memorandum accompanying the Preliminary Report. This may involve a customer service issue with the policyholder or a representative, help support a large advance payment (when authorized), request an outside professional, or submit an underwriting referral noting any potential policy **underwriting** issues.

Underwriting Referral

The adjuster must bring to the **NFIP insurer's attention, promptly upon discovery**, any issue involving a potentially improperly **underwritten** policy or ineligible building or contents. The sooner the adjuster raises a potential problem **in the Claims Journey**, the sooner **the insurer's underwriters** can review the concern, minimizing delays to the loss settlement. An **underwriting** referral should cite the current rating of the policy, followed by the facts and supporting photographs. When the issue involves a potential basement or post-FIRM

elevated building located within a special flood hazard area, but the adjuster is unsure about the facts, the referral should disclose this. The **NFIP** insurer may need to hire qualified outside professional service to confirm the information. The **NFIP** insurer must resolve all underwriting issues prior to closing the claim.

Status Update

The adjuster must submit an **Interim Report** on the claim's progress or reason for the claim remaining open if the adjuster is not able to complete the adjustment within **45** days of the Preliminary Report submission, and every 30 days thereafter until the claim is complete. The adjuster should also submit an **Interim Report** anytime an issue arises that the **NFIP** insurer should know prior to the completion of the claim's final recommendation to the **NFIP** insurer. The **Interim Report** also gives the **NFIP** insurer assurance the policyholder and their claim are receiving proper care and attention. The **Interim Report** can be a brief memorandum notifying the **NFIP** insurer of the claim handling status, or a copy of correspondence from the adjuster to the policyholder **requesting** additional information or **reminding the NFIP insurer** of previously requested information discussed at the inspection.

Progress Notes in File

The adjuster must note information in the **claim** file that:

- Adequately reflects the progress of the claim and communications with the policyholder;
- Details the scope of damage, calculations of replacement cost and ACV, and a diagram of the insured building with measurements; and
- Confirms receipt of documents or information provided by the policyholder.

Adjuster Preliminary Damage Assessment

The adjuster will complete the Adjuster Preliminary Damage Assessment (APDA) form as soon as possible following the initial inspection when the insured building may have suffered substantial damage. Substantial damage is defined as damage from any origin where the cost to repair the structure to its pre-damaged condition equals or exceeds 50 percent of the market value of the structure before the damage occurred. Only a community can determine substantial damage, and some communities have adopted a percentage threshold of less than 50 percent.

Providing a timely APDA allows community officials to efficiently direct resources for substantial damage inspections.

The adjuster must email **FEMA** the APDA forms to NFIPClaimsMailbox@fema.dhs.gov. The subject line should read "APDA Enclosed." The adjuster should also submit a copy of the APDA to the **NFIP insurer** along with the Preliminary Report. When emailing sensitive PII, the information should be saved in a separate document and encrypted or password protected.

Flood Maps

The FEMA Flood Map Service Center (MSC) website serves as the official public source for flood hazard information produced in support of the NFIP. The MSC allows users to locate official flood maps, access a range of other flood hazard products, and take advantage of tools for better understanding flood risk.

The MSC gives users access to FEMA's National Flood Hazard Layer (NFHL), a geospatial database that contains the effective flood hazard data and any Letters of Map Revision (LOMRs) that have updated the community's effective flood hazard data.

Flood insurance claims professionals can view and download FIRMs and related products free of charge through the MSC website. The "Search by Address" feature allows users to review the flood hazard information for a specific address, a community, or geographic coordinates. When users enter an address or location, the map results show interactive flood hazard information. The "Search by Address" feature also provides the map panel number, effective date, and NFIP community name. Users also have the option to download a copy of the full **Flood Insurance Rate Map (FIRM)** panel, retrieve Letters of Map Change (LOMCs) impacting the effective panel, and easily access the NFHL viewer.

LOMA Definition

The Letter of Map Amendment (LOMA) is an official amendment, by letter, to an effective NFIP map. A LOMA establishes a property's location in relation to the SFHA. LOMAs are usually issued because a property has been mapped as being in the floodplain, but the property is in fact on natural high ground above the base flood elevation.

The LOMA officially amends the effective NFIP map. The community maintains this public record. LOMAs are included on the community's master flood map and filed by panel number in an accessible location.

LOMR Definition

A LOMR is FEMA's modification to an effective FIRM, Flood Boundary and Floodway Map (FBFM), or both. LOMRs are generally based on the implementation of physical measures that affect the hydrologic or hydraulic characteristics of a flooding source and thus result in the modification of the existing regulatory floodway, the effective Base Flood Elevations (BFEs), or the SFHA (see 44 CFR Parts 60, 65, and 72). The LOMR officially revises the FIRM or FBFM, and sometimes the Flood Insurance Study (FIS) report, and when appropriate, includes a description of the modifications. The LOMR is generally accompanied by an annotated copy of the affected portions of the FIRM, FBFM, or FIS report.

All requests for changes to effective maps, other than those initiated by FEMA, must be made in writing by the Chief Executive Officer (CEO) of the community or an official designated by the CEO. The LOMR officially amends the effective NFIP map. The community maintains this public record. LOMRs are included on the community's master flood map and filed by panel number in an accessible location.

How a LOMA or LOMR Applies to Claims

If the policyholder obtains a LOMA or LOMR after the loss, the LOMA/LOMR may be considered. This means that the coverage limitations to areas beneath the lowest elevated floor do not apply. If such a property has its lowest floor (enclosure floor) above the BFE, the property may comply with the NFIP floodplain management regulations. The insurer should send claims involving such buildings to the NFIP with a request for a waiver of the elevated building coverage limitation.

Use of Professional Services

Only an NFIP insurer or its vendor can hire outside professional services. Adjusters and adjusting firms cannot hire or retain the services of outside professionals, but can make recommendations to the NFIP insurer that expert services are needed.

TABLE 5: PROFESSIONAL SERVICE AREAS OF EXPERTISE

Outside Professional	Best Involved For
CPA	Forensic accounting of inventory and manufactured goods.
Engineer	Cause of loss, structural analysis. Cause and extent of structural damage, effective method to repair, type of building foundation, or the deciphering between flood and other perils or causes of damage.
Salvor	Determine financial recovery of commercial goods or the cost to repair commercial equipment and machinery.
Surveyor	Plat maps, grade determination, grade status of the lowest elevated floor, or other specific need regarding certified elevation of a floor, ground level, or mean highwater.

Building Structural Evaluation

When the cause or extent of structural damage to the building, including foundation damage, is not known or presents a challenge to the claim, the adjuster should submit to the NFIP insurer a written request to retain the services of an engineer, and such request should be submitted at the time of the Preliminary Report.

This request should include a concise explanation to the insurer justifying why the insurer must obtain a state-licensed professional engineer. The request should include any policyholder assertion or statements about the structural damage to the building and include photographs of the exterior building, perimeter along the foundation, and underneath the building, if elevated. The request should include exterior and interior photographs of structural-related damage or claimed damage by the policyholder. The Preliminary Report form must accompany the request and all photographs must have annotations.

*Financial
Accounting
Professionals*

A commercial loss involving damage to a significant quantity, value, or specialized type of business contents loss may require the involvement of the services of a CPA **within a reasonable amount of time** to provide a detailed report of findings. Here the role of the expert is to promptly help document and certify the quantity and value of damaged inventory, goods in process, or raw materials. The question of financial recovery through a buy-back by the policyholder, or salvage through the involvement of a third party, can also be addressed. The CPA's involvement can also help inform the policyholder about necessary documentation and how it can be presented to best support the loss of their commercial contents quickly. A detailed report of findings is required when a financial accounting professional is engaged.

TABLE 6: WHEN TO INVOLVE AN OUTSIDE PROFESSIONAL SERVICE

Type	When to Involve
Exterior	<ul style="list-style-type: none"> Any signs of foundation cracking or foundation movement. Any piers or pilings that are out of plumb or showing displaced connections. Any areas showing scour (washout) or erosion under or alongside the foundation. Any evidence of vertical or lateral displacement of the brick veneer or siding. Any displacement of an exterior wall. <p>When the engineer determines the cause of damage is related to earth, soil, or ground conditions which support the building's foundation, the engineer's report should include a section that discusses the facts from the United States Department of Agriculture (USDA) written or web soil survey (WSS). If using the latter, the engineer should make sure to follow the recommendations in the WSS module, such as selecting the proper size of the area of interest (AOI).</p>
Interior	<ul style="list-style-type: none"> Any floors that are cracked, separated, uneven, or out of level. Any structural elements that show movement including bowed or bulged walls. Any evidence of significant cracks in the interior finishes, such as cracks above doors and windows or at the corners in wall covering material. Any evidence of moisture, leaks, or hydrostatic pressure present in floors or walls. Any lower-level configuration where precise elevations cannot be determined. Any flood-damaged non-porous ceramic or porcelain tile or the like installed to the concrete substrate.
General	<ul style="list-style-type: none"> To resolve questions concerning causation or repair methodology. Other types of outside professionals can also be helpful when handling large commercial losses involving damage to inventory including salvors, accountants, etc. <p>Note: Each building loss is different, so there will be instances where certain elements or circumstances fall outside of the ordinary; therefore, adjusters should use their discretion when requesting the NFIP insurer retain an outside professional service. The above items are a non-exhaustive list to look for to aid the decision to involve a qualified outside professional service.</p>

Requirements

Insurers must comply with the following requirements regarding the use of outside professional services.

The licensure and rules regarding professional services vary by state. The NFIP insurer is responsible for making sure the professional services they hire are familiar and compliant with state licensing requirements and the rules that regulate the profession. When a report from a professional service is used to support the decision of the NFIP insurer, the report must disclose that it complies with state rules regulating licensure and professional conduct. If a report does not meet the state's requirement, the claim decision may become invalid, and FEMA will not approve the insurer's Special Allocated Loss Adjustment Expense (SALAE) Type 1 - Expert Expense request for reimbursement.

Ensuring Compliance with Applicable Laws and Use of Reports

Insurers may only rely upon the use of an outside professional service that performs work in accordance with all applicable laws regarding professional licensure and conduct. For the purposes of this requirement, insurers and their retained service providers may not assert that they are exempt from state licensing laws because they are federal employees, federal contractors, or performing work for the federal government, unless FEMA expressly authorizes an exemption in writing.

Exclusive Reliance on Final Reports from Professional Services

When making claim decisions, insurers may only rely on the findings, recommendation, and opinion of report(s) submitted by a professional engineer when such report meets the proper disclosures and reporting standards for the report type involved.

When a report involves a structural evaluation of the building, the professional service should disclose and report:

- Date of the assignment;
- The date of inspection;
- Individual(s) from the hired company who performs the inspection;
- Building description and foundation type – all components;
- Detailed list of applicable site observations, damaged or not;
- Site observations supported with annotated photographs;
- Analytical discussion that explains or determines the cause and extent of any observed structural damage, discusses or rules out other causes or opinions of the extent of damage in support of the findings, and must not only discuss the found cause of damage;
- Clear and reasonable conclusion;
- Soil discussion or copy of the public soil survey when applicable to the concluded cause of damage (note: a digital soil survey obtained through the U.S. Department of Agriculture WSS must follow the survey instructions and best practices as defined by the provider);

Requirements

continued

- Cost-effective method to repair, when applicable, with recommendations that explain or compare the use of materials, labor, and equipment among two or more methods of repair;
- Signature of the engineer of record with professional seal clearly visible or state license number; and
- Name and curriculum vitae (CV) of all persons who assisted with the technical content of the report, including the inspection of the building.

Note: Do not include a second signature unless the signee is also attesting as a state-licensed professional engineer; if so, attach their seal and CV as well.

Important: Reports on forensic damage assessments may not interpret SFIP terms and conditions, discuss coverage, or value the price of a building or cost to repair. In other words, engineers should not perform the work of the adjuster.

Important: Insurers may not request changes to an actual signed and sealed engineering or CPA report. If a question arises, the insurer should request that the engineering or accounting firm address the response in a separate addendum report that is signed and sealed by the engineer or CPA of record.

- Insurers must keep the entire engineer or CPA report in the claim file and provide a full-color copy of the report and any addendum report to the policyholder.
- Insurers must rely on the professional service to prepare requested reports in accordance with all applicable state laws regarding professional licensure and conduct. To be reimbursed for engineering expenses, documentation must validate that the engineer of record is qualified and licensed to work in the state of the property inspected.

Retention and Disclosure of Final Reports from Professional Services

FEMA considers a closing report from professional services a normal component of a claim file (see 44 CFR 62.23(i)(10)). Accordingly, whenever the insurer retains professional service to investigate the claim, the insurer must keep all reports in the claim file, including the request and all other correspondences to or from an engineer or CPA. When requested by policyholders, insurers must provide a complete set of all related documents and correspondence related to the engineer's or CPA's investigation and report.

Outside Professional Services Must Be Unbiased and Independent

Insurers and their representatives may not adopt any practice that may influence the opinions or recommendations of the professional service.

ADJUSTER TIP Engineers

Insurers should retain engineers for civil or structural engineering purposes, relying on their forensic analytical skills. The engineer of record (EOR) may not be an Engineer Intern (EI) or Engineer-in-Training (EIT). Further, the EOR is not a “bonus” adjuster; the EOR must present facts about the location and cause of damage but should not address or **try** to interpret the terms of the SFIP.

Requirements

continued

FOR MORE INFO

See Professional Services Billing and Controlling Expenses on Claims Journey-41 and Expenses Never Reimbursable by FEMA on Claims Journey-42.

Making Assignments to Outside Professional Services

- The **NFIP** insurer or **its** vendor is responsible for ensuring that the **outside** professional service provider understands and will comply with FEMA's requirements for reporting and billing prior to engaging the professional service. This is especially important **when the NFIP insurer hires new outside professional service providers**.
- The assignment should be clear, outlining reason(s) for inspection. It should be clear that only covered property is to be inspected. The outside professional should not bill time for inspecting non-covered property (e.g., pools, pool decks, sidewalks, retaining walls that are not an integral part of the foundation, bulkheads, non-covered buildings, etc.) unless the inspection is necessary to determine the causation or extent of damage to covered property, in which case the outside professional should provide an explanation in the report.
- **NFIP** insurers must secure and approve a pre-inspection expense cost estimate regardless of the type of professional **outside** service utilized before authorizing the inspection/handling. It is FEMA's expectation that the amount invoiced will not exceed the approved pre-inspection estimate. If the pre-inspection expense cost estimate is not sufficient to cover the expense, the **outside professional service** provider must seek **from the NFIP insurer** additional authority before incurring the expense.
- The outside professional **service provider** must thoroughly explain and support the need to use other subcontractors or vendors to complete the assigned task and itemize the charges. The outside professional should not provide lump sums. FEMA will not pay for multiple engineers or outside professionals to conduct an inspection unless the outside professional receives pre-approval from the **NFIP** insurer with a detailed explanation or the inspection needs different expertise or disciplines to evaluate the damage (e.g., a structural and electrical engineer).
- Outside professionals should limit the number of individuals involved with producing the final work product to only those who are essential.

Controlled Substances

When an adjuster observes or suspects that a controlled substance is being used, manufactured, or distributed at a property, they must conduct a reasonable investigation to confirm the use of the property and report the information to the **NFIP** insurer to confirm coverage.

The **NFIP** insurer should undertake the following analysis:

- Determine whether there is a controlled substance at the described location. See https://www.deadiversion.usdoj.gov/schedules/orangebook/c_cs_alpha.pdf for an alphabetical list of controlled substances and their schedules under the Controlled Substances Act (CSA). If there is no controlled substance, end the inquiry and proceed with normal claim handling.
- If a controlled substance is present at the described location, it is necessary to determine whether the location is authorized under the CSA to manufacture, distribute, or use the controlled substance. If authorized

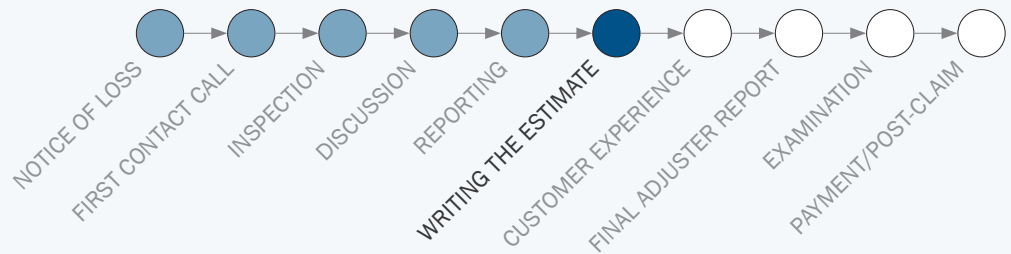
Controlled Substances

continued

(e.g., a medical facility authorized to use codeine), document the authority, end the inquiry, and proceed with normal claim handling.

- If not authorized, the CSA makes it unlawful to knowingly open, lease, rent, use, purchase or maintain property for the primary or principal purpose of manufacturing, distributing, or using any controlled substance. 21 U.S.C. § 856.
 - Accordingly, FEMA will not issue a policy to a person or entity that acknowledges that the property to be insured is used in violation of 21 U.S.C. § 856.
 - The NFIP will void a policy where the NFIP discovers the property is primarily and principally used for the manufacture or distribution of a controlled substance.
 - FEMA must void a flood insurance policy and deny coverage where it determines after a claim is filed that it is more likely than not that the primary or principal use of the insured structure has been the manufacture or distribution of a controlled substance.
 - When there is a question of coverage, the adjuster must conduct a reasonable investigation to confirm the use of the property and report the information to the **NFIP** insurer to confirm coverage.

Writing the Estimate



Overview

- Estimates must be written line-by-line, room-by-room, using unit costs basis.
- Estimates should accurately reflect the type and quality of the property.
- Estimates should only include items damaged by or from flood, subject to applicable coverage limitations.
- Estimates including items above a waterline must include supporting documentation and an explanation.
- Estimates should only include items covered under building coverage. For example, refrigerators and wine refrigerators are always building, while clothes washers and dryers are always personal property.
- Qualifications for replacement cost loss settlement should be clearly documented, including single-family residence, principal residence, insured to at least 80 percent of full replacement cost or maximum coverage available under the Act.
- Apply depreciation to applicable items.
- Software calibration: adjusters must ensure their estimating software is properly calibrated for the geographic area where the loss occurred and accounts for post-disaster pricing factors and property-specific issues.
- Verify receipts or estimates provided by the policyholder or contractor are for like kind and quality and do not include undamaged property. Also verify the amounts are reasonable and customary.

FOR MORE INFO

See section on Depreciation on Claims Journey-47 for additional guidance.

Writing the Building Estimate

Make sure all the necessary documents are received before completing the building estimate.

Repair Receipts and Estimates for Utilities

Because the repair or replacement cost for building systems such as HVAC, electrical, or plumbing can vary based on market conditions and potential involvement of code upgrades or betterments, it is a good practice to request itemized repair estimates. Because of their necessity, repairs involving building utility systems are often performed early in the repair process. This means the actual cost to repair may be known before the adjuster writes the estimate. In such cases, requesting itemized repair receipts is a good practice to ensure the claimed amount is fair and accurate. It is important to accurately record the make, model, and serial number of claimed equipment. This information can reveal the equipment's quality, size, capacity, and date of manufacture.

Writing the Building Estimate *continued*

Building Damage Tear-out

Because tear-out starts the repair process, a receipt or invoice should be available for the adjuster if the policyholder hires a professional service. The adjuster should use the pricing charged by the professional service, provided it is for covered property with pricing that is reasonable and customary to the loss and location. Charges for items that are not covered property should not be included on the claim. Like utility repairs, costs for tear-out can vary based on market conditions following a flood event. Peak pricing likely occurs during the first weeks immediately after the event. As time passes, the pressure for immediate response for tear-out work decreases as more services become available to property owners. The price for tear-out should continue to decline over time as fewer opportunities for work become available. In order to justify an exceptionally priced invoice for tear-out, adjusters should be aware of market conditions and document the same in the claim file.

General Contractor Repair Estimates

General contractors must itemize building repairs on a line-by-line and not a room-by-room basis. Because of NFIP requirements, such estimates cannot be used as the sole means to document a claim payment. Obtaining general contractor estimates can still be helpful to adjusters because they can be used to understand variations in price that may occur over time following a flood event. Generalized estimates should take into account the necessary measurements that determine quantity of materials. From this information, the contractor will add material costs, determine costs for labor for each trade, costs for oversight, and other fixed costs before overhead and profit. General contractor estimates that are not itemized room-by-room are based on a labor and material method of estimating. The adjuster can learn to identify if these estimates are reasonable and customary to the loss and location.

When there are pricing differences **stemming** from the lack of **line-by-line** itemization in the general contractor's estimate, the adjuster should request that the policyholder obtain a **more detailed, line-by-line repair estimate from their general contractor to address the pricing discrepancies**. The adjuster should also request a copy of the contractor-signed repair agreement that corresponds to the estimate of repair. This signed agreement helps to determine if the estimate provided is a legitimate offer to repair and not an estimate used for insurance purposes. The SFIP at Sections VII.G and VII.H requires the policyholder to provide signed repair agreements and estimates that are intended to be used for actual repairs.

Documenting Prior Loss Repairs

If the prior flood claim paid the full cost to replace an item in a prior loss, the **NFIP** insurer must not pay the full cost to replace the same item of property a second time unless the claim file documents the item was replaced after the prior loss and before the current claim. If the policyholder only cleaned, repaired, or refinished an item in question, the insurer should pay the policyholder on the current loss for the cost to clean, repair, or refinish, provided the claim file includes documentation that supports the same.

Writing the Building Estimate *continued*

Repairs after a prior loss are best supported with copies of actual proof of repairs and replacement, such as repair estimates with corresponding canceled checks (front and back), credit card payments, paid contractor invoices, or material purchase receipts. When past repair documentation is not available, the adjuster should request and review the prior claim file photos against the current claim photo to visually compare building items from each loss for differences or similarities. Visual observations of certain installed building materials photographed at the inspection can document recent repairs. When documenting a recommendation in this fashion, the adjuster must make certain the evidence of repairs is clear in photographs.

When completing the estimate that involves a prior flood loss, the estimate should list all damaged items of property, even if it includes items from the prior loss the adjuster finds are not repaired or replaced. Once the adjuster confirms the extent of repairs from documentation received from the policyholder and observed at the loss inspection, the adjuster should zero-out the unit price for any line items determined to not have been repaired or replaced after the prior loss.

Estimating Practices to Help Support the Recommendation to the Policyholder

Software should be set so that:

- Pricing is calibrated for the loss location (city, county, or zip code).
- Room dimensions and calculations for floor square footage, square yardage, lower and upper perimeter linear footage, and wall to ceiling square footage are shown on the estimates.
- Missing walls and wall openings are accounted for in room area, such as with foyers, kitchens, hallways, and stairways.
- Areas with more than one door or window and all double-doors openings are accounted for, such as with hallways, closets, sliding glass doors including entry door units with sidelights, or a sunroom.
- Avoid selecting non-descriptive (generic) line items in the estimate. Instead select the most descriptive option provided. If none match the item of property in question, a generic line item should include a note describing the quality of item and any adjusted unit price justified.

Non-descriptive line items may result in a less than accurate unit price or generate a request for additional payment due to the lack of specificity. For example, the non-descriptive line item “Remove and replace drywall” would result in a less accurate estimate than the more descriptive line items “Remove and replace 1/2” residential wall drywall” or “Remove and replace 5/8” residential ceiling drywall” because ceiling drywall may be a thicker type that costs more than wall drywall.

Unit Pricing. The unit price presented in estimating software is typically based on pricing averages from past settled insurance claims, national or regional pricing studies performed by the construction industry, or from actual contractor repair estimates. These prices are considered reasonable and customary to the loss and location, involving the average quantity of materials, with average quality workmanship, under average working or market conditions.

Estimating Practices to Help Support the Recommendation to the Policyholder

continued

When the estimate requires any unit price adjustment to account for factors that change the cost above or below the default unit price, the adjuster should include a note under the estimate line item that explains or justifies the unit price adjustment.

Flood Cleanup. Note the first line item with the water depth (exterior depth for cleaning the exterior building, and interior depth for flood cleanup). Do this in every room area in the estimate with a different water depth. Include a concise statement describing the quality of the floodwater, such as clear rainwater, brown water, sewage, heavy silt, livestock waste, household pollutants, etc.

Adjusting the Value of Low Estimates of Damage. When a flood loss involves a minor amount of repair work, the price for some repairs may not exceed the dollar threshold needed to perform repairs related to a trade. In such instances, it is acceptable for the estimate to account for an additional dollar amount known as a “labor minimum” to meet this threshold. While some repair tasks may fall under separate construction trades on the estimating software, the labor that performs each trade may actually overlap. This means the labor minimum for one or more trades may be satisfied from the combined allowances for one or more different trades. When applying a “minimum charge” on an estimate for which the total value of all repair work for a trade does not exceed the labor minimum, the estimate should not include any other line item related to the trade, except for the minimum charge. Consider the following examples:

Example 1: Labor Minimum

- Assume the estimating software has predetermined the minimum dollar threshold for cleaning and pressure washer trades separately at \$250 each.
- The adjuster creates an estimate where the total cost for interior flood cleanup of the concrete floor is \$200 and the total cost for pressure washing the exterior siding is \$150.
- It is an estimating error if the estimate also includes additional allowances for labor minimums of \$50 under the cleaning trade and \$100 under the pressure washing trade because the minimum threshold for each trade can be satisfied by combining the related trades.
- If applicable, allowances added for labor minimums should be depreciated.

Example 2: Minimum Charge

- Assume the estimating software has predetermined the dollar threshold for the finish carpentry trade at \$300.
- The estimate includes only the cost for finished interior 5" paint-grade baseboard removal and replacement in a single room, 40 linear feet (LF) priced at \$5/LF to remove and replace (\$200).
- It is acceptable if the estimate includes an adjustment of the unit price to \$7.50/LF to reach the labor minimum of \$300, provided an estimate properly explains the price adjustment.

Estimating Practices to Help Support the Recommendation to the Policyholder

continued

- A better practice is to add to the estimate a labor minimum of \$100 for the finish carpentry trade to reach the threshold.
- It is an error if the estimate includes a minimum charge of \$300 for finish carpentry along with a line item to remove and replace the baseboard, since the combined amount for the minimum charge and the baseboard exceed the trade threshold.
- A minimum charge for any trade represents the maximum amount for the trade on the estimate, provided no other line item in the estimate falls under or is considered related to the same trade. A note justifying the minimum charge is required and should include a description of the repair item, quantity, and unit price, if applicable. The minimum charge allowance should be depreciated.

Lump-sum Allowances. A lump-sum allowance is a single line item in the estimate with a high dollar value that is meant to summarize the total cost to repair or replace individual components belonging to a larger and costlier item of property. Allowances presented this in manner, whether created by the adjuster or from a contractor, should not be part of the estimate. For the adjuster, pricing a lump-sum without understanding the costs of individual parts is difficult, which can lead to pricing inaccuracy or result in a request for additional payment. Accepting a lump-sum allowance from a contractor can mask the inclusion of components that are not damaged or include the increased cost for betterments or code-required upgrades. The better practice would be for the adjuster to breakdown a lump-sum allowance on the estimate, if it is not requested and received from the contractor, and price the itemization of the relevant components or another acceptable subgroup. Consider the following examples.

Lump-sum Allowance Example 1: Non-covered Repairs

A flood-damaged furnace requires replacement. The furnace-only unit is a 20-year-old upflow 100,000 BTU gas-fired unit. A contractor's estimate quotes the cost to replace the furnace at \$12,000. To understand how a lump-sum allowance can mask the price of non-covered repairs, consider the following scenarios:

Contractor received lump-sum quote:

Remove and replace 100,000 BTU high-efficiency gas-fired furnace	\$ 12,000
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Scenario 1 – Possible repair intention (a):

Remove and replace 100,000 BTU high-efficiency gas-fired furnace	\$ 6,000
Install power exhaust flue	600
Install 15-SEER e-coil for air conditioning	4,500
Install condensate pump w/PVC lines for e-coil	400
Install built-in dehumidifier	500
TOTAL	\$ 12,000

Lump-sum Allowance Example 1 *continued*

Scenario 2 – Possible repair intention (b):

Remove and replace 100,000 BTU high-efficiency gas-fired furnace	\$ 6,000
Install power exhaust flue	600
Labor to install furnace from ceiling	2,750
Labor and material to alter and reconnect ducting	1,800
Cost to alter and reconnect exhaust vent	250
Cost to alter and reconnect gas and electrical	600
TOTAL	\$ 12,000

Scenario 3 – Actual material type installed at the time of loss:

Remove and replace 100,000 BTU standard gas-fired furnace (no a/c)	\$ 5,000
Remove and replace plenum return	500
TOTAL	\$ 5,500

Lump-sum Allowance Example 2: Accuracy Matters

A flood-damaged staircase for egress into a building requires replacement. The adjuster counted the number of steps and attached a unit price for each step. To understand how a lump-sum allowance can lead to a request for additional payment, consider the following:

Contractor estimated lump-sum allowance:

(12) Remove and replace steps @ \$225/EA	\$ 2,700
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Itemized breakdown of components individually priced:

(12) Remove and replace exterior-rated tread and riser @ \$65/EA	\$ 780
(2) 12 LF 12" wide treated stringers @ \$35/LF	840
56 LF 4x4 treated support posts @ \$24/LF	1,344
24 LF 4" treated hand railing @ \$12/LF	288
24 LF 4" treated support railing @ \$12/LF	288
*Includes galvanized hardware	
TOTAL	\$ 3,540

Building Replacement Cost Value

The adjuster must determine the building replacement cost at the time of loss, pursuant to the conditions established in the loss settlement procedures of the SFIP. The NFIP also collects building replacement cost value at the time of application and renewal, which is only used for rating purposes.

Depreciation

- The adjuster should apply depreciation based on the age and physical condition of each item replaced in the building and personal property (contents) estimates. Because items of property come in a variety of materials, are purchased or installed on different dates, and are used for different purposes, the life-expectancy of property items vary.
- The application of the same rate of depreciation (lump-sum) to all building and personal property items is not an acceptable practice.

Depreciation *continued*

- The adjuster should apply depreciation to the material, labor, and equipment usage, including overhead, profit and sales tax, on all claimed replacement items of property.
- All claimed replacement items must reflect depreciation, regardless of whether the loss qualifies for replacement cost or ACV loss settlement. The adjuster should document the claim file to support the rate of depreciation or the lack of depreciation.
- When considering the rate of depreciation for any replaced item of property, the adjuster should take into account previous repairs or modifications, which may have extended the life of the item beyond its original condition.

Prior Loss History and Request

The adjuster should know the prior loss history on all claims assigned to them for handling. Prior loss will only be reported **to the adjuster** with the assignment for claims reported with the same **NFIP** insurer. The adjusters should ask the policyholders about prior flood losses on every claim and report the information to the **NFIP** insurer.

- The adjuster should inform the policyholder that if the prior owner did not repair a covered flood loss prior to selling their property to the policyholder, the SFIP will not pay to repair that same item.
- The policyholder may need to contact the former owner of the property in order to obtain evidence of flood damage repairs.
- There are a variety of reasons why a policyholder may question or challenge the prior loss history for the property. The adjuster should not **try** to explain any alleged discrepancies, but should notify the **NFIP** insurer immediately.
- The **NFIP** insurer will instruct the adjuster if they need assistance in obtaining documentation to either prove or disprove reported claims.

Prior Loss Request. The SFIP does not cover damage to insured property that occurred prior to the insured loss, including unrepaired damage from a prior flood. NFIP insurers must verify that damages from any prior loss have been repaired before the subject loss occurred and must exclude from the adjustment any unrepaired prior damages. This normally requires the NFIP insurer to obtain and review prior flood claim files before adjusting the loss.

- For claims filed under the SFIP Dwelling Form, an **NFIP** insurer may adjust a claim without obtaining a prior flood claim file, if there is evidence of completed repairs following a prior flood loss. Examples of evidence include an inspection of the property that clearly shows repairs to or replacement of prior damage and a review of available documentation, such as paid contractor invoices and receipts.
- FEMA relies on the flood adjuster and the **NFIP** insurer to evaluate and document the evidence demonstrating prior repairs. If the adjuster cannot substantiate repairs based on their preliminary assessment, the adjuster should recommend that the **NFIP** insurer reviews the prior loss file. The adjuster should provide the insurer with adequate documentation and photographs of any unrepaired prior damage.

Remediation, Structural Drying, and Emergency Service Contractors

Most flood losses with interior inundation require drying. The claim should account for the cost for structural drying, just as it always includes the cost for flood cleanup and the treatment against growth of mold and mildew. When a loss is insured by the SFIP, there are three methods to account for the cost to structurally dry salvageable insured building materials:

1. **Square-foot Method (Method 1).** When the policyholder performs or intends to perform all building drying and does not rent drying equipment or hire a professional service to perform the drying, the claim should account for the policyholder's cost to dry using a method similar to flood cleanup SF allowance. This allowance should be based on the building's size, HVAC usage, policyholder labor, electricity usage, and the use of common household appliances. For practical purposes, the estimated total of each cost type for an average sized dwelling can be divided by the SF to create an average SF unit price to dry. A different unit price is needed for drying floor-only loss versus one that removes subfloor or wall sheathing. A different unit price is needed for affected areas with climate-control versus areas without. NFIP-registered adjuster can present the cost to dry in the estimate with SF allowance or simply list the estimated allowances for each cost type (segregated cost approach).

When the policyholder performs their own interior building drying, the claim may have to account for an additional treatment against the growth of mold and mildew. When the policyholder utilizes the building's HVAC system, common household appliances, or opens doors and windows, the drying approach will take longer to complete.

For more information about how to determine the SF method or segregated cost approach, see the dry-out base cost tab in FEMA's Building Valuation Loss Assessment (BVLA) tool (when issued by FEMA following a significant flooding event).

2. **Adjuster-determined Drying Charges (Method 2).** When the policyholder submits an invoice for drying and a drying log is not provided or is not properly completed, the adjuster should not include the invoiced drying allowances in the insurance estimate because the drying was performed outside of the industry standard (ANSI/IICRC S500-2021). Consequently, the invoiced charges do not include evidence documenting how wet materials were before drying started, if drying progressed because of the drying technician's efforts, or if the materials targeted for drying were actually dried as charged. In these instances, the adjuster should determine the type, quantity, and duration of drying equipment on the claim. However, these allowances should not include usage for more than 72 hours. NFIP insurers and adjusters should do what is possible to help the policyholder to avoid drying allowances based on this method. This is best achieved by informing the policyholder about structural drying and its requirements at the first notice of loss, contact call, or the site inspection.
 - a. **Dehumidifiers.** For determining the quantity of dehumidifiers, first calculate the dehumidification capacity using the revised S500 formula in the w-13025a bulletin (see Appendix D). The capacity of all dehumidifiers considered on the claim by the adjuster can exceed

Remediation, Structural Drying, and Emergency Service Contractors

continued

the capacity provided by the formula if within reason because real-life dehumidification equipment capacity is fixed and cannot match exactly the capacity from the formula. Allowing some additional dehumidification capacity on an actual drying job should be expected and is a good practice for successful prompt drying.

- b. Air Movers.** When determining the number and type of air movers, the adjuster should first understand the type of water to be dried. During the first 24 hours or so of drying, the water targeted for drying is on the surface and pores of salvageable floors, wall framing, and sheathing. This water is known as surface water and free water, respectively. Centrifugal fans (carpet driers) are needed to dry this water during this period. Use [bulletin w-13025a](#) to help determine the number of air movers needed, understanding when interior walls are partially or completely removed, walls are physically absent. With the proper dehumidification capacity and number of air movers, surface and free water is quickly removed. What remains next is water held within the materials. This type of water, bound water, is not removed by the high velocity air movement from carpet driers. Most of these air movers should be removed. When interior walls are partially or fully removed, fewer fans that focus on moving a higher volume of air, like axial fans, aid the removal of bound water.



- c. Heaters.** When invoiced, space heaters can be included by the adjuster. Once surface and free water is almost or entirely removed, low-controlled heat can be introduced. Heat helps to force out bound water held within salvageable materials. However, the introduction of heat when surface and free water is abundant is against industry standards because heat during this stage can lead to excessive evaporation beyond the capacity of dehumidification. This can lead to secondary damage to undamaged parts of the building from moisture, condensation, or the growth of mold. This type of damage is not the result of direct physical loss by or from flood and is not covered on a claim under the SFIP.

- 3. Drying Invoice with a Properly Completed Drying Log (Method 3).** When the drying service follows the industry standard, the drying technician enters all required data in the drying log before starting the job. This data helps to guide the technician in terms of the number, type, and quantity of drying equipment to be used for the next 24 hours. The technician should enter new required data into the log at least once every 24 hours until the drying goal is achieved. When the drying invoice is documented this way, the claim can account for the cost to dry using the professional's invoiced

Remediation, Structural Drying, and Emergency Service Contractors

continued

drying charges, including costs for containment that is reasonable and customary to the loss and location, ducting, heaters, labor for the initial assessment, daily monitoring, equipment take down, overhead, and profit. Before accepting an invoice as properly supported by the drying log, the adjuster should understand what a properly completed drying log is; see [bulletin w-13025a](#) (included in Appendix D). A properly completed drying log should include:

- Record of daily temperatures and relative humidity readings of both indoor and outdoor air.
- Moisture readings and location of affected materials targeted for drying and unaffected materials, the latter of which are used as the dry goal for each type of affected material.
- Record of daily temperatures and relative humidity readings from the output of the building HVAC system and all deployed dehumidifiers.
- Make, model, and capacity of all deployed dehumidifiers, each day.
- Make, model, and capacity of all deployed supplemental heaters, each day.
- Type and number of air movers, each day.
- Cubic volume of the affected air space.
- Drying approach if noted is always only Water Class 4.

Note: A moisture map is not required but is a sign of quality. Grains per pound (GPP) or humidity ratio is the ratio between relative humidity and temperature; see a psychrometric chart.

When applied properly, the industry standard supports prompt completion of drying, normally less than 72 hours. Once all non-salvageable materials are removed, salvageable materials are cleaned with Category 1 water, clean water. Excess cleaning liquids on floor surfaces should be forced out exterior doors or extracted. The affected materials are then treated to prevent the growth of mold or mildew. The affected area should be contained, creating a drying chamber, and outside air or air from other unaffected areas of the building should be kept separate from the drying chamber. What is left to be dried are structural, semi-porous, flood-damage resistant materials which hold minimal water. If professionals dry these materials beyond 72 hours, the drying log should include the data or site-specific factors that explain the justification. This is part of the drying industry standard for the drying log.

A drying invoice that demonstrates insufficient dehumidification capacity, includes only carpet driers when the flood is above the floor level, does not show a declining use of air movers, or does not involve heaters during the last part of drying does not follow industry standards. Such invoices reflect an unnecessarily prolonged drying effort. Invoices that fall under this description should be considered on a claim using method 2, no matter how thorough the drying log appears.

If drying charges exceed three days, the drying log must specify the reason and include supporting evidence. If there is no such explanation or supporting evidence justifying additional drying, then the log is not proper; see Method 2.

**Remediation,
Structural Drying,
and Emergency
Service Contractors**
continued

A drying log that skips one or more days of monitoring is not complete and is improper; see Method 2.

Drying a Crawlspace. When considering an allowance for drying a building's crawlspace, the adjuster should first determine if drying is necessary. Vented crawlspaces with minor inundation will often dry themselves once the vents are clear of debris and cleaned. Crawlspaces with earthen floors, especially those below ground level, will remain wet due to residual floodwater held in the soil or from absorbed rainwater or melting snow. Drying such crawlspaces is often accomplished with a vapor barrier installed over the earthen floor. However, an allowance to replace the vapor barrier can only be included in the building claim if the barrier is affixed to the building at the time of the flood; or as personal property if a loose vapor barrier is laid over an at-grade crawlspace floor. Because crawlspaces are exposed to the outside air or are without climate control, dehumidification is not effective and should not be part of the drying.

If exposed floor framing in the crawlspace is inundated or if mechanical drying is needed to reduce moisture levels after the flood to prevent damage to undamaged property from condensation, moisture, or mold growth, the claim can account for drying not longer than 72 hours. Following industry standards, this drying allowance should represent the placement of a single air mover with a heater in front of each vent on the windward side around the crawlspace. An allowance for air movers and heaters should not account for placement inside the crawlspace or in front of vents on the downwind side around the crawlspace.

Drying Wet Concrete. When concrete in a building is installed in direct contact with soil, such as a slab-on-grade foundation or concrete floors and walls in a basement, drying concrete can be difficult to accomplish. While high-capacity dehumidification inside the building along with heat and air movement will remove bound water, water molecules in soil will constantly migrate into the drying material, keeping the concrete material wet. Concrete in contact with soil will not dry until an equilibrium of moisture in the soil with the concrete is reached. This can take a long period of time due to conditions beyond the control of the drying technician. Because of this, the industry's standard of care is against prolonged drying of concrete when it is in contact with soil.

Once damage removal, cleaning, and treating are performed and drying is complete, generally within 72 hours, wet concrete should be left to dry on its own. Considering the installation of finished floors is typically held off until all other interior repairs are complete, so wet concrete floors will generally dry by the time the repair is ready to install or restore the floors. However, if rainfall, a lowland grade, poor draining, or absorbent soils keep the soil wet, concrete in direct contact with this soil will not dry. The prolonged wetness of concrete is not the result of a direct physical loss by or from flood, and the cost to continually dry it should not be included in the claim under the SFIP.

For more information, claim professionals may refer to the Structural Drying bulletin in Appendix D.

Overhead and Profit

Policyholder Uses a General Contractor

The adjuster may add Overhead and Profit (OHP) to an estimate when the complexity of the repairs requires coordination by a general contractor, which is usually 10 percent overhead and 10 percent profit.

Contractors' overhead is categorized as indirect (general) or direct (job-related).

Indirect: General overhead costs include expenses that cannot be attributed to a specific project. These expenses can include:

- Office rent, utilities, supplies, phone and internet lines, business insurance and licenses, etc.;
- Salaries and benefits for office personnel who may not work on the site, such as bookkeepers and administrative employees; and
- Various ongoing expenses, such as marketing, advertising, travel costs, legal fees, etc.

Direct: Job-related overhead costs include expenses necessary to complete the project (other than material and labor). These expenses can include:

- Short-term office structures such as trailers, architect's stations, and leased office space.
- Project-specific salaries for foremen, schedulers, engineers, job superintendents, etc.
- Short-term water and sanitation facilities.
- **Note:** Job-specific specialty equipment (jackhammers, cranes, bulldozers, backhoes, scaffolding, etc.) are not typical to most repairs and should not be included or considered as part of the OHP. The specialty equipment should be addressed as a specific line item. Additionally, the line item should explain why the specialty equipment is needed and must include an invoice or contractor's estimate.

Policyholder Performs the Duties of a General Contractor

When the policyholder performs the duties of a general contractor on some trades or repairs, the policyholder is entitled to a fair overhead allowance (not profit) for the time spent hiring, scheduling, and overseeing repair performance. We will allow up to 10 percent depending on the complexity of repairs and the number of trades involved.

Items Typically Omitted from General Contractor OHP

FEMA considers some repairs/contractor services as "Non-OHP trades." "Non-OHP trades" should not be considered when estimating OHP. Examples of "Non-OHP trades" include:

- Cleanup;
- Treatment against mold and mildew;
- Building dry-out;
- HVAC;
- Kitchen appliances;

Overhead and Profit

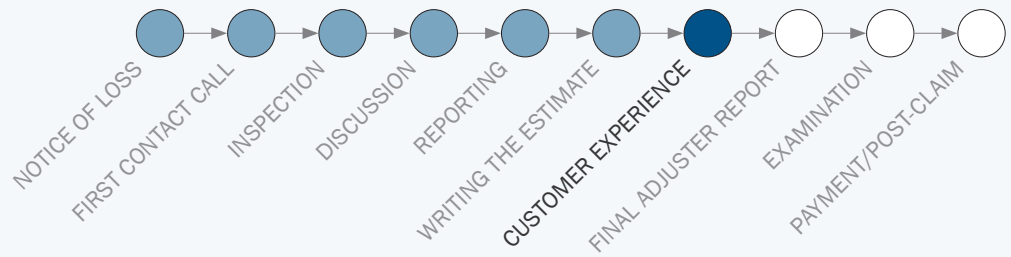
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- Carpet and padding;
- Contractor receipts or quotes; and
- Dumpsters.

Note: “Non-OHP trades” are typically performed by the policyholder or professionals hired by the policyholder. If the general contractor’s estimates or invoices include overhead and profit for items/repairs considered as “Non-OHP trades,” the adjuster should provide justification, note the file, and apply OHP accordingly.

Adjusters must document and support the necessity and use of dumpsters for debris removal. This includes providing a clear rationale for the number of dumpsters and the associated costs based on the specific conditions at the loss site.

Customer Experience



Proof of Loss

All three SFIP forms include a 60-day Proof of Loss (POL) deadline. The Assistant Administrator for Federal Insurance has the authority to grant waivers of, and extend, the POL deadline. See 44 C.F.R. § 61.13(d). See also 44 C.F.R. Pt. 61, Appendices A(1) and A(2), Section VII.C, and Appendix A(3), Section VIII.C.

In the case of a loss, among other requirements, the policyholder is required to submit to the NFIP insurer a timely and valid POL. A POL is a policyholder's statement of the amount the policyholder is claiming under the SFIP and must be supported by documentation. The policyholder must sign, under penalty of perjury, the POL. The POL is not the claim.

FEMA encourages the policyholder, adjusters, and NFIP insurers to use the POL form developed by FEMA; however, completing and signing the form alone does not meet all SFIP requirements.

Note: At the NFIP insurer's option, they may accept the adjuster's report of the loss instead of the POL. The adjuster's report will include information about the loss and the damages sustained. The policyholder must sign the adjuster's report.

- The policyholder must **sign and** submit a **fully completed** POL within 60 days of the date of loss or within any extension granted by FEMA. The adjuster may assist the policyholder in completing the POL; however, this assistance is only a courtesy.
- The policyholder must also provide documentation to support the loss and dollar amount declared on the **POL**.
- Signing the POL allows the policyholder to comply with the policy requirement to submit a POL including documentation to support the amount requested. The policyholder must submit additional completed POLs for additional payment with supporting documentation within the same time constraints.
- A policyholder may submit a supplemental POL for additional payment of amounts in excess of those identified in the initial POL.
- A signed Increased Cost of Compliance (ICC) POL is required on valid ICC claims.

CUSTOMER EXPERIENCE

Proof of Loss

The policyholder may elect to complete the POL without the assistance of the independent adjuster. Otherwise, the independent adjuster will prepare a POL for the policyholder to sign.

FOR MORE INFO

See Signed and Sworn
in SFIP Guidance on
Eligibility-5.

- POL forms do not have to be notarized. Electronic signatures are acceptable.

The NFIP insurer does not have authority to extend the time for filing a POL per section VII.C. Amendments, Waivers, Assignment. If the POL is untimely, the NFIP insurer should request FEMA grant a waiver for the POL deadline through Pivot and receive approval on the waiver request before issuing payment. If additional damages are discovered warranting additional payment, a supplemental POL would be required. Please see below for discussion of requests for additional payments.

Confirming the Details

The flood insurance claims professionals (i.e., examiner and the adjuster) should confirm the following details.

- ☐ Confirm coverage and non-coverage, as applicable
- ☐ Review the loss settlement option
- ☐ Verify all loss payees
- ☐ Recommend two or more estimates of repairs

Salvage

- ✓ The insurer always has the right to seek salvage or to take possession of damaged property. Insurers should pursue opportunities for financial recovery when available.
- ✓ The adjuster must address salvage potential on every claim.
- ! The insurer should retain a list of reputable salvors and make that list available to its adjusters.

Items Retained By the Policyholder	Items Discarded By the Policyholder
The adjuster must reach an agreement with the policyholder on the salvage value known as “buy back” of the retained item and credit the claim with the buy-back value. The adjuster will note the salvage value within an appendix to the estimate or within the estimate itself. Items retained by a policyholder are not insurable or payable unless the items are restored to their pre-loss condition. The policyholder will be required to provide proof of repairs.	The adjuster proceeds with the adjustment as normal and documents lack of salvage value in the narrative; if the policyholder does not want to retain the item the item does not have a salvage value.

Additional Guidance

- The adjuster’s narrative in the closing report must address the salvage applicable to the loss. Omitting this portion or leaving it incomplete may lead to missed opportunities by the NFIP. When financial recovery is not available, the narrative should explain why.

*Additional Guidance
continued*

- When evaluating salvage, the adjuster should consider the following:
 - Building and personal property **items** wholly or substantially destroyed **beyond** repair or **restoration** have no salvage value. The adjuster is required to document their salvage evaluation in the narrative.
 - When a policyholder is paid to replace items, buildings, or contents that are not wholly or substantially destroyed, the adjuster must have a discussion with the policyholder about whether the items will be retained or discarded.
- When applicable, the adjuster should discuss with the policyholder the potential for a visit by a salvor soon after the adjuster's inspection. An inspection by the salvor only involves inventorying damaged items worth purchasing.
- The salvor may not take possession of any property before the loss is settled and until it is agreed upon by the policyholder and the **NFIP** insurer. The salvor should promptly provide the salvage list and price to the adjuster for direction, and the adjuster should promptly discuss the matter with the policyholder and the **NFIP** examiner.
- The salvor is entitled to an inspection fee if the salvage offer is turned down by the insurer. Otherwise, the salvor's fee is taken from the sale of the salvage. The salvor should issue payment for the **coverage** to the **NFIP** insurer as a recovery. The **NFIP** insurer may allow the adjuster to make decisions involving salvage on its behalf.
- The adjuster's **fee** is based on the gross loss, **which means the cost to repair or replace the covered property before applying depreciation, deductibles, and salvage buy-back**. The adjuster or the adjusting firm may not act as salvor on a loss. This includes taking possession of the insured property for the inspection or purchase by a third party.

CUSTOMER EXPERIENCE

Salvage

The **NFIP** insurer may take possession of some or all of the damaged property after paying the policyholders claim for damaged or destroyed property after a flood loss.

The amount is usually determined by the value of the damaged property, the cost of repairs, and the estimated value.

**Requesting
Additional Payment**

FEMA expects adjusters to explain to the policyholders the process for requesting additional amounts when the policyholder believes they are entitled to more money under their claim. Communication between the adjuster and policyholder is key. **The adjuster should explain the following:**

- **A request for additional payment (RAP) is not a new or additional claim as the policyholder has only one claim per flood loss.**
- **The **NFIP** may not deny a RAP based solely on the fact the policyholder has not completed repairs or because the policyholder has not exhausted all monies paid to them on repairs.**

Requesting Additional Payment

continued

Under the SFIP, the policyholder must prove their loss. **As with** the initial loss settlement, it remains the duty of the policyholder to prove their loss for any **request for additional payment**.

RAP for Omission

If the policyholder's RAP is on an omitted item or an omission of quality, and there is no dispute on these facts documented in the claim file, the insurer should pay the RAP without **regard to** documenting the remaining damage and repair.

- **Example:** A front door was omitted from the original estimate. Photos from the claim file show that the door experienced direct physical loss by or from flood. Notate the claim file, obtain the **POL** (and any necessary waiver), and make the payment.
- **Example:** A front door was paid under the original estimate, but at a lower quality estimate (e.g., paid as a hollow core) than actual quality (e.g., solid core). Notate the claim file, obtain the **POL** (and any necessary waiver), and make the payment.
- The RAP omission procedure is improper where the only difference is one of price. For example, if the quality of door is agreed upon (e.g., premium quality of door, estimated at \$2,500), but the policyholder says the agreed-upon quality of door costs more (e.g., \$3,000). The policyholder will need to prove actual repairs for the pricing difference (\$500).

RAP for Items Previously Included in Loss Settlement

When the policyholder submits a RAP, the request should document the remaining loss (if any) and all repairs. This requirement includes two sets of documentation:

- **For repaired damages:** the policyholder should provide all documentation related to the repairs.
 - Documentation may include copies of the contractor estimate with corresponding proof of repair (e.g., credit card invoices, canceled checks, debit entry on bank account registry for cash payments), contractor repair receipts, new material purchase invoices, or other evidence that the policyholder has obligated or expended payment, plus photographs of all repaired damages.
 - If the policyholder has undertaken some or all repairs independently, or without hiring a third party, the policyholder should submit documentation for material costs, an inventory of their labor hours, **and** photographs.
 - Any documentation related to flood-damage tear-out, flood cleanup, treatment, and building dry-out should also be provided by the policyholder to the insurer.
- **For unrepaired damages:** the policyholder should provide copies of the contractor and policyholder-signed repair agreement with the corresponding estimate to repair, material purchase orders, and the like, **and** photographs of all non-repaired damage. An unsigned estimate or proposal is not sufficient as a basis for a RAP because the policyholder is

Requesting Additional Payment

continued

under no obligation to pay the estimated amount until they have a contract in place for repairs.

The **NFIP** insurer should follow their same procedures **for an** RAP as they would with the initial loss. These procedures may require the **NFIP** insurer to **conduct** an on-site inspection of the property, hire outside professionals (for any expanded scope of damage), or invoke any of the other options after a loss provided by the SFIP.

Please note the following:

- The **NFIP** insurer agrees to pay the policyholder for insured property damaged by flood with materials of like kind and quality and like use. The insurer may not pay the policyholder for the increased cost to repair due to betterments or improvements in materials or workmanship, changes related to other renovations, repairs that are not for flood damage on the claimed date of loss, or code upgrades (see SFIP V.A).
- For a pricing RAP only, provided there is no item of omission or quality, the insurer may issue additional payment provided the documented loss and repair exceeds the sum of all building claim payments (i.e., the full cost to repair), plus the deductible and any withheld depreciation.
- When a RAP is based only on an estimate of damage from a third party (e.g., public adjuster, attorney), the claim handling should at minimum ensure the full and proper scope of damage and repair is accounted for in the insurance estimate. A RAP based on increases in unit pricing without proper documentation or justification is not substantiated. The insurance estimate should account for pricing that is reasonable and customary to the loss and location.

General Adjuster (GA) Reinspection Request

The **General Adjuster** re-inspection program is designed to **maintain** quality claims processing within the NFIP. Re-inspections are performed in cooperation with the **NFIP** insurers. The five types of re-inspections are:

- Special Assist;
- Congressional Correspondence;
- FEMA Appeals;
- FEMA Requests **for Re-inspections**; and
- Random Claims Quality Check (RCQC).

All re-inspection requests from claims examiners must come directly from the NFIP insurer or the Federal Insurance Directorate to NFIPFloodDisasterResponseMailbox@fema.dhs.gov.

Special Assist Re-inspections

For Special Assist re-inspections, the **NFIP** insurer makes a request by email **to FEMA at NFIPFloodDisasterResponseMailbox@fema.dhs.gov**. The email subject line should include the type of submission (e.g., **[Policy Number]** – Request for Re-inspection). The body of the email should contain the policy number, policyholder name, property address, date of loss, and a brief description

General Adjuster (GA) Reinspection Request

continued

of the issues. Attach a copy of the complete claim file or upload it to the **FEMA Secure File Transfer Protocol** site. When emailing sensitive PII/SPII, the information should be saved in a separate document and encrypted or password protected.

FEMA will review the request for re-inspection and assign a GA to conduct a desk review or on-site re-inspection. The GA will contact the WYO insurer to review the file and determine whether the NFIP insurer or adjuster should accompany them during the on-site re-inspection.

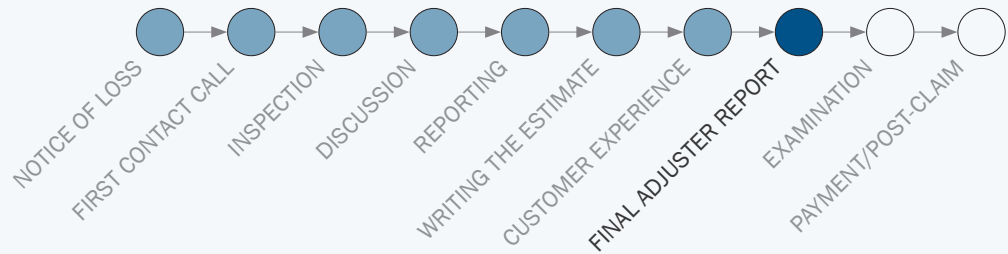
Congressional Correspondence, Appeals, and FEMA Requests

FEMA will initiate all GA re-inspections related to congressional correspondence, FEMA Appeals, and FEMA requests.

RCQC

RCQC is a process through which FEMA seeks to ensure NFIP claims adjustments meet all NFIP standards and requirements, and are of high quality. For RCQC, FEMA selects random claim files for review during flood events.

Final Adjuster Report



Claim Closed Without Payment Reasons

When a claim is closed without payment, the examiner should carefully review the adjuster's report and use the correct Closed Without Payment (CWOP) reason code in Pivot (NFIP System of Record). Proper coding is necessary to ensure the appropriate expense payment is issued.

TABLE 7: CLOSED WITHOUT PAYMENT (CWOP) REASON CODES

#	Reason	#	Reason	#	Reason	#	Reason
01	Claim denied, less than deductible	07	Loss in progress	13	Drainage clogs	19	Mudflow type not in flood definition
02	Seepage	08	Failure to pursue claim	14	Boat piers	20	No demonstrable damage
03	Backup drains	09	Debris removal only	15	Not insured, damage pre-policy	97	Other
04	Shrubs not covered	10	Fire	16	Not insured, wind damage	98	Error delete claim (no assignment)
05	Sea wall	11	Fence damage	17	Erosion type not in flood definition	99	Erroneous assignment
06	Not actual flood	12	Hydrostatic pressure	18	Landslide		

Contents Manipulation

After a loss, it may be necessary to relocate personal property to another location to complete repairs to a building. This is referred to as "contents manipulation." The SFIP Dwelling Form covers the reasonable and necessary cost of contents manipulation to facilitate flood repairs to the building. Contents manipulation is not covered under the General and RCBAP SFIP Forms.

To be eligible for payment of contents manipulation under the building estimate:

- The policyholder must have purchased both Coverage A – Building Property (building) and Coverage B – Personal Property (contents).
- Documented contents manipulation expenses may be charged against the building coverage when they are a function of the insured building repair.
- When the contractor's estimates include a separate line item for contents manipulation, the adjuster may allow the estimated or invoiced price for the contents manipulation.



▲ Example of a portable storage container.

Contents Manipulation

continued

Contents manipulation does not include:

- “Property removed to safety,” as described in III.C.2.b.
- The cost to move or remove damaged or non-covered contents including items in a part of the building subject to coverage limitations.
- The cost to move or remove tenant-owned contents.
- Property exceeding the special limit coverage.
- Lump-sum allowances or room-by-room contents manipulation allowances in the estimate without providing supporting documentation of those costs, such as with a signed contractor’s estimate or invoice.
- Additional labor or cost to remove or store contents outside of the insured building or another appurtenant building at the described location (Dwelling Form only), such as a portable storage container placed at the described location, or personal property moved to storage at a building at another location.
- Coverage for contents manipulation does not include the additional labor or cost to remove or store contents outside of the insured building or another appurtenant building at the described location (Dwelling Form only), such as a portable storage container placed at the described location, or personal property moved to storage at a building at another location. The SFIP will only consider reasonable costs to move personal property items within the insured building or within an appurtenant structure (Dwelling Form only), to facilitate flood repairs to the building.

Note: Manipulation of the tenant’s personal property is not insured under the owner’s building policy, even when the tenant has purchased contents coverage. In such cases when a tenant has contents coverage and the tenant incurs reasonable costs to move contents to facilitate flood damage repairs, the charge is insured only under the tenant’s contents policy.

Closing Report

The closing report includes the narrative, summary of coverage, interests, claim activities, adjustment decisions, estimate, settlement recommendations, and all other relevant documents to support the claim. The adjuster may need to provide multiple Narrative Reports when the circumstances are unusual, challenging, or complicated and additional explanation is appropriate. Only include facts in reports. The narrative should outline relevant information based on facts that address who, what, where, when, how, and why. Adjusters should also provide specific details in the narrative report when the adjuster's judgment is applied to any part of the loss adjustment.

NFIP ADMINISTRATION

Adjuster Fees

FEMA uses the current [NFIP Adjuster Fee Schedule](#) (or ICC fee schedule) to make payment to insurers; the insurers, in turn, make payment to the adjusters.

Claims examiners determine whether the adjuster's work meets the standards established under this Manual and those of their company.

Subrogation

Subrogation is the right of the NFIP to recover the costs of a flood claim from a third party that caused or contributed to the loss. If an adjuster suspects the actions of a third party contributed, in whole or part, to a flood loss, the adjuster must complete the [Adjuster's Subrogation Referral form](#). The Subrogation Referral will ask the adjuster to provide available factual information as to the cause or contributing factor(s) for the loss.

Claim handling, review, and payment should proceed as normal.

The NFIP insurer is required to notify FEMA of any possible subrogation claims within ten (10) calendar days after identifying the potential subrogation. The NFIP insurer must use its customary business practices when pursuing subrogation. In lieu of pursuing subrogation, the NFIP insurer may refer such claims to FEMA. When referring the subrogation claim to FEMA, the NFIP insurer must provide the entire claim file and the subrogation referral form to FEMA.

Examination



Data Integrity

The examiner must validate the integrity of the data and ensure the adjuster is appropriately reporting the facts on the loss. FEMA expects **NFIP** insurers will put **quality control** processes in place to catch errors (e.g., validate date of loss, coverage amounts, addresses, etc.). When the quality control processes identify errors, the examiners should request corrections without delay, and should not close files until the corrections are made.

Overdue Proof of Loss

Important: If an **NFIP insurer** receives a signed POL after the POL deadline expires (60 days **after the date of loss** or after any extension issued by FEMA expires), the **NFIP insurer** must submit a POL waiver request to FEMA through Pivot and receive approval on the waiver request before issuing payment.

NFIP Insurer Notes

Throughout the Claims Journey there are instances where an examiner should pay special attention to issues or requests that may arise:

Property Address Correction (Waivers)

If the policyholder or the agent indicates that the address on the policy is not the correct address for the building intended to be insured, the adjuster may seek a waiver of **Section I of the SFIP** from FEMA to **correct the address**. FEMA may grant the waiver if the following conditions are met:

- The property address submitted on the initial **NFIP Flood Insurance Application** was typed incorrectly. However, the **NFIP Flood Insurance Application** accurately described the building, coverage, and rating information for the building located at the corrected address for which the waiver is sought, and the policyholder has no insurable interest in the building at the address incorrectly indicated on the application; or
- The address used to describe the insured building indicated on the **NFIP Flood Insurance Application** has **been** changed by the United States Postal Service. The agent must **prove** that the building description, coverage, and rating elements belong to the building at the **corrected address for which the waiver is sought**.

For a Property Address **Correction** Waiver, the required documentation includes:

- The complete underwriting file and documentation that was used to issue the policy (for example: **NFIP Flood Insurance Application**, elevation certificate, photographs, etc.);

NFIP Insurer
Notes
continued

- A signed statement from a community official that the policyholder has no insurable interest in the property with the wrong address or that the property address does not exist;
- A signed statement from the agent as to why the wrong property address was written on the Application. This may indicate that the property address submitted on the Application was typed incorrectly, and the building description, coverage, and rating elements belong to the building at the address indicated on the correction endorsement; and
- A copy of the current claim file and any previous claim files, if applicable.

The NFIP insurer may not pay a pending claim on a policy requiring an address change without FEMA approval.

Lowest Elevated Floor/Elevated Building (see Coverage-2, 7)

A waiver may be available in instances where the lowest floor of a Post-FIRM elevated building in a SFHA is at or above the BFE, but where the lowest adjacent grade next to the building is below the BFE. FEMA may permit this waiver when the building complies with floodplain management ordinances that require the lowest floor of the building to be at or above the BFE, even if a LOMA or LOMR is not available.

The NFIP insurer must send the waiver request by email to the NFIP at NFIPUnderwritingMailbox@fema.dhs.gov. The email subject line should include the policy number and the type of submission (e.g., [Policy Number] — Waiver for Elevated Building Coverage Limitation).

Documentation to attach to the email must include:

- Complete Underwriting file;
- Documentation used to issue the SFIP;
- Current flood zone determination;
- Elevation Certificate and datum conversions, if applicable;
- Color photographs of all sides of the building and photographs showing machinery and equipment and location; and
- A copy of current claim file and any previous claim files if applicable.

FEMA will send an acknowledgment of receipt of the waiver request to the NFIP insurer. If additional information is required, FEMA will notify the NFIP insurer within 10 business days. Otherwise, FEMA will submit the packaged documents to the FEMA Underwriting Branch for review and determination.

Policyholder Communications (see Claims Journey-9)

FEMA expects the examiner to:

- Verify date of loss is correct on adjuster report;
- Promptly return all telephone or electronic messages from a policyholder, agent, or adjuster within 24-48 hours of receipt of message;
- Reply to written communications from a policyholder, agent, or adjuster within ten business days of receipt;

NFIP Insurer Notes

continued

- Send **to policyholders** partial or full denial letters within ten business days of claims closure; and
- Accept or reject the POL, in whole or in part, within seven to ten business days of receipt. Timely acceptance or rejection of the POL gives the policyholder time to file a RAP if accepted, or an amended POL within the required time frame if rejected.
- Include an explanation from the adjuster for any delays or exceptions to time standards in the file.

Important: Retain electronic communications in the claim file.

FEMA may extend these time frames due to catastrophic events; the extension does not change the examiner's responsibility to properly document the file.

Flood-in-Progress (see Claims Journey-22)

Insurers **are responsible for determining** when **the flood-in-progress** exclusion **applies to individual claims**, based on the available information and adjuster's investigation. When determining whether the flood-in-progress exclusion applies to a claim, consider:

- Whether the adjuster determined if the flood was in progress on or before the **effective date of coverage** or request for additional coverage under this policy, and the correct premium at the request of the policyholder. **Note there may be more than one flood-in-progress and each flood should be addressed.**
- Whether the loss is due to a flood-in-progress or from a different flood event. (i.e., there was a flood-in-progress before the policy became effective, but before the flood reached the building, a separate and unrelated flood to the one in progress damages the insured property after the policy became effective.)

Building Scope & Estimate (see Claims Journey-23)

The examiner should conduct a timely review of the **adjuster's building** estimate to confirm:

- The photographs reasonably document the estimated scope of loss or damage. If **the photographs** raise questions about the scope of loss, damage, the adjuster's **estimate**, or documentation, the examiner should **request** that additional photographs or a re-inspection and provide status updates to the policyholder;
- There are no entry errors, for example, ensure the quantity and quality matches what is in the dwelling;
- Contents manipulation is estimated under building coverage and is limited to insured and undamaged personal items and the policyholder must have purchased personal property coverage;
- The estimate appropriately addresses necessary structural drying and makes allowances for it;
- The estimate does not include undamaged **matching items**, for example, replacing undamaged air handlers to match external heating, ventilation,

NFIP Insurer Notes

continued

FOR MORE INFO

See Contents
Manipulation on Claims
Journey-60

- and air conditioning (HVAC) units due to change in seasonal energy efficiency rating (SEER) or refrigerant;
- The estimate is written on a room-by-room, line-item, unit-cost basis with reasonable recoverable and non-recoverable depreciation applied based on age and condition;
- The adjuster has identified the proper quantity, measurements, and unit costs for items;
- Specifies whether the building or applicable line items qualify for replacement cost value or actual cash value settlement;**
- The proper deductible was applied;
- No non-insured structures, such as sheds, garages with living quarters, carports, decks, etc., are considered in the estimate, except for the approved 16 square feet of landing at building egress;
- Applicable coverage limitations are applied for basements and post-FIRM elevated buildings in the SFHA zones listed in Coverage A and Coverage B;
- The adjuster's quantity and unit cost calculations are accurate based on item, area, and room; and
- All exceptions are fully explained by the adjuster in the narrative report.

Reporting Overview (see Claims Journey-33)

The examiner ensures that the adjuster provides the NFIP Preliminary Report within 15 days after the adjuster's receipt of the assignment, along with perimeter photographs of the risk and photographs of the damage. The **NFIP Preliminary Report** form must be signed by the adjuster and include the adjuster's FCN. **The examiner reviews the NFIP Preliminary Report form for accuracy, underwriting or rating concerns, advance payment requests, and reserves. The examiner must communicate with the adjuster about whether there are any concerns with errors or omissions or necessary revisions.** The examiner should refer any rating issues to their underwriting department. Flood reporting systems set minimal reserves when a flood claim is open. The examiner must promptly update the claim reserves upon receipt of the Preliminary Report and any subsequent interim report(s). **NFIP insurers'** systems should have the ability to update reserves as payments are made.

Underwriting Referral (see Claims Journey-34)

When the adjuster makes a referral to the NFIP insurer to consider underwriting issues, the examiner must carefully review the adjuster's report for discrepancies in the declarations page, the preliminary report, or photographs, and immediately refer any discrepancies to the NFIP insurer's underwriting department for review along with the necessary supporting documentation (for example: photographs, surveyor's report, etc.). When there are concerns related to the elevation of a building, the NFIP insurer may need to retain an outside professional service.

NFIP Insurer
Notes
continued

With an issue involving an elevation status of a floor level, an elevation certificate, or a written elevation study, a detailed bird's-eye drawing is typically necessary. A bird's-eye drawing plots all elevation points for each floor level, area, or room, in addition to recording the elevation points along the building's exterior perimeter foundation and high and low points at the described location. A report of this nature generally requires certification with a signature and seal from a professional land surveyor; however, some states also permit a signature and seal from a professional engineer. The insurer should ensure the professional it hires complies with all rules established by the state for land surveying.

The conversion of elevation "vertical datum" may also present an **underwriting** issue. A vertical datum is a base measurement point (or set of points) from which elevations are determined. Historically, the standard datum used by the federal government was the National Geodetic Vertical Datum of 1929 (NGVD 29); however, the North American Vertical Datum of 1988 (NAVD 88) is now the national standard. Elevation values based on different vertical datum cannot be used together directly since they are based on a different vertical reference point. When comparing the updated flood hazard data released by FEMA with elevation information on elevation certificates and other documents from different sources, the insurer must take care to ensure all elevations are in the same datum. If they are not the same, the insurer must apply a conversion factor so that the values are referenced to the same datum before they are used. Failure to do this can result in improper structure design (for example building at the wrong elevation), which can have serious implications in terms of complying with community and state building requirements. Flood insurance rates can also be impacted, including eligibility for the Waiver of the Limitation or a Letter of Map Amendment or Revision.

To address potential rating changes:

- When the rating change will result in greater coverage, the adjustment should proceed based on the current rating and be revised once underwriting confirms the rating, reforms the policy, and collects the correct premium.
- When the rating change will potentially restrict coverage, have the adjuster secure a non-waiver agreement, or send a Reservation of Rights letter addressing the coverage issue. The adjustment continues and payment is issued based on the undisputed insured loss. The adjuster revises the estimate once UW confirms the rating, reforms the policy, and collects the additional premium.

The examiner should keep the policyholder informed through the process and communicate the change to the adjuster and the policyholder as necessary.

Status Update (see Claims Journey-35)

The examiner should conduct a timely review of the estimate to confirm:

- The contents inventory includes description, age, and cost to replace with like kind and quality at current year pricing.

NFIP Insurer
Notes
continued

- The photographs reasonably document the damage to support repairing or replacing an item and should request additional photographs or a re-inspection in a timely manner when there is a question and provide a status to the policyholder. Photographs should document contents items of exceptional value and quality.
- The adjuster considered a reasonable repair allowance, or the policyholder provided a repair estimate to supplement the settlement amount.
- The adjuster determined or verified local replacement costs of the damaged property based on like kind and quality.
- \$2,500 special limits **were** applied to the aggregate of applicable contents (jewelry, furs, contents used in business, etc.).
- The adjuster applied reasonable non-recoverable physical depreciation based on the age and condition of the item at the time of loss.
- The adjuster added appropriate sales tax and the proper deductible.

Adjuster Preliminary Damage Assessment (APDA) (see Claims Journey-35)

Where applicable, the examiner should confirm that the adjuster submitted a timely APDA for substantial building claims by checking for a copy of the APDA with the NFIP Preliminary Report. Adjusters should report as soon as possible after it appears that the building is substantially damaged (50 percent of the building's value). After the adjuster conducts the inspection of the risk, the APDA form must be complete and submitted to NFIPClaimsMailbox@fema.dhs.gov.

When an APDA is not included with the NFIP Preliminary Report, the examiner should assume the adjuster did not submit an APDA. The examiner should contact the adjusting firm to ensure the APDA is submitted and to request a copy for the claim file.

Prior Loss History (see Claims Journey-49)

As soon as possible, the examiner should notify the adjuster of any prior claim(s) and provide the adjuster with the prior loss estimate and photographs to enable the adjuster to properly adjust the open loss.

If the **current NFIP** insurer needs prior loss information on a claim handled by a previous insurer, the **examiner may request prior claims information from FEMA by email** at NFIPClaimsMailbox@fema.dhs.gov. The email subject line should include the type of submission (e.g., Request for Prior Loss Information). The body of the email should contain the current policy number, property address, and date of loss. It should also contain any information regarding the prior loss and the reason for the request. **Note:** When emailing sensitive PII, the information should be saved in a separate document and encrypted or password protected.

The **examiner** should expect to receive an initial reply containing basic information, building amount paid, and contents amount paid for each prior loss requested within 48 hours of the request.

If a copy of the file is needed, FEMA will request the claim file from the previous insurer and will forward relevant information to the **examiner** upon receipt, typically within 72 hours.

NFIP Insurer
Notes
continued

Proof of Loss (see Claims Journey-56)

The examiner shall review the POL to confirm accuracy, ensure the amount claimed is properly supported, and validate the values match the amount to be paid.

When the POL does not comply with the terms and conditions of the SFIP in content or form, the NFIP insurer should reject the POL and communicate the decision directly to the policyholder. If the POL can support payment of a portion of the claim, the NFIP insurer will issue a partial denial of the POL and pay the undisputed amount. If the amount to be paid exceeds the amount of the POL, the examiner must secure a new POL that matches the revised amount of loss. The NFIP insurer should provide written notification to the policyholder of the denial explaining the deficiency and, where appropriate, requesting documentation or information to resolve the deficiencies.

Salvage (see Claims Journey-57)

The examiner should confirm that the adjuster considered the salvage value of all damaged items. The NFIP insurer may be entitled to a Salvage Allowance, pursuant to the NFIP WYO Accounting Procedures Manual. The salvage allowance does not apply in any other situation.

The NFIP insurer may withhold the salvage allowance from the actual cash collected from the policyholder for salvage, and the remaining amount shall be deposited into the NFIP insurer's restricted bank account. The amounts of salvage recoveries reported to FEMA (via the recovery after final payment transaction) will be for the total recoveries, inclusive of the insurer's salvage allowance.

Closing Report (see Claims Journey-64)

Confirm that the closing report properly summarizes the loss, including coverage, points of interest, claim activities, adjustment decisions, and settlement recommendations, and request an amended report if additional information is required.

Subrogation (see Claims Journey-64)

The insurer should evaluate subrogation recovery. Whether the insurer pursues recovery or not, the insurer should notify FEMA and submit **to FEMA** the **Subrogation Referral** and a copy of the claim and underwriting file.

Send subrogation-related documentation and information to the Office of Chief Counsel (OCC), **FEMA**, at FIMA-OCC-Subrogation@fema.dhs.gov and cc: NFIPClaimsMailbox@fema.dhs.gov. Upon receipt of the information, the NFIP will log the information. OCC will contact the insurer if additional information is required or necessary.

Payment/ Post-Claim



Paying the Undisputed Claims and Denying Claims

The NFIP insurer will pay the policyholder for direct physical loss by or from flood to insured property when the policyholder pays the correct premium, complies with the terms and conditions of the policy, and submits a valid and timely POL (or at the insurer's option a signed adjuster's report). If the POL supports part of the claim, the NFIP insurer should pay the undisputed claim and issue a partial denial letter.

Note: Any losses payable under Coverage A (Building Property) will be paid to the policyholder and mortgagee(s) and known lienholder(s). The mortgagee or lienholder is not required on payments under Coverage B (Personal Property), Coverage C (Other Coverages), or Coverage D (Increased Cost of Compliance), unless there is a loan specific to the coverage, such as Small Business Administration (SBA) loans.

If the terms and conditions for the payment of a claim are not met, the NFIP insurer must deny the claim, in whole or part, and must provide the policyholder with a written denial letter explaining the basis of the denial. The denial letter must include:

1. The date of the denial letter, which begins the 60-day period to file an appeal with FEMA under 44 C.F.R. § 62.20 and the one-year period from which the policyholder may file suit.
2. The name(s) of the policyholder(s), the mailing address, and the property location. While straightforward, these elements are especially important when policyholders involve legal representatives, public adjusters, or other representatives when submitting a claim for payment (e.g., the proof of loss).
3. The date of loss. The denial letter should always include the date of loss.
4. The date(s) the policyholder submitted a request for payment. Sequentially, a denial letter should be issued only after the policyholder submits a signed and sworn proof of loss, signs the adjuster's closing report, requests an advance payment, or fails to comply with a material term of the SFIP, such as the failure to submit a timely POL.
5. The item(s) denied with the corresponding dollar amount denied, whenever applicable. Denial letters should avoid general terms such as "various items" or "finished items in a basement," and instead list the items not insured by the SFIP.
6. A plain-language explanation for the non-payment or non-coverage. Rather than quote the SFIP at length, the denial letter should explain why the

SFIP does not provide coverage. Insurers may use language from sample appeals, where relevant, available at <https://www.floodsmart.gov/understanding-coverage-decisions>.

- **Example:** “The Standard Flood Insurance Policy does not cover shrubs. We therefore must deny the part of your claim seeking payment for shrubs. This limitation appears in the SFIP in Section IV, Paragraph 6.”
 - **Not:** “The above-referenced claim has been closed without payment. IV. Property Not Insured 6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals[.]”
7. Citations to the relevant sections of the SFIP and a web link to the SFIP. This should complement the plain-language explanation, not replace it.
 8. With every denial letter, the insurer must also include an attachment that explains the rights of the policyholder. FEMA is providing the Policyholder Rights document (Appendix F). WYO companies may modify this document to the extent that they want to include any brand identity or contact information elements. Appendix F replaces the previous standard paragraphs in the denial letter concerning appeals and litigation. The Policyholder Rights document provides policyholders with the option to submit flood insurance appeals by email.
 9. Insurers should continue to acknowledge coverage restrictions in their communications with policyholders. Nothing in this section is intended to broaden coverage or change standard claims-handling procedures.

Release of Claim File Information to Policyholders

NFIP insurers must ensure that each claim file contains all documentation in their possession directly related to the adjustment, investigation, and payment of the individual claim. Such documentation includes:

- Declaration page or verifications of coverage applicable on the date of loss;
- Copies of claim payment checks;
- Correspondence **between the NFIP insurer and policyholder concerning claims or underwriting issues**;
- Communications between insurer, claims examiner, adjuster, and other insurer employees and contractors **(either as print copies or in PDF or similar format)**;
- Adjuster reports and supporting materials, including preliminary reports, closing report, estimates, log notes, and photographs;
- Materials submitted by the policyholder, including estimates or supporting documents **and** prior losses provided by the policyholder or policyholder representative;
- Proof(s) of loss and other requests for additional payment;
- Claim decision letters;
- Denial letter(s); and
- Outside professional reports **(e.g., engineering reports)**.

NFIP insurers may only rely on documentation contained within a claim file when making a claim determination. FEMA does not require NFIP insurers to

obtain drafts of the documents described above; however, if they are acquired in the normal course of adjusting, investigating, or paying a claim, then they must **be included in the claims file**.

FOR MORE INFO

See Protect
Policyholder Privacy on
Claims Journey-3

NFIP insurers must ensure that individual claim files do not contain materials unrelated to the claim. For instance, if an insurer receives communications pertaining to multiple policyholders, the insurer must remove the PII/SPII of other policyholders who are not part of the claim file in question prior to including the communication in the claim file.

NFIP insurers may redact any privileged communications from a claim file prior to disclosure.

*Disclosure of
Claim Files*

Policyholders may obtain a copy of their claim file by submitting a signed request to their NFIP insurer. At a minimum, the request must include the policyholder's full name; current address; and date and place of birth. The policyholder's signature must either be notarized or submitted with the following statement (per 28 U.S.C. § 1746):

I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct.

Executed on (date). (Signature)

In addition, if a representative of a policyholder, such as an attorney or public adjuster, requests a copy of a claim file on behalf of their client, the representative must also provide a letter of representation that meets the requirements **above**.

Other Insurance

Flood insurance payments cannot exceed the value of the insured building before the loss. The SFIP expressly limits payment to the lesser of:

1. The building **coverage limits**;
2. The replacement cost of the insured property with materials of like kind and quality and for like use; or
3. The necessary amount spent to repair or replace insured property.

Policyholders can recover under both a flood and non-flood policy when a flood and another insured peril combine to result in a total loss if they can segregate and prove the two types of damages. The policyholder should be given the opportunity to segregate which damages were caused by flood versus another non-flood policy to recover up to the entire pre-loss value of their home.

ADJUSTER TIP
Indemnification

In the event of multiple perils causing damage to the building:

1. Flood insurance will not pay more than the value of the structure before the storm, less insurance payments for the same property for the same event.
2. A policyholder cannot recover more than the value of the property (building and personal property) at the time of the loss.

See Handling a Claim with Multiple Perils on Claims Journey-15 for more information.

Setting expectations and conducting a prompt and detailed investigation is necessary to provide the best possible service to the policyholder. The adjuster must set proper expectations for the policyholder and explain what is needed to confirm causation, direct physical damage by or from flood, and set the amount of loss.

Denial Letters and Post-Denial Actions

Most NFIP claims will settle without dispute. However, when a policyholder disagrees with their insurer's denial, in whole or in part, they may appeal the insurer's final claim decision to FEMA or file a lawsuit against the NFIP insurer, provided certain conditions are met.

NFIP Appeals in General

When the policyholder disagrees with a claim decision, the NFIP insurer should encourage the policyholders to work with the independent adjuster, the adjuster's supervisor, and their insurer prior to filing an appeal because they are in the best position to quickly address claim questions. However, every policyholder has the right to appeal any denial directly to FEMA. Insurers should instruct their adjusters to inform policyholders that they cannot file an appeal until they receive a denial letter.

For additional appeal information, direct the policyholder to <https://www.floodsmart.gov/appeal-your-flood-claim>.

Insurer Responsibility for Appeals

Policyholders cannot appeal without the insurer denying all or part of the claim in writing. For the policyholder to comply with FEMA's requirements for the appeals process, the insurer must provide them with a properly written denial letter when they deny a claim, in whole or in part.

When the reasons given in the denial letter are inconsistent with the facts of the policyholder's claim, or if the SFIP citation does not fully support the denial letter, the denial letter may be faulty and result in a premature or ineligible appeal. In such a case, FEMA will forward the denial letter to the insurer, requesting that the insurer deal directly with the policyholder to resolve the matter by making a final determination and sending an adequate denial letter.

Finally, FEMA occasionally receives appeals prior to the policyholder receiving a denial letter.

In General. Upon the denial of a claim, in whole or part, policyholders may file suit against the NFIP insurer within one year after the date of the mailing of the written denial. The one-year statute of limitations begins with the insurer's first written denial of the claim. Subsequent denial letters do not re-start the statute of limitations. The lawsuit must be filed in the United States district for the district in which the insured property is located. Neither FEMA nor the WYO Company may extend the one-year statute of limitations to file suit. FEMA should be named in any lawsuits where FEMA issues the policy and denies the claim. The WYO Company should be named in any lawsuits where the WYO Company issues the policy and denies the claim.

Overpayment
Recovery

WYO Companies must reimburse FEMA for claim overpayments whether or not they recover the overpayment from the respective policyholder(s). The insurer is responsible for the recovery of erroneous claim overpayments from their policyholders.

Upon receipt of written notification from FEMA of flood claim overpayments, the WYO Company's flood insurance principal coordinator must respond to FEMA within 30 days. The WYO Company may remit the overpayment to FEMA, or appeal the finding of an overpayment.

Submit the
Overpayment

FEMA offers two methods of Claim Overpayment Reimbursement to the NFIP.

TABLE 8: METHODS OF CLAIM OVERPAYMENT REIMBURSEMENT

Method A	Method B
Reduce the claim payment by the overpaid amount on the financial statement, WYO Accounting Procedures Manual , Exhibit I, Line 115.	Reduce the claim payment by the overpaid amount on Pivot (NFIP System of Record).
Issue a disbursement for the overpayment amount to the U.S. Treasury via ACH, internet, or wire transfer.	Issue payment in the amount of overpayment by wire transfer or manual check made payable to NFIP.
Report the disbursement on the appropriate Exhibit VIII schedule.	Record the payment check as a disbursement to the U.S. Treasury and report on the appropriate Exhibit VIII schedule.
Submit the supporting documents (policy number, date of loss, original loss payment, adjusted loss payment, original error code generated, and original error code date) to: DHS-FEMA Debt Collection Office Attn: NFIP/Debt Collection Officer 400 C Street SW, 6th Floor Washington, D.C. 20472-3010	Submit the manual check and supporting documents (policy number, date of loss, original loss payment, adjusted loss payment, original error code generated, and original error code date) to: DHS-FEMA-Debt Collection Office Attn: NFIP/Debt Collection Officer 400 C Street SW, 6th Floor Washington, D.C. 20472-3010

Appeal the
Overpayment

Appeal this matter in writing to FEMA and submit relevant, reliable, and verifiable supporting documentation. Additional time to gather supporting documentation for the purpose of the appeal must be requested, in writing, by the principal coordinator within 30 days of the date of the notification from the NFIP. A maximum of 60 days from the date of the notification of the overpayment may be granted by FEMA for an appeal.

Fraud Investigation

WYOs should investigate suspected fraud as they would under their other lines in accordance with 44 C.F.R. § 62.23(e) (“a WYO shall use its customary standards, staff and independent contractor resources, as it would in the ordinary and necessary conduct of its own business affairs...”) and 44 C.F.R. § 62.23(i)(5) (requiring WYOs “to try to detect fraud (as it does in the case of property insurance) and coordinate its findings” with FEMA).

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SECTION TWO

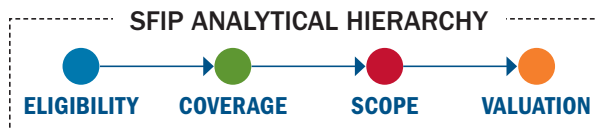
SFIP GUIDANCE

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Approach to Section Two

This section provides guidance about specific SFIP provisions, organized hierarchically to assist adjusters and examiners in their claim analysis.

FIGURE 3: SFIP HIERARCHY



The hierarchy provided creates a framework for analyzing where a claim holds up or fails, provides clarity when explaining coverage to a policyholder, and avoids unnecessary disputes.

- **Eligibility.** Whether the elements for a valid claim exist.
- **Coverage.** Whether **or not** the property is covered.
- **Scope.** Determining the extent of covered damage to property.
- **Valuation.** How to determine the amount of the loss.

For example, **any claim under the SFIP is required to show evidence of a flood.** If the adjuster's inspection fails to show evidence of a general and temporary condition of flood and the policyholder is unable to prove a flood occurred on the claimed date of loss, the claim would fail the eligibility requirement and would be denied by the insurer for that reason. Any discussion of specific property and coverage or amounts of loss would be unnecessary.

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ELIGIBILITY



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Eligibility
Agreement
Dwelling I.C
GP I.C
RCBAP I.C

- ✓ Policyholder must pay all amounts due.
- ✓ Policyholder must comply with all policy conditions.
- ✓ Policyholder must provide accurate information.

Additional Guidance

- Policyholder requirements in case of a loss appear at VII.G (Dwelling, GP) and VIII.G (RCBAP).
- The SFIP is not a multi-year policy. Every policy contract expires at 12:01 a.m. on the last day of the policy term. Renewal of an expiring policy establishes a new policy term and new contractual agreement.

Eligibility
Insureds
Dwelling II.A; VII.N
GP II.A; VII.N
RCBAP II.A; VIII.N

- ✓ The declarations page (see right for example) includes the names of the insured.
- ✓ A mortgagee or loss payee is a named insured and will often, but not always, appear on the declarations page.
- ! A spouse not named on the declarations page is an insured only when they are a resident of the same household.

The image shows a sample 'FLOOD INSURANCE POLICY DECLARATIONS' form from FEMA. It includes sections for Policy Information, Insured Information, Policy Coverages & Endorsements, and Premium Details. The form is filled out with example data, including a policy number, insured name, address, and coverage amounts.

Additional Guidance

- See the relevant definition of you, your, and we (SFIP II.A).
- The SFIP pays claims for building property to the named policyholder, mortgage holders, lien holders, other loss payees for whom we have actual notice, and any loss payee determined to exist at the time of loss.
- The mortgage clause recognizes the financial obligation of the policyholder to their mortgagee. To protect the interests of all parties, the insurer puts the name of all known mortgagees on each building claim payment under Coverage A.
- The insurer may potentially include a loss payee or lien holder on Coverage B—Personal Property of whom the insurer received actual notice, such as from the U.S. Small Business Administration (SBA). If the insurer receives a letter of an SBA-approved loan, the insurer must include the SBA on the building check(s) and contents check(s) if the loan is for both real estate and personal or business property.

Eligibility
Flood
Dwelling II.B
GP II.B
RCBAP II.B

- ✓ Requires **partial or complete** inundation of:
 - Two or more acres of normally dry land, or
 - Two or more parcels of land, one of which can be public property.
- ✓ Acres must be continuous acres; parcels of land must touch.

Additional Guidance

- Public property can be a roadway, park, etc.
- Relevant definition of mudflow **and collapse or subsidence of land** (section II.B.2 of SFIP).

Eligibility Mudflow

Dwelling II.C.20

GP II.C.19

RCBAP II.B.18

- ✓ Part of the definition of flood (II.B).
- ✗ Do not rely on labels from media; must meet SFIP flood definition.

Additional Guidance

- A mudflow is a flow of liquefied mud comprised of fine earthen materials (soil) with water that overflows the banks of a waterbody and can also be a flow of heavier earthen materials like gravel, rocks, boulders, and other debris.
- Various sources such as media, state geologists, or engineers may refer to an event as mudslide or debris flow. No matter what the event is called or by whom, the facts of the event must show it meets the SFIP definition of flood.



Eligibility Buildings

Dwelling II.C.6

GP II.C.6

RCBAP II.C.6



If tied down appropriately, a permanently installed shipping container is eligible ►

◄ Ineligible travel trailer



- ✓ The SFIP insures a building, manufactured home, or travel trailer located at the described location.
- ✓ A travel trailer must have all wheels removed for eligibility under the SFIP.
- ✓ The dwelling must be affixed to a permanent site to qualify as a building.
- ✗ If the dwelling is on temporary cribbing, it is not affixed to a permanent site and is not a building.
- ✗ A self-propelled recreational vehicle (RV), also known as a motor home, is not a building and is not eligible for insurance **coverage** under the SFIP.

Additional Guidance

- A manufactured home is assembled off-site and towed to a location in one or more sections. See 44 C.F.R. § 59.1.
- A travel trailer is similar to a manufactured home but generally smaller. It is movable because it has a tow hitch and can be pulled behind a vehicle.
- A travel trailer must be installed and regulated under the community's floodplain management building ordinances or laws for eligibility under the SFIP. A travel trailer installed outside of these regulations and ordinances

or laws, for example in a recreational camping park (i.e., park trailer), is not eligible for coverage under the SFIP.

- A storage or shipping container, whether used as a shed, storage, or place to live, must meet the definition of a building for eligibility under the SFIP.
- “Affixed by weight” **does not mean** affixed to a permanent site. A building meets the criteria of “affixed to a permanent site” if, for example, it is mechanically anchored to the ground or if its foundation is installed in the ground. A structure or its foundation placed on top of the ground without excavation or being mechanically secured does not meet the definition of a building.
- When photographing a travel trailer, make sure photographs show the axles from front to back from both sides.



▲ This kids' playhouse is not a building because it is not affixed to a permanent site.

Eligibility

One Building Only

Dwelling I.E; II.C.3, 11, 22

GP 1.E; II.C.3, 11, 21

RCBAP 1.E; II.C.3, 11, 21

- ✓ Only one building is covered per policy.
- ✓ The application describes the building for coverage, which is listed on the declarations page.

Eligibility

Dwelling Form +

RCBAP

Dwelling I.G

RCBAP I.F/I.G

- ✓ A single unit **as defined in II.C.29** can receive up to \$250,000 combined under the Dwelling Form and RCBAP.
- ✗ The policyholder under the RCBAP and a Dwelling Form may not claim the same damaged items under more than one policy, except when co-insurance applies to the RCBAP claim. In such claims, the unit-owner policyholder may claim the same item of property, but the price may not overlap with the amount claimed under the RCBAP.

Eligibility

Condominium

Building

Dwelling II.C.10

General Property II.C.10

RCBAP II.C.10

- ✓ A condominium building is a building or a complex of buildings containing a number of individually-owned units where each unit owner has an undivided interest in common elements of the building.
- ✗ A cooperative building is different than a condominium building.

Additional Guidance

- Relevant definition of building (section II.C.6 of SFIP).

Eligibility
Described
Location
Dwelling II.C.13
GP II.C.13
RCBAP II.C.13

- ✓ The described location is on the Declarations Page.
- ✓ Under the Dwelling Form, a policyholder may also apply up to 10 percent of dwelling coverage to an eligible detached garage at their option.
- ! When there are multiple buildings at a single address, there should be **an** indication of which building is insured in the property description. Example: “main house,” “garage,” “office,” “warehouse.”
- ! The adjuster must determine which building is covered and notify underwriting **of any discrepancies with the property description.**

Additional Guidance

- Relevant definition of building (section II.C.6 of SFIP), Declarations Page (section II.C.11 of SFIP).

Eligibility
Requirements in
Case of Loss
Dwelling VII.G
GP VII.G
RCBAP VIII.G

- ✓ Need a written notice of loss.
- ✓ Only one claim per loss.
- ✓ The date of loss is the adjuster-verified date the claimed flood damaged the property.
- ✓ The policyholder must prepare an inventory of damaged property including quantity, description, and the total amount of loss claimed, and should attach any bills, receipts, photographs of damages, and related documents to the inventory.
- ✗ The proof of loss is not a form.
- ✗ An adjuster cannot approve or deny a claim.

Additional Guidance

- **Notice of Loss.** The policyholder’s claim begins with the written notice of loss.
 - A late notice of loss to the insurer could prejudice the ability of the insurer to inspect the loss, identify the cause and extent of damage, and determine applicable coverage under the SFIP.
 - A late notice of loss also prevents adjusters from helping policyholders protect the property and avoid further damage.
 - **Document the reason for any delay in the policyholder reporting a loss to the insurer.**
- A policyholder’s failure to provide timely notice of loss can be basis for denial of a claim.
- **Damaged property.** The policyholder must separate damaged from undamaged property, putting it in the best possible order so the adjuster may examine it. Photographs should also include groups of items such as clothing, kitchen items, furniture, etc. The insurer will evaluate and consider these items and the policyholder’s written inventory of damaged items.
- **Samples & swatches.** To minimize potential documentation issues and assist the adjuster’s investigation, the policyholder should retain samples or swatches of carpeting, wallpaper, furniture upholstery, window treatments, and other items of exceptional value where the type and quality of material will influence the amount payable on the claim.

- **Proof of Loss.** The proof of loss is the policyholder's statement of the amount of money they are requesting. The policyholder must sign and swear to the proof of loss and provide documentation to support that the loss is a direct physical loss by or from flood and the amount requested for the insurer to consider it completed. The policyholder (or executor in the case of a deceased policyholder) is the only person who can sign the proof of loss.
- **Signed and Sworn.** FEMA encourages the use of electronic signatures on proof of loss and other NFIP related submissions. FEMA will not deny the legal effect, validity, or enforceability of a signature solely because it is in electronic form. Insurers should accept electronic signatures in accordance with their general business practices and applicable laws.¹
- **Multiple Proofs of Loss Allowed.** Policyholders must initially submit a completed proof of loss including documentation to support the amount requested within 60 days after the date of loss or within any extension of that deadline granted by FEMA. The policyholder must submit additional completed proofs of loss for additional payment with supporting documentation within the same time constraints.
- **One Claim Per Loss.** The proof of loss is not the claim. The claim is the policyholder's assertion they are entitled to payment for an insured loss under the terms of the SFIP. A policyholder has only one claim from a flood event regardless of the number of proofs of loss and amount of documentation the policyholder may submit in support of that claim. The policyholder's ICC proof of loss is a request for benefits afforded under III.D. for the claim; it is not a separate claim.
- **Authority to Approve.** Only the NFIP insurer has the authority to approve or deny a claim, to tell the policyholder if they will approve or deny a claim, or to provide approved payment details. The insurer must rely only upon the terms and conditions established by federal statute, NFIP regulations, FEMA's interpretations, and the express terms of the SFIP.

CUSTOMER EXPERIENCE:

Electronic Signatures**Electronic signatures must comply with the following requirements:**

- The signer must use an acceptable electronic form of signature (e-sign);
- The person must intend to sign the document using an e-sign;
- The e-sign must be attached to or associated with the electronic document being signed;
- There must be a means to identify and authenticate a particular person as the signer; and
- There must be a means to preserve the integrity of the signed document.

¹ See Government Paperwork Elimination Act (GPEA), Pub. L. 105-277 § 1707 (44 U.S.C. § 3504 note); Electronic Signatures in Glob. & National Commerce Act (E-SIGN), Pub. L. 106-229 § 101(a) (15 U.S.C. § 7001(a)).

Eligibility
Direct Physical
Loss by or
from Flood
Dwelling II.C.14
GP II.C.14
RCBAP II.C.14

- ✓ A flood as defined by the SFIP must be the immediate cause of loss, damage, or change to insured property.

Additional Guidance

- The phrase “directly caused by a flood” means a flood, **as** defined by the SFIP at II.B, must be the cause of loss, damage, or change to insured property, with no intervening cause or factor after the flood leading to damage.
- The phrase “evidence of physical changes to the property” means there must be visible evidence showing flood ruined, damaged, or changed the property.
- In several instances, the SFIP expressly covers losses the definition of direct physical loss by or from flood may otherwise exclude. These instances include:
 - Losses from mudflow and collapse or subsidence of land as a result of erosion specifically covered under the SFIP definition of flood (see II.B.1.c, II.B.2, and II.C.20);
 - Direct physical loss caused by water, moisture, mildew, or mold damage that results directly by or from flood, or after floodwaters recede, provided the policyholder performed all reasonable measures within their control to inspect or maintain the property (see V.D.4.b.(3));
 - Back up of water and water-borne material through sewers or drains, where a flood is the proximate cause of the sewer or drain backup (see V.D.5.a.);
 - Discharge or overflow from a sump, sump pump, or related equipment, where a flood is the proximate cause of the sump pump discharge or overflow (see V.D.5.b.);
 - Seepage or leakage on or through the insured building, where a flood is the proximate cause of the seepage of water (see V.D.5.c.); and
 - Pressure or weight of water, where a flood is the proximate cause of the damage from the pressure or weight of water (see V.D.6.).

Eligibility
Our Options
After a Loss
Dwelling VII.H
GP VII.H
RCBAP VIII.H

- ✓ This section sets forth steps that insurers may take to require action on the part of the policyholder.
- ✗ If the policyholder fails to comply with the insurer’s request, the policyholder is in breach of the insuring agreement, which may affect the payment of the claim.

Additional Guidance

- The policyholder must make the flood-damaged property available for examination as often as needed to verify the loss and claim. Insurer representatives will give the policyholder advance notice of the specific time and meeting place to inspect the damaged property. The policyholder should document their loss with photographs before removing or disposing of damaged items that pose a health hazard, such as perishable food.
- The SFIP will not pay more than the amount of insurance the policyholder is entitled to for the damaged, lost, or destroyed property insured under

FOR MORE INFO

See Other Insurance on Claims Journey-71.

FOR MORE INFO

See Insurable Interest on Claims Journey-28.

this policy if non-NFIP insurance covers a loss insured by the SFIP. The policyholder must confirm the availability of other insurance to determine what the NFIP will pay. Examples of other insurance include a homeowner's policy water damage or sump overflow endorsement, mobile-home owner's policy, scheduled property policy, renter's policy, or builder's risk policy.

- A claim involving a unit in a condominium building requires the declarations of the condominium, bylaws, etc., to determine the policyholder's insurable interest in the building. Adjusters may have to determine if the RCBAP paid for any damages. NFIP will not pay for the same damaged item twice nor pay a claim for a residential unit that exceeds the statutory limits. Adjusters must provide documentation that a condominium association owns the insured building, not a homeowners' association or a building cooperative.
- Insurers may require the policyholder to provide information that documents the extent of the loss and the amount of the claim. Examples include books of accounts, bills, invoices, vouchers, and items showing the actual amounts paid to stores, contractors, or others for repair or replacement of items. This may also include photographs of the flood-damaged property that sufficiently and reasonably document the damage, quality of the item, and describe the damaged property. The policyholder can provide certified copies (a true copy of the primary document) when the originals are lost or destroyed.
- "Costs" means the amount to replace a personal property item with like kind and quality at current pricing, including the price for sales tax plus any applicable shipping and product assembly.
- The amount of loss claimed is the amount of payment the policyholder asks to receive for the damaged and insured property.
- Written plans and specifications for repair of the damaged property include contractor estimates, subcontractor bids, invoices, architectural reports and drawings, engineering reports, etc. This also includes water

EXAMINER TIP:

Examination Under Oath

The insurer can require the policyholder to submit to an examination under oath, not in the presence of another policyholder, when there are questions concerning the claim. An examination under oath is a formal proceeding, conducted in the course of the initial claims investigation, during which the insurer's representative questions a policyholder under oath in the presence of a court reporter.

The insurer should ask the policyholder to present information and documentation necessary to evaluate their claim when requiring an examination under oath. This can include books of accounts, financial records, receipts, property settlement records, invoices, purchase orders, affidavits, and other materials to verify the loss.

restoration or structural drying invoices and supporting documentation. NFIP will not accept a non-itemized, lump-sum, or single-line estimate or invoice in support of a claim.

- When a policyholder files a claim under the SFIP, the SFIP will only cover direct physical loss by or from flood on the stated date of loss. Any preexisting flood damage, whether previously insured or covered, is excluded from the claim. See SFIP VII.H.2.e and VIII.H.2 in the RCBAP. If the insurer previously paid for an item of property, and that item of property remains unrepaired or unreplaced, the SFIP will not pay for that item again. This is true even when the property is sold to a new owner. When policyholders do not have proof of repairs, adjusters should request other forms of documentation such as:
 - Pre-flood photographs (social media or other family members) to compare old and replaced items.
 - Credit card or bank statements showing dates and dollar amounts of payments to contractors.
 - Itemized statements and paid invoices from contractors.

Eligibility
No Benefit to
Bailee
Dwelling VII.I
GP VII.I
RCBAP VIII.I

- ✗ The SFIP does not cover the bailee because bailment changes a legal relationship between two parties in common law, where assets or property are transferred from a bailor to a bailee. In this relationship, the bailor transfers physical possession of a piece of personal property to the bailee for a certain period of time but retains ownership.

Additional Guidance

- A bailee is a person or party to whom goods are delivered for a purpose such as custody or repair without transfer of ownership.
- Bailment is the delivery of personal property by one person (the bailor) to another (the bailee) who holds the property for a certain purpose, such as a service, under an expressed or implied-in-fact contract.
- An example is when a customer (bailor) takes personal clothing to the dry cleaner (bailee). A bailment exists when the bailee has the clothing. The articles of clothing in the possession of the bailee are bailee goods and are not insured.
- Consignment is a written agreement where a consignor provides owned personal property to a consignee for sale and gives the consignee a percentage of the sale price when sold. The SFIP does not cover property on consignment.

Eligibility
Post-Wildfire
Exception

In general, new policies for flood insurance become effective following a 30-day waiting period; however, the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) provided an additional exception to this requirement related to flooding caused by post-wildfire conditions, referred to as the Post-Wildfire Exception. Under the Post-Wildfire Exception, the standard 30-day waiting period does not apply to new policies if:

1. The insured property is privately-owned (i.e., property not owned by a federal, state, local, territorial, or tribal government);
2. Post-wildfire conditions on federal lands caused or worsened the flooding; and
3. The policyholder purchased the new, additional, or increased coverage either:
 - a. Before the fire containment date; or
 - b. During the 60-calendar-day period following the fire containment date.

*One-Day
Waiting Period*

For the purposes of the Post-Wildfire Exception, the federal agency responsible for the land on which the post-wildfire conditions existed determines the fire containment date.

- **When** a policyholder meets the requirements of the Post-Wildfire Exception, the insurer must make the policy effective at 12:01 a.m. (local time) on the first calendar day after the application date and presentment of payment of premium. Once the policy is made effective, the insurer must adjust and pay claims in accordance with the SFIP, including provisions governing a flood in progress and requiring that a flood occurs after the purchase of the policy.
- Given the eligibility criteria for the Post-Wildfire Exception, the policyholder had to already have NFIP coverage in place at least one day before the triggering flood loss occurred. Therefore, this exception is relevant when a new policy or additional or increased coverage is within the standard 30-day waiting period and experiences a loss qualifying it for the Post-Wildfire Exception.
- The insurer cannot endorse the policy to change its effective date, so the insurer must cancel and rewrite the policy.

*Assistance with
Proper Application*

FEMA supports the application of the Post-Wildfire Exception by tracking containment dates for wildfires occurring on federal lands and consulting when necessary with appropriate federal agencies to determine whether post-wildfire conditions caused or exacerbated a flood. Insurers may request assistance with the proper application of the Post-Wildfire Exception by contacting FEMA-FIDClaimsMailbox@fema.dhs.gov.

Eligibility Repetitive Loss & Severe Repetitive Loss Properties

- **Severe Repetitive Loss** (SRL) properties are defined as any insurable properties that are covered under an NFIP flood insurance policy and:
 - Have incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or
 - For which at least two separate claims payments (building payments only) have been made under such coverage, with cumulative amount of such claims exceeding the market value of the building.
 - In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim.

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies on SRL properties. When a property is designated as SRL, the writing company must transfer the SRL policy to the Special Direct Facility (SDF), operated by NFIP Direct, at the next renewal. Transferring the policy to the NFIP Direct ensures that FEMA can more closely monitor SRL policies and proactively identify mitigation assistance opportunities to help reduce the property's flood risk.

Questions regarding SRL handling can be directed to the NFIP Direct (1-800-638-6620).

FEMA designates a property as SRL based on the property information on file. The policyholder may request a documentation review by FEMA to correct the property's SRL status if the policyholder believes that the claims history or the market value used to determine loss history is inaccurate. The policyholder may request a review to update the property's SRL status if property mitigation has occurred to reduce future flooding potential. The policy remains with the SDF during the review.

For SRL properties, a SRL surcharge is applied to the premium. If a SRL property has more than two losses dated on or after April 1, 2023, FEMA will compare the premium with the SRL surcharge with the premium based on the losses on or after April 1, 2023, and charge the higher of the two premiums.

To remove the property's SRL designation, the building will need to be brought into compliance with the community's current floodplain management requirements using an available mitigation option (see Appendix F of the NFIP Flood Insurance Manual for more details on SRL):

- ICC (see Post-Claim Mitigation Increased Cost of Compliance)
- Grants (see Hazard Mitigation Assistance Grants: <https://www.fema.gov/grants/mitigation>)
 - Hazard Mitigation Grant Program (HMGP)
 - Flood Mitigation Assistance Program (FMA)
 - Pre-Disaster Mitigation Grant Program (PDM)
- Other non-FEMA funding sources.

Eligibility
Post-Loss
Underwriting

The SFIP provides the right to review information and revise the policy at any time.

Prior to a loss, the policyholder provides information about the property through the application. The application contains information including the property description, information to determine eligibility, the policy form selected, the selected coverage and limits, deductible, and the premium amount. Once a loss occurs, the adjuster may notice discrepancies between what appeared on the application and what they observe at the property.

FOR MORE INFO

See Underwriting
Referral on Claims
Journey-35

Flood insurance claims professionals should be aware that it may be necessary to refer underwriting issues that arise during claim handling to their underwriting departments.

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COVERAGE



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Coverage –
Definitions
NFIP-specific
Terms
Dwelling II.C.4
GP II.C.4
RCBAP B.4

Base Flood

- ✓ A flood having a one percent chance of being equaled or exceeded in any given year.
- ✗ As of October 1, 2021, no longer collected for rating purposes.
- The Base Flood Elevation (BFE) is shown on the FIRM for Zones AE, AH, A1–A30, AR, AR/A, AR/AE, AR/A1–A30, AR/AH, AR/AO, V1–V30, and VE.
- The BFE is still used for the post-FIRM elevated building waivers, elevators, and ICC.

Post-FIRM Building

- ✓ Refer to the [NFIP Community Status Book](#) to determine the community, initial FIRM dates, and program type (regular or emergency) to determine if the insured building meets the definition of a post-FIRM building.

Special Flood Hazard Area

- ✓ All zones listed in the definition are SFHAs.
- The post-FIRM elevated building coverage limitations listed in III.A.8 and III.B.5 and **RCBAP at III.B.4** apply only to zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, and VE.
- In addition, certain SFHA zones carry specific requirements before coverage will apply. See III.A.5.b.

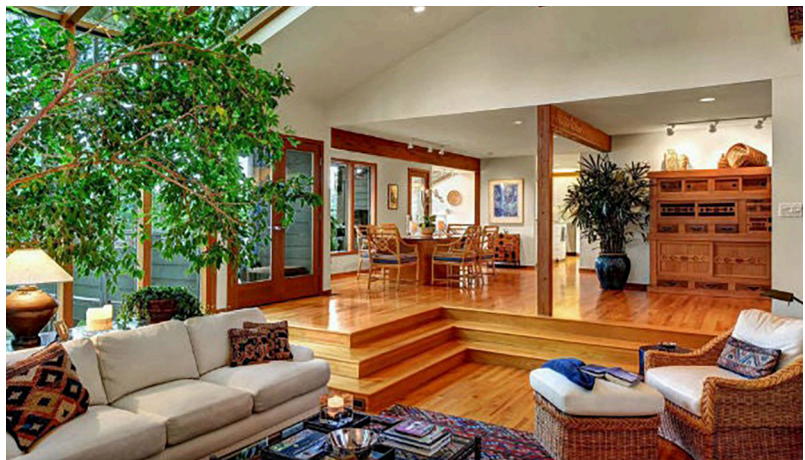
Coverage –
Definitions
Basements
Dwelling II.C.5
GP II.C.5
RCBAP II.C.5

- ✓ Must be below the ground level on all sides.
- ! May differ from what policyholders consider as their “basement.”

Additional Guidance

- The SFIP considers a sunken room or sunken portion of a room to be a basement if the floor level is below the ground level on all sides. Further, the entire below-ground-floor-level area, including walls and the ceiling that may extend above grade, is subject to basement coverage limitations.

Sunken living
room example ►



FOR MORE INFO

See guidance on outside professional services at Claims Journey-37.

Coverage – Definitions Elevated Building

Dwelling II.C.16

GP II.C.15

RCBAP II.C.15

- Ground level is the surface of the ground immediately along the perimeter of the building. If an exterior area of building egress is below the ground level on all sides, it is a basement.
- The insurer may need to engage a qualified, licensed professional (for example, a surveyor) to measure the floor level in question.
- Sump wells are not basements because they are not a floor level.



▲ Below-grade egress

- ! If an elevated floor in the building is in part supported by a structural slab-on-grade foundation, additional documentation may be necessary to verify the elevated rating for the building.

Additional Guidance

- **Lowest Elevated Floor Determination.** Full coverage for post-FIRM elevated buildings in an SFHA begins at the lowest elevated floor. This is the lowest floor raised above ground, even if the pilings extend beyond it. For the purposes of coverage, false floors and raised floors that appear to be elevated do not qualify as the lowest elevated floor. A hanging floor would qualify as a lowest elevated floor, for the purposes of full coverage. Full coverage starts at the top of the floor.



▲ Hanging floor



◀ False/raised floor (left); sleeper system installed over concrete (right)

- **Waiver of Elevated Building Coverage Limitation.** A LOMA or LOMR removes the post-FIRM elevated building from the SFHA, and the elevated building limitations of the SFIP do not apply to the area beneath the lowest elevated floor. A LOMA or LOMR obtained after the **date of loss may be considered**.
 - If the lowest adjacent grade (LAG) of the property is below the BFE, this would prevent a LOMA or LOMR from being issued to the property owner, so the property owner will not be able to obtain full coverage for the enclosure.

- However, there are buildings where the LAG is below the BFE, but the lowest floor elevation (LFE), the enclosure floor, is at or above the BFE. Such buildings comply with the NFIP floodplain management regulations, in that the lowest floor of the building is elevated to or above the community's BFE. This means the enclosure does not have a higher risk of flooding that elevated building enclosures normally have. In such cases, a claim may qualify for a waiver of the elevated building coverage limitation.
- The waiver applies to buildings located in SFHA zones beginning with the letter A where a BFE is available. Buildings located in SFHAs beginning with the letter V do not qualify for this waiver.

EXAMINER NOTE

Submitting Elevated Building Waiver Requests

The examiner must send the waiver request by email to the NFIP at NFIPUnderwritingMailbox@fema.dhs.gov. The email subject line should include the type of submission (e.g., Waiver for Elevated Building Coverage Limitation). Put the policy number in the body of the email. Encrypt the email before sending.

Documentation to attach to the email must include:

- Complete Underwriting file;
- Documentation used to issue the policy;
- Current flood zone determination;
- Elevation Certificate and datum conversions, if applicable;
- Color photographs of all sides of the building and photographs showing machinery and equipment and location; and
- A copy of current claim file and any previous claim files if applicable.

The NFIP will send an acknowledgment of receipt of the waiver request to the insurer. If additional information is required, the NFIP will notify the insurer within 10 business days. Otherwise, the NFIP will submit the packaged documents to the FEMA Underwriting Branch for review and determination. If all documentation is submitted properly and in a timely manner, the entire process should not take more than 15 business days.

Coverage A –
Building Property
Building Property
Dwelling III.A.1
GP III.A.1
RCBAP III.A.1

- ✓ The dwelling must be at the described location.
- ! In certain circumstances, the dwelling is covered for up to 45 consecutive days at another location (see Property Removed to Safety).

Additional Guidance

- The SFIP at III.C.2.b.(1)-(4) will cover up to \$1,000 for the costs associated with the removal of property when there is an imminent threat of flood. III.A.1 applies to a situation where the dwelling is moved to another location.

- The policyholder must remove the property from the described location and relocate it outside the SFHA. Coverage begins the date the policyholder removes the property from the described location. A deductible is not applied to the costs associated with moving the property to safety.

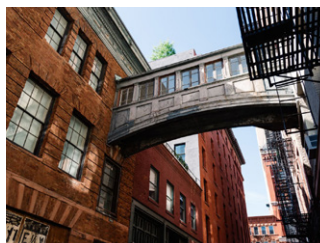
Coverage A – Building Property Additions and Extensions

Dwelling III.A.2

GP III.A.3

RCBAP III.A.3

- ✓ When assessing whether an addition or extension qualifies for coverage, remember the acronym “REELS”—roof, elevated walkways, exterior rigid walls, load-bearing (solid) interior walls, stairs.
- ✓ The roof, walkway, or stairs must be permanently attached to the two buildings.
- ✗ A physical connection alone is not enough; a connection using canvas, tarp, netting, umbrellas, or any sort of portable or temporary installation will not qualify for coverage.



▲ Top row, left to right:
roof, elevated walkway,
exterior rigid walls

◀ Bottom row, left to right:
load-bearing (solid)
interior walls, stairs

Additional Guidance

- A property owner has the option to separately insure an addition under its own SFIP if the addition, considered by itself, meets the definition of a building at SFIP II.C.6.
- Otherwise, the Dwelling Form covers an addition or extension as part of the building.

**Coverage A –
Building Property
Detached
Garages**

Dwelling III.A.3

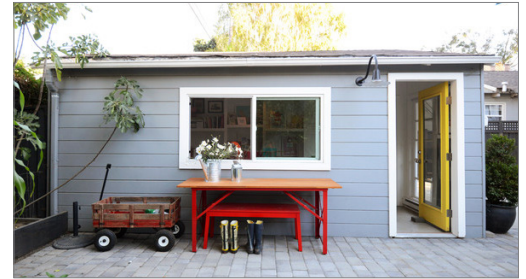
- ✓ A detached garage must qualify as a building for coverage. See SFIP II.C.6.
- ✓ A policyholder may separately insure a detached garage.
- ✓ A policyholder may apply up to 10 percent of their dwelling coverage limit to a detached garage.
- ✗ The garage may not be used for residential (i.e., dwelling), business, or farming purposes.

Additional Guidance

- As a garage, it must have a garage door or an opening large enough to physically accommodate an automobile at the time of loss and a means for the automobile to access the interior.



▲ Eligible detached garage



▲ Ineligible detached garage (residential)

- Residential means a person could live in the detached garage overnight or longer. If used entirely, partly, or held as sleeping space, the detached garage is excluded.
- The presence of household property, installed kitchen appliances, HVAC equipment, a sink, bathroom, exercise room, hobby room, or workshop does not automatically disqualify a detached garage from coverage.

**Coverage A –
Building Property
Construction
Supplies**

Dwelling III.A.4

General Property III.A.5

RCBAP III.A.5

- ✓ Must be in a fully enclosed building (more restrictive than II.C.6 definition)
- ✗ The following items are not building property but may be covered under personal property:
 - Concrete forms,
 - Molds,
 - Cribbing, and
 - Power tools.

These items may be covered under personal property coverage.

Coverage A –
Building Property
Building Under
Construction

Dwelling III.A.5

GP III.A.6

RCBAP III.A.6

- ✓ A building under construction should follow the same guidance, documentation, and process as all other buildings.
- ✓ If a structure is not yet walled or roofed as described in the definition of a building, coverage applies only while work is in progress. If work is halted, coverage applies only for a period of up to 90 continuous days.
- ✓ For a non-elevated building or an elevated building for which the lowest elevated floor is below the BFE in certain zones or below the BFE adjusted to include the effect of a wave action in Zones VE or V1–V30, coverage does not apply until the building is walled and roofed.
- ✓ (Dwelling VI.A.) When a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, the deductible amount will be two times the deductible that would otherwise apply to a completed building.
- ! At the time of loss, a building under construction must have at least two rigid exterior walls and a fully secured roof.
- ✗ Framing may not constitute rigid exterior walls or a fully secured roof.



▲ Above: No coverage without solid walls and a fully secured roof

▼ Below: Solid walls and a fully secured roof



Additional Guidance

- The SFIP only covers buildings in the course of construction affixed to a permanent site. For example, the NFIP does not cover a building on temporary cribbing and not affixed to a permanent site.
- When a building in the course of construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, it is not eligible for coverage when construction stops for more than 90 days. If the lowest floor is below the BFE, the deductible amount will be two times the deductible that would otherwise apply to a completed building.
- A building under construction that is not walled and roofed is not eligible for coverage if construction stops for more than 90 days or the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is below the BFE. The NFIP will not insure materials or supplies intended for use in such construction, alteration, or repair unless they are contained within an enclosed building on the premises or adjacent to the premises.

**Coverage A –
Building Property
Items Only Under
Building Coverage**

Dwelling III.A.7

GP III.A.4

RCBAP III.A.4

- ✓ The SFIP will pay to replace fixtures, machinery and equipment, including its units, which are only insured under Coverage A.

Additional Guidance

- III.A.7.b: The term “blinds” includes vertical and horizontal types. However, drapes and hardware are contents (personal property), whether physically attached to the building or not.
- III.A.7.f: This includes building HVAC system components used for heating, cooling, ventilation, and other central air-handling equipment used for climate control within the building, including permanently-installed equipment for humidification, dehumidification, air-filtering, and ventilation. Heaters that service the building and are permanently installed are covered.
- III.A.7.i: To qualify as a “walk-in,” the equipment must be permanently installed or built-in.
- III.A.7.j: Central air conditioning; the same guidance for III.A.7.f applies.
- III.A.7.r: Ranges, cooking stoves, and ovens include cooktops, range hoods, and built-in cooking exhaust apparatuses.
- III.A.7.s: Refrigerators include beverage coolers and other major appliances that refrigerate.

**Coverage A –
Building Property
Coverage
Limitations**

Dwelling III.A.8

GP III.A.8

RCBAP III.A.8

- ✓ The SFIP only covers items specifically listed under this provision.
- ✓ Basement limitations apply to the complete area defined as basement: floors, walls, and ceilings.
- ✗ Post-FIRM elevated building limitations do not apply to SFHA Zones A, AO, A99, AR/AO, V, and VO. Basement limitations apply regardless of zones.

Additional Guidance

- For a post-FIRM elevated building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AH, AR/A1–A30, V1–V30, and VE, full coverage begins at the lowest elevated floor. This is the lowest floor raised above ground, even if the pilings extend beyond it.
- Items of property below, at, or level with the lowest elevated floor are subject to the coverage limitation. For example, a cabinet, door, window, or refrigerator that originates below, at, or level with the lowest elevated floor is not insured, even that portion or value at or above the lowest elevated floor.
- However, coverage can be provided for building materials and finishes installed above the lowest elevated floor when the function of the building material or finish is not reduced by cutting or removing the damaged and otherwise excluded building material physically located at or below the line-level equal with the lowest elevated floor, even if the item originates or overlaps the lowest elevated floor level. Examples include exterior siding, wood trim, drywall, paint, or insulation, even if the same item extends below the level of the lowest elevated floor. The building materials and finishes below the line level with the lowest elevated floor are still

Coverage A –
Building Property
Coverage
Limitations
continued

excluded. This coverage interpretation aligns with the building **codes** for new construction and substantially improved buildings.

- The SFIP does not cover items, interior or exterior, located below the lowest elevated floor of a post-FIRM elevated building in the stated zones.

HVAC Equipment and Heating Machinery. This includes building HVAC system components used for heating, cooling, ventilation, and other central air-handling equipment used for climate control within the building, including permanently installed equipment for humidification, dehumidification, air-filtering, and ventilation. Heaters of any type must be permanently installed in building.

- **HVAC Equipment.** Coverage A of the SFIP insures damage to HVAC components, including air conditioning **condenser and heat pumps** located in the open or connected to and servicing the building, when a component or the entire system suffers direct physical loss by or from flood. Note: HVAC units installed on an elevated platform attached to the building are insured.
- **Upgrades required due to change in cooling refrigerant or Seasonal Energy Efficiency Ratio (SEER).** When a new HVAC component replaces an existing component damaged by flood but is not compatible with the existing undamaged HVAC component, the system may not function properly or at all. The reason may be due to a different type of refrigerant, or a different SEER rating designed for each unit. SEER is the standard used to measure the energy efficiency of building HVAC systems. As with refrigerants, federal regulations require periodic increases in SEER ratings. Federal law requires the phase-out of older refrigerant types starting in 2010.
 - Although not insured by the SFIP, retrofit of the existing undamaged component could solve the issue of component incompatibility. The most common retrofit in an undamaged interior HVAC unit (air-handler) is to replace the evaporator coil (E-coil). With an undamaged exterior HVAC unit, a retrofit may be possible by replacing the compressor. Depending on the system and incompatibility issues, simpler modifications may be available by installing a pressure regulator or replacing the refrigerant with a different, but equally efficient, Environmental Protection Agency (EPA)-accepted variety.
 - In accordance with SFIP V.A.6-7, and because the SFIP only covers direct physical loss by or from flood to insured property, the NFIP insurer cannot pay for the cost to upgrade the HVAC system when the policyholder is forced to do so by law, regulation, or ordinance.
 - Additionally, the Pair and Set provision under the SFIP (Section VII.A. of the Dwelling and General Property Forms and Section VIII.A. of the RCBAP Form) does not provide coverage for the undamaged components, as the provision states it will pay only the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.
- **Heating Machinery.** Heating machinery installed in a detached building at the described location is covered property under Coverage A – Building Property, if it services the insured building.

Coverage A –
Building Property
Coverage
Limitations
continued

Drywall. The SFIP covers unfinished, unfloated, and not taped drywall installed anywhere in a basement. The SFIP will also cover unfinished, unfloated, and not taped drywall in lieu of paneling or any finished wall or ceiling treatment.

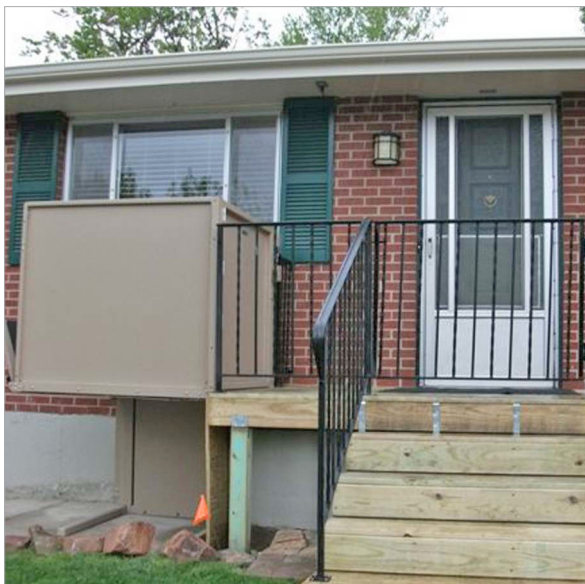
- The SFIP does not cover non-structural building elements, including non-load bearing floor, wall, or ceiling framing components, such as when installed for the purpose of improving a basement or enclosure area with finished floors, walls, and ceilings.
- Coverage includes exterior entry doors into a basement, including but not limited to overhead or sliding-glass doors. Finishing and trimming the interior side of such doors are not insured.



Electrical Junction and Circuit Breaker Boxes. Electrical junction and circuit breaker boxes include a junction box, which serves as an unfinished basic light fixture. Any alternative power component responsible for power generation or distribution must be permanently installed and hardwired into the building's main electrical system.

Electrical Outlets and Switches. The SFIP does not cover finished lighting. For electrical outlets and switches, coverage is limited to direct components of the building's main electrical service.

Elevators. When an elevator is not directly attached to the building or the 16 square foot landing immediately in front of a door into the building, the current guidance concerning egress applies: the NFIP will pay for one form of



▲ An insured chair lift attached directly to a building or covered 4x4 16 SF landing.



▲ A non-insured chair lift.

Coverage A –
Building Property
Coverage
Limitations
continued

egress on each side, e.g., stairs, a ramp, or an elevator, when connected to the building via a walkway, deck, or landing, provided that the purpose of the elevator is ingress/egress to the insured building and not another purpose (e.g., beach, parking garage, or pool access).

- FID will maintain its current guidance for situations when an elevator is attached directly to the building or the 16 square foot landing immediately in front of a door into the building: in such situations it is covered, even if on the exterior wall.
- Elevators separated from the building, such as from a parking lot to a sidewalk, remain excluded.

Fuel Tanks. Includes a connected fuel gauge or fuel filter.

Furnaces and Hot Water Heaters. Equipment used to heat the insured building's water supply must be affixed to or inside a building, provided the equipment services the insured building. Hot water heaters exclusively used to heat non-covered property (e.g., pools) are excluded wherever installed.

Nonflammable Insulation in a Basement. The Dwelling, General Property, and RCBAP forms at III.A.8.a.(10) limit coverage to nonflammable insulation in basements only.

- Nonflammable insulation in a basement includes nonflammable insulation for walls and ceilings.
- If basement insulation has a foil or paper-facing, this provision only pays to replace the equivalent of nonflammable insulation with no facing (un-faced batt insulation).
- The SFIP will cover insulation installed between joists within the lowest elevated floor of an elevated post-FIRM building.

This provision will provide coverage to:

- Installed protective barriers such as exterior-rated wood, plastics, or fiber-mesh products used to shield floor insulation from the outdoor environment.
- Protective barriers for the purpose to shield floor insulation must be installed above the ground level directly to the building's floor framing (band boards, sills plates, rim or floor joists, beams and girders), although the material may hang below by design.

This provision will not cover:

- Barriers not principally used to protect floor insulation such as vapor barriers covering the ground, or moisture or water barriers covering walls or floors in a basement.
- Plastic vapor barriers or ground covers installed loosely or secured to the ground with landscaping pins are not building property and are not covered



▲ Tankless water heater affixed to a building servicing the insured property.

Coverage A –
Building Property
**Coverage
Limitations**
continued

under this provision. They may be covered as personal property but are subject to the limitations stated in SFIP III.B.5.

Stairways. The SFIP covers unfinished base support material for staircases and stairways (underneath the finished treads and risers) attached to the building, not separated from it by elevated walkways, including an exterior staircase into a basement that is part of the building and enclosed by an addition defined under SFIP Section III.A.2. This also includes interior basement or post-FIRM elevated building staircases.

- The SFIP does not cover the cost to treat, paint, or stain the base support material in a basement or below the lowest elevated floor of a post-FIRM elevated building in an SFHA.
- The SFIP does not cover damage to finish materials used for a tread, riser, or stringer if such material is installed onto unfinished base support material for stairways and staircases. If the finish material is the base support material, such as with a floating staircase or step, the finish material is insured but not the cost to apply a finish coating or paint for stairways and staircases.
- Unfinished base stairs are insured in a basement or below a post-FIRM elevated building; however, improvements to paint or finish treads, risers, and stringers are not.
- Stairs where the finish material is the base material are covered, but paint, stain, and coat are not.
- The SFIP does not cover the basement exterior egress staircase located outside of the perimeter building walls, even if covered by a roof or door. See IV.9.



▲ Finished stairs are not covered.



▲ Exterior egress in a basement is not covered.

Required Utility Connections. Examples of required utility connections include an interior air-conditioning unit (III.A.8.a.(1)) that may have a condensation pipe and condensate pump to send the condensation to drainage plumbing. Both items would be considered a required utility connection.

Footings, Foundations, Posts, Pilings, Piers, or Other Foundation Walls and Anchorage Systems Required to Support a Building. Includes windows and doors installed in the perimeter foundation walls of an SFIP-defined basement area such as a perimeter wall basement garage door or sliding glass door. Coverage to finish or paint an exterior door or window under this provision is covered on the exterior side only.

**Coverage A –
Building Property
Coverage
Limitations**
continued

- Includes vents installed in and considered part of the insured foundation walls of a post-FIRM elevated building; however, there is no coverage for breakaway walls or vents in breakaway walls.
- Does not include screen or storm doors, or a door covering for enclosing an exterior egress in a basement.
- Does not include doors and windows of any type in an enclosure subject to **coverage** limitations when located below the lowest elevated floor.
- With an elevated building subject to this provision, a 6-inch or thicker concrete slab with steel reinforcement bar (rebar) which is tied into piers, posts, columns, pilings, or foundation walls is covered under this provision as a structural component that supports the elevated building's foundation. The 6-inch concrete slab here does not make the elevated building non-elevated.

Recognized Foundation Types Have Changed

Previously FEMA recognized nine foundation types under its prior rating methodologies. Under RR2.0 we have simplified rating and there are six foundations type options on the Application and Adjuster Preliminary Form. The foundations are:

1. Slab on Grade (Non-Elevated);
2. Basement (Non-Elevated);
3. Elevated Without Enclosure on Posts, Piles, or Piers;
4. Elevated With Enclosure on Posts, Piles, or Piers;
5. Elevated With Enclosure Not on Post, Piles, or Piers, (Solid Foundation Walls); and
6. Crawlspace (Elevated or non-Elevated Subgrade Crawlspace).

Cisterns. The SFIP at III.A.8.a.(2) insures cisterns, their components, and the water in them when installed or located within the building, an eligible detached garage, or an enclosed porch, including within an enclosure or basement. The SFIP does not cover these items when installed or located outside of the areas defined above, including underground.



▲ Non-insured cisterns outside (l) and underground (r)

Water Softeners. The SFIP at III.A.8.a.(14) insures water softeners and the chemicals in them if installed in a building at the described location and connected to and servicing the insured building. The SFIP allows for a faucet

Coverage A – Building Property

Coverage Limitations *continued*

that is affixed directly to the plumbing line, as opposed to a faucet that is connected to plumbing lines but mounted onto a sink as a finished fixture.

Well Water Pumps. The SFIP at III.A.8.a.(15) insures well water pumps and related components (including the pressure switch, pressure valve, and gauge) when located inside the insured building, including underneath the insured building, inside an attached utility shed, attached pump house, or an eligible detached garage. This equipment must be installed at or above ground level. The pumps and related components for building water supply or landscaping are eligible property.

- The SFIP does not cover a well water pump or its related components if they are below ground level or installed inside a detached pump house or inside another building or structure that is not insured property.
- The SFIP does not insure pumps or related equipment used for hot tubs, spas, or swimming pools.

Solar Battery Elements. A solar battery element installed in a basement, or below the lowest floor of a post-FIRM elevated building in certain SFHAs, is covered when it is integrated into the electrical system of the insured building and provides day-to-day habitability or use of the building. The solar panels must serve as the primary power source. In contrast, a home battery element that functions as a backup power source, like a generator, or only powers certain building components, is excluded in a basement or in an area of the building subject to III.A.8.a.

Documentation should include:

- Information showing that the solar battery element is integrated into the electrical system of the insured building and provides day-to-day habitability or use of the building.
- Evidence that the equipment received direct physical damage by or from flood necessitating the repair or replacement of the equipment.
- Documentation to show how the fair and reasonable cost to repair or replace the equipment was established.

Clean-up. Clean-up includes:

- Pumping out trapped floodwater;
- Labor to remove or extract spent cleaning solutions;
- Treatment for mold and mildew; and
- Structural drying of salvageable interior foundation elements.

The SFIP does not cover clean-up of an item or property located in areas subject to basement and post-FIRM coverage limitations – that is, the property must be insured under III.A.8.a. – or for items or loss otherwise excluded under this policy. Clean-up is not the removal of flood-damaged items or debris removal. See III.C.1 for Debris Removal.

Coverage A Countertops

FEMA is aware of unique instances when a countertop can be damaged beyond repair directly by or from the flood. If an adjuster recommends replacement of the countertop, the claim file must include documentation that explains and supports the judgment to replace, rather than remove and reset.

Adjuster Documentation

At the initial loss inspection, the adjuster should examine, photograph, and document the condition of the surface, edge, and underside of the countertop in the Adjuster's Narrative Report. The adjuster should note the number of adjoining seams of the countertop and the material thickness. Typically, the thickness of the granite is in centimeters. The adjuster should also note substrate material covering any cabinet framing located underneath the countertop. This documentation process applies to any countertop, sink, toilet, vanity top, bathtub, shower stall, or other such fixture.

Discussion with Policyholder

The adjuster should discuss removal and re-installation with the policyholder and contractor (if present) at the initial loss inspection. The adjuster should set the expectation that the policyholder and contractor salvage any countertop, sink, toilet, vanity top, bathtub, shower stall, or other similar items for re-use. The adjuster should inform the policyholder that the policyholder should notify the adjuster immediately if damage occurs during removal and provide photographs when necessary. The policyholder must not discard items damaged during removal.

Determining Unavoidable Damage

Policyholders and contractors repairing or replacing damaged items must use reasonable care when removing undamaged items. When the removal process irreparably damages a previously undamaged item, the removal effort must support a finding the damage was unavoidable. The SFIP covers direct physical loss by or from a flood. The SFIP will not cover avoidable damage.

Policyholder Documentation

The policyholder can best support a request for payment when unavoidable damage occurs during the removal and replacement process with:

- Clear photographs of the damage at the time of occurrence; and
- A signed detailed statement from the removal or repair contractor. The signed detailed statement must:
 - Explain the action taken to remove the item;
 - State how the damage occurred; and
 - Address salvage.

Completing the Adjustment

Once the policyholder provides the documentation noted above, the adjuster should adjust the claim accordingly. Adjusters should factor in the additional time and labor to safely remove and reset salvageable items. The adjustment

**Coverage A
Countertops**
continued

should also apply the appropriate credit reflecting any previously estimated allowance to reinstall. If the adjuster recommends no payment, the adjuster should include an explanation in the estimate and narrative report.

**Coverage B –
Personal
Property
Personal
Property
Coverage**
*Dwelling III.B
GP III.B
RCBAP III.B*

- ✓ The personal property must be inside any building (as defined at II.C.6) at the described location under the Dwelling Form. For the GP/RCBAP, personal property must be inside the insured building.
- ✓ Eligible personal property removed to safety at another location to protect it from flood (or imminent damage of flood) is covered for a period of 45 days.
- ✗ Post-FIRM elevated building limitations do not apply to SFHA Zones A, AO, A99, AR/AO, V, and VO. Basement limitations apply regardless of zones.

Additional Guidance

- **III.B.4.a:** Coverage A includes permanently installed through-the-wall air conditioning units.
- **III.B.4.d:** includes the dryer exhaust vent kit. However, connectors and plumbing lines for a gas dryer are insured under Coverage A only.
- **III.B.4.f:** applies to food freezers only. FEMA considers an appliance that both refrigerates and freezes as a refrigerator under Coverage A.
- **III.B.5:** The same guidance from III.B.4 applies to the specific items listed here. This provision does not apply to Zones A, AO, A99, AR/AO, V, and VO.

Improvements. Tenant-owned appliances, such as refrigerators, stoves, and ovens, are personal property, not building improvements, and therefore the 10 percent building improvement limitation does not apply to them. Adjusters should obtain evidence of ownership.



- The Dwelling and GP forms define improvements as fixtures, alterations, installations, or additions comprising a part of the insured dwelling or the apartment in which the policyholder resides (see Dwelling Form at II.C.19 and GP Form at II.C.18). However, the RCBAP defines improvements as fixtures, alterations, installations, or additions comprising a part of the residential condominium building, including improvements in the units, see II.C.18.
- As explained in the SFIP Dwelling Form at III.B.6, if the policyholder is a tenant and has purchased Coverage B – Personal Property (contents coverage), the SFIP will cover such property, including the policyholder's cooking stove or range and refrigerator. The SFIP will also cover improvements made or acquired solely at the policyholder's expense in the dwelling or apartment in which the policyholder resides, but not for more than 10 percent of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at the policyholder's option but reduces the personal property limit.

Coverage B –
Personal Property
Personal Property
Coverage

Dwelling III.B

GP III.B

RCBAP III.B

continued

- The GP Form at III.B.8-9 specifies coverage conditions for improvements for a tenant or condominium unit owner. Paragraph 8 makes clear that improvements acquired by or made at the expense of the tenant are covered, even if the tenant cannot legally remove them, such as a built-in walk-in freezer. Paragraph 9, which applies to condominium unit owners, provides coverage for improvements but will require documentation from the condominium association (e.g., bylaws, insurance policies, etc.) to avoid duplication of any coverage benefits and establish insurable interest.
- If a tenant has a contents policy in his or her own name, flood-damaged items that the tenant may claim as improvements under an insured loss will include all items purchased at the tenant's expense for which coverage would be provided under building coverage (Coverage A), and that have not been paid under Coverage A for the same loss event under a policy held in the building owner's name. Note: Insurers may refer to the lease agreement to determine which policy will respond.
- Under the NFIP, the building owner must be named on a flood insurance policy with Coverage A. If the building coverage is purchased by a tenant due to a lease agreement, the tenant may be named as an additional policyholder on the policy. The NFIP does not designate any of the named policyholders as primary or secondary. The rule is intended to ensure that all parties with an insurable interest in the building are named on any claim settlement proceeds for building damage. Any claim payment would be made to all parties named as policyholders on the policy.

Condominium Units. III.B.7 applies only to a condominium unit owner who purchased Coverage B. Coverage is not provided for loss assessments charged to the unit owner by a condominium association and does not require an assessment to trigger coverage (see III.C.3) and is comparable to the provision that provides coverage to a tenant's improvements to the building.

Coverage B –
Personal Property
Special Limits

Dwelling III.B.8

GP III.B.6

RCBAP II.B.4

The adjuster must apply the \$2,500 special limit to the aggregate ACV of all applicable contents described in the Dwelling Form at III.B.8, General Property Form at III.B.6, and the RCBAP at III.B.5, such as jewelry, furs, contents used in business or held as stock. The adjuster should add documentation to support the payment recommended under this provision. The aggregate ACV is subject to the policy deductible, and any excess loss to items subject to the \$2,500 special limits cannot be applied to the contents deductible.

Functional Value. The SFIP does not value an antique based on the rarity of the item, nor does it apply depreciation based solely on age or its physical condition.

- **Example:** A 400-year-old fully restored chair formerly owned by a historical figure is appraised by a certified industry professional at \$25,000. The chair has seen general usage for 3 years after its restoration date. Applying judgment, a new chair with the same or similar functional design, material quality, and craftsmanship is comparably worth \$3,500. Less 10 percent depreciation, the SFIP would pay the functional value of \$3,150.

Coverage C –
Other Coverages

Debris

Dwelling III.C.1

GP III.C.1

RCBAP III C.1

- ✓ The SFIP will pay the expense to remove non-owned debris that is on or in insured property and debris of insured property anywhere.

Additional Guidance

- Insured property means the insured dwelling, an SFIP-eligible detached garage, and insured personal property.
- The SFIP does not pay for removal of:
 - Non-insured debris owned by the policyholder anywhere, such as non-insured damaged property or debris located in the yard, driveway, or on another parcel of land.
 - Non-insured items of property, even if the removal of the item facilitates cleanup of insured building repairs, such as the removal of carpet installed inside a basement, or the removal of plants, shrubs, or trees along the perimeter of the building to access foundation or siding repairs.



Coverage C –
Other Coverages

Loss Avoidance

Dwelling III.C.2

GP III.C.2.

RCBAP III.C.2.

- ✓ Flood loss avoidance is a protective action the policyholder takes to minimize flood damage and loss to their building and personal property before a loss occurs.
- ! Only the items specifically listed in the SFIP are covered.
- ✗ No coverage is provided for permanently installed measures to protect property.

Additional Guidance

- The SFIP only covers those items specifically listed. The policyholder must provide receipts for such items.
- FEMA considers water-filled bladders a temporary levee for the purposes of loss avoidance coverage. The SFIP will only reimburse the costs incurred for labor and materials for the subject event. If previously purchased materials used for any purpose are reused for the subject event, they are ineligible for reimbursement under this provision.



▲ Water-filled bladder

Coverage C –
Other Coverages
Property Moved to Safety

Dwelling III.C.2.b

GP III.C.2.b

RCBAP III.C.2.b

- ✓ Coverage is for incurred costs with receipts.
- ✓ This coverage includes a movable home (i.e., manufactured home, travel trailer) as described in II.6.b and c.
- ✗ If multiple perils are involved, the SFIP does not cover moving uninsured property if the damage is not from flood.
- ✗ Property must be moved from the described location, i.e., not to an upstairs location or a garage at the described location.

Additional Guidance

- The SFIP coverage of “reasonable expenses” is limited to the policyholder’s removal, storage, and return of insured building and personal property to the location described on the declarations page. The insurer may reimburse the policyholder for related expenses for the labor of the policyholder and family members at the federal minimum wage and incurred transportation and storage costs. The policyholder must itemize and support these expenses with valid proof of payment. Coverage here is limited only to the length of time that a flood or the imminent danger of flood exists. Payment under this provision does not increase Coverage A – Building Property or Coverage B – Personal Property limits of liability.
- The SFIP will cover from the peril of flood the property relocated to another location for a period of 45 consecutive days from the date the policyholder began to move the property. If the policyholder does not place the property in a fully enclosed building, the guidance from III.B.3 applies and the SFIP conclusively presumes that property which floats out or away was not reasonably protected from the elements.

Coverage C –
Other Coverages
Condo Loss
Assessments
Dwelling III.C.3

- ✓ You must have Coverage A - Building Property for this coverage to attach.
- ✗ This coverage does not include any property not insured or invalidate any exclusions.

Additional Guidance

- The SFIP covers a condominium association’s loss assessments to an insured property for direct physical damage by flood to the building under Coverage A.
- This does not include property not insured or property excluded by the SFIP.
- This provision does not increase building limits. The SFIP will not pay more than once for any building item regardless of the number of policies. The total payments for an individual unit from all NFIP policies may not exceed \$250,000, the maximum insurance available for a single-family **dwelling**.

Coverage –
Not Insured
Property Not
Insured
*Dwelling IV
GP IV
RCBAP IV*

- ! The SFIP restricts coverage for specific buildings and certain personal property.

Additional Guidance

- **Buildings and Property Entirely In, On, or Over Water.** The SFIP limits coverage for buildings in, on, or over water that were constructed or substantially improved after September 30, 1982. The SFIP allows coverage for a building not entirely over water, for example, when any part of the exterior perimeter wall and foundation of the building is on land or the landward side of mean high tide (mean high water). See National Tidal Datum for datum on base elevation used as a reference for water heights and depths.

Coverage –
Not Insured
Property Not
Insured
Dwelling IV
GP IV
RCBAP IV
continued

- When the exterior perimeter walls of the building are completely over water and the support system or foundation underneath the insured building extends onto land, or any mechanism for access into a building (including, but not limited to, stairs, decks, walkways, piers, posts, pilings, docks, or driveways) is extended, even if the mechanism is on or partially on land, the building and the access will not be eligible for coverage.



▲▼ Ineligible for coverage

- If the exterior perimeter walls of a building are completely over water, but connected to another eligible building by means of an elevated walkway, stairway, roof, or rigid exterior wall, or there is an appurtenant structure on the same slab, foundation, or other continuous support systems that is on land (such as a shed or garage), III.A.2 does not apply. A connected building or appurtenant structure on land does not extend coverage to the building that has exterior perimeter walls entirely over water.



- **Open Structures/Boathouses On or Over Water.** The SFIP does not cover boathouses or buildings into which boats can float and personal property located within buildings used solely as boathouses.

- When a boathouse is also used as a dwelling, the SFIP covers the dwelling portion and its foundation, even when the foundation includes other building elements shared with the boathouse, provided the building is not located entirely in, on, or over water or seaward of mean high tide as set forth in IV.2.



▲ A boathouse over water

- **Recreational Vehicles.** The term manufactured home does not include a recreational vehicle. A recreational vehicle is:
 1. Built on a single chassis;
 2. 400 square feet or less when measured at the largest horizontal projection;
 3. Designed to be self-propelled or permanently towable by a light truck; and
 4. Designed primarily not for use as a permanent dwelling but as a temporary living quarters for recreational, camping, travel, or seasonal use.
- **Self-propelled Vehicles.** Under both IV.5.a and IV.5.b, the vehicle or machinery must be inside a building (Dwelling) or the insured building (GP/RCBAP) at the location described on the declarations page for coverage, provided all other policy terms and conditions apply.

Coverage –
Not Insured
Property Not
Insured

Dwelling IV
GP IV
RCBAP IV
continued

- Under IV.5.b the vehicle or machinery is not covered if it is not designed to assist persons with disabilities or not used by persons with disabilities. As an example, a typical golf cart is not covered under this provision, even if it is used by persons with disabilities, unless designed specifically to assist persons with disabilities.



▲ RVs are self-propelled vehicles

- This exclusion does not apply to motorized toys and machinery designed, marketed, or sold for the exclusive use by youth, including children's dirt bikes solely powered by a battery. If a motorized toy or machinery can be reasonably used by an adult, it is not a youth's toy and is not covered.



▲ A travel trailer is not self-propelled and is towed behind a vehicle. Coverage only attaches when wheels are removed and tied down.

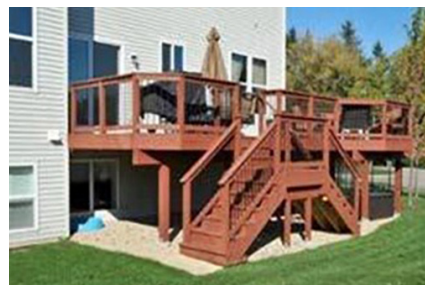
- **Plants and Living Things.** The SFIP does not cover any type of live plants, pets, or live bait located inside or outside of the building. This provision does not apply to artificial plants used as indoor decor.
- **Valuable Papers.** Scrip is a valued paper, such as gift cards, coupons, or any substitute for legal tender.
 - The SFIP does not cover financial loss from damage or destruction of electronic data or the cost of restoring that data.
 - Other valuable papers include stocks, certificates, and bonds.
- **Underground Structures and Equipment.** Underground structures and equipment include, but are not limited to, wires, conduits, pipes, sewers, tanks, tunnels, sprinkler systems, similar property, and any apparatus connected beneath the surface of the ground. The SFIP provides coverage, if other SFIP requirements are met, for equipment installed and used in the operation of underground structures and equipment installed above ground and within a building, for example, a sprinkler timer.
 - When installed, a sewage grinder pump is an integral part of the building's septic system. The grinder pump pulverizes waste for discharge into the septic drainage field. This item of property is not insured; however, the SFIP covers the sewage grinder pump's alarm service panel, if installed above ground level and affixed to the building or its foundation. The SFIP does not cover the pump's alarm service panel installed to an item of property that is not insured, such as a support post to a deck.
- **Walks, Walkways, Decks, Driveways, Patios and Other Surfaces.** In general, the SFIP does not cover items outside the perimeter walls of the building. However, the SFIP covers the following:

Coverage –
Not Insured
Property Not
Insured
Dwelling IV
GP IV
RCBAP IV
continued

- The SFIP pays to repair or replace damage to any existing egress on the sides of a building, including underneath an elevated building, subject to the coverage limitations in III.a.8. For each existing egress, the SFIP covers one 16 SF landing and a single set of stairs and one landing per staircase.
- The SFIP covers materials of a like kind and quality, such as concrete, wood, or composite wood material. Insured items include any existing hand or support rail, support posts, and hardware, but not cover improvements such as lighting or finishing (paint or preservative stains).
- The SFIP does not cover the cost to comply with Americans with Disabilities Act of 1990 (ADA) regulations; however, the SFIP will repair or replace an existing flood damaged ramp for egress, as shown at right, in lieu of the 16 SF of landing and stairs.



▲ A deck with a single set of stairs providing access to the building through two doors.



▲ A deck with two sets of stairs; only one is covered for egress.

- **Containers.** The SFIP does not cover fuel tanks, pressure tanks, and well water tanks located outside of the insured building or an eligible detached garage. The SFIP does not cover containers outside of the building, including shipping containers used for storage or residential purposes, unless the container meets the definition of a building.
 - The SFIP covers fuel tanks, water tanks, and pressure tanks inside or directly underneath the building, including in a basement or crawlspace, under Coverage A – Building Property, when installed as part of a utility system that services the building.
 - Under Coverage B – Personal Property, the SFIP will cover any container inside of a building that is used for household or personal purposes such as oxygen tanks for medical reasons, small fuel tanks for filling lawn equipment, or sealed portable fuel canisters for cooking such as for camping or outdoor grilling. Containers used for the storage of food do not apply to this provision. Containers such as paint cans can be insured but only for the value of what is stored and not for the value of the container.
 - Because containers and tanks are either sealed or made of material meant for contact with liquid, including corrosive liquids, the claim should take into account the proper scope of damage and, first, consider if the item is reusable after rinsing and cleaning.
- **Buildings Below Ground.** A building must have 51 percent or more of its actual cash value above ground level. This calculation relies solely upon

Coverage –
Not Insured
Property Not
Insured

Dwelling IV
GP IV
RCBAP IV
continued

the ACV, not on concepts like square footage, volume, or otherwise. Do not include items of property not insured under Coverage A in the building valuation. Claims handling should pay close attention to subterranean or earth dwellings.

- **Fences, Retaining Walls, Seawalls, Bulkheads, Wharves, Piers, Bridges, and Docks.** Coverage may exist if the item directly supports and is integral to the building's foundation, even if it has a secondary purpose such as a retaining wall. The adjuster should submit a request to the insurer for expert support such as an engineer to inspect the building and provide an evaluation of the structure's foundation, etc., as soon as possible.
- **Aircraft or Watercraft.** The SFIP covers remote-controlled boats, aircraft, and drones or UAVs (Unmanned Aerial Vehicles) designed and intended for recreational use only, not used to carry people or cargo, or for commercial use. The same policy provisions that apply to other personal property apply to these items.
 - The SFIP does not cover drones or UAVs registered with the Federal Aviation Administration for purposes other than recreational model aircraft.
 - Watercraft includes any vessel that travels on water. Pool toys are not watercraft.
 - The phrase “furnishings and equipment” includes parts and other items identified for use with watercraft and aircraft.
- **Property Not Eligible for Flood Insurance (CBRA/CBIA).** The SFIP does not provide flood insurance coverage for a building constructed or substantially improved after the U.S. Department of Interior's Fish and Wildlife Service (USFWS) designates it as within Coastal Barrier Resources System (CBRS) boundaries or as Otherwise Protected Areas (OPAs).
 - Areas designated under the CBRS are typically undeveloped coastal barriers within the boundaries of areas established under federal, state, or local law, or that are held by a qualified organization, primarily for wildlife refuge, sanctuary, recreational, or natural resources conservation purposes.
 - See the [USFWS website](#) for more information.

Coverage –
Exclusions
Exclusions

Dwelling V
GP V
RCBAP V

- ✗ The SFIP does not cover other causes of loss.

Additional Guidance

Economic Loss. The SFIP does not cover the costs to pack, move, or store personal property from the insured building or return it to the building when an owner repairs the building or cannot occupy it. The SFIP does not cover replacing non-flood damaged property required to comply with government codes, ordinances, or regulations. For example, the SFIP does not cover the cost of replacing an undamaged interior HVAC unit to match a replaced exterior HVAC unit because of a change in size, SEER-rating, refrigerant, or any other reason even if local, state, or federal code required the upgrade.

Coverage –
Exclusions
Exclusions
Dwelling V
GP V
RCBAP V
continued



▲ A structure experiences sudden erosion during Yellowstone flooding in 2022.

FOR MORE INFO

See Flood in Progress on
Claims Journey-22

Flood-in-progress. The SFIP will not pay for damage caused by a flood that was a continuation of a flood that existed (1) prior to coverage becoming effective; or (2) on or before the day the application and payment for coverage were submitted to the insurer.

Earth Movement. The SFIP is a single-peril policy that only pays for covered damage due to direct physical loss by or from flood (II.C.14). The SFIP does not cover damage resulting from an intervening cause of loss, even if the resulting cause is due to flooding. The SFIP does not cover damage that results when saturated soils cause the soil below ground level to sink, expand, compact, destabilize, or otherwise lose its load-bearing capacity, such as from voids or rotten organic matter when the soil dries. The SFIP does not cover earth movement; each form of earth movement is an intervening cause of loss and a separate peril.

- The SFIP's exclusion for other perils, such as fire, exemplifies the exclusion of earth movement as a cause of loss. When a flood causes a fire, which damages the building during inundation or after floodwaters recede, the SFIP does not cover the resulting fire and smoke damage to the building even if flood directly caused the fire.
- The SFIP covers damage to a building if the damage results from the collapse or subsidence of land that is the direct result of sudden erosion or undermining to the building's support soil underneath or directly along the perimeter foundation of the building from waves or currents of floodwater (velocity flow) during a flood from the overflow of inland or tidal waters or mudflow. This includes damage to the foundation of the building and any resulting damage to the interior and exterior finishes. The SFIP does not cover damage caused by gradual erosion.

Within the Policyholder's Control. When the policyholder is prevented access to promptly remove wetted building and personal property items and this delay directly results in water, moisture, mildew or mold damage to the building and personal property items not in physical contact with surface floodwater, this damage could be insured because it is not within the control of the policyholder. As examples:

- Local authorities restrict access to the area, or
- Prolonged inundation of floodwater prevents access to the area.

Coverage –**Exclusions****Exclusions***Dwelling V**GP V**RCBAP V**continued*

The claim file must include proper documentation such as photographs, an acceptable explanation provided by the adjuster, or a signed statement from the policyholder or community official that supports the payment for such damages. For instances where the damage is substantially confined to the dwelling or within the policyholder's control, the claim file should include information that documents the policyholder's failure to inspect and maintain their insured property or take reasonable measures to reduce damage when it is feasible to do so.

The SFIP does not cover damage caused by long-term exposure to moisture, water, rot, and insect infestation. This includes damage from the lack of climate control inside the building when the approach to repair does not include the timely repair of the building HVAC system.

The SFIP does not cover pre-existing damage to structural building components, such as damage caused by rot, or for any resulting damage to non-structural finish building material.

Sewer/Drain Backup, Sump Pump Discharge/Overflow, Seepage. The adjuster must document that a flood occurred in the area and that the flood was the proximate cause of the back-up of the sewer or drain, overflow of the sump pump, pump failure, seepage of water, or damage due to the pressure or weight of water (hydrostatic pressure), in the claim file. The insurer must document the claim file to show that a homeowner's policy endorsement or policy rider did not also cover the loss. If the homeowners policy does provide coverage, the SFIP payment must apply a proportional loss distribution as stated under VII.B. (Other Insurance).

For coverage under this provision, the condition of flood may be within the proximate area.

Pressure or Weight of Water. Example: A horizontal crack in a basement foundation block wall may result from hydrostatic pressure during a flood, from non-flood related pressure due to the weight of saturated soil, or from the freeze-thaw cycle.

Power, Heating, or Cooling Failure. The SFIP does not cover damage to insured property when caused by a power surge or power outage that originates from the failure or shutting down of equipment that is not located at the described location, even if the reason is a direct result of a flood. For example, the local utility operator may shut down a section of the electrical grid to avoid system damage from a flood. When the power returns to the electrical grid, the initial surge of electricity can damage insured property. Under this loss description, the damage is not covered.

The SFIP covers damage to any insured building or personal property item, such as the building's main service, home security system, a plugged-in television, or to the HVAC system, when a flood physically damages related system equipment installed at the described location. For example, if the flood damages power equipment at the described location, creating an electrical short within the power system that results in damage to another item of property that is part of or connected to the power system, the damage to the

Coverage –
Exclusions
Exclusions

Dwelling V
GP V
RCBAP V
continued

item is also covered even though it was not physically touched by floodwater. To cover the loss described, the adjuster must document the cause of loss in the claim file to rule out the possibility of a noncovered cause.

Alteration of the Insured Property That Significantly Increases the Risk of Flooding.

The SFIP will not cover a flood loss or increased flood damage to insured property that the policyholder purposely or inadvertently causes. For example: a policyholder constructs a flood barrier to prevent floodwater from a river from reaching the building, but the improvement causes runoff to collect behind the barrier and flood the building during heavy rainfall events or causes a prolonged condition of inundation creating additional damage inside the building.

When the investigation of a loss reveals this provision might apply, the adjuster should notify the insurer at once and request immediate guidance.

Coverage –
General Topics
Identification
of Building
Equipment,
Appliances,
Electronics, and
Mechanicals

FEMA requires the adjuster to include in the claim file identifying information on major and minor building equipment such as furnaces and central air conditioning units, and major appliances such as refrigerators, washers, dryers, televisions, etc. The adjuster must provide available identifying information on all insured flood-damaged items, to include the manufacturer, model number, serial number, capacity, etc. and photographs of any identifying tags or labels. If this information is not accessible or is unavailable, the adjuster should document the items with a detailed description and explanation in the claims file.

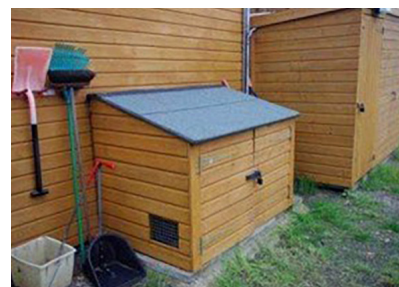
Air conditioning condenser, **heat pumps**, and solar panels are insured, even if set apart from the insured building. The SFIP does not cover other equipment, like electrical supply generators, air compressors, and substation



▲ A gas-fired flash water heater affixed to the building's exterior siding, making it part of the building and therefore covered.



▲ A non-insured generator. If hard-wired to the building's electrical system and in an attached utility shed, as below, it could be eligible.



transformers owned by the policyholder that may service the insured building, unless the equipment is hard-wired and in an insured building, as defined in the SFIP II.C.6 or in a building physically attached to the insured structure by means of a qualifying addition or extension (per Dwelling Form at III.A.2, General Property or RCBAP at III.A.3). Generators stored in a building at the described location are personal property. Generators and other such equipment in a basement are not insured.

Discussion Pollutants

- ✓ The GP form only covers up to \$10,000 damage caused by pollutants to covered property if the discharge, seepage, migration, release, or escape of the pollutants is caused by or results from flood. Dwelling and RCBAP do not have a sublimit.
- ✗ Testing for or monitoring of pollutants is not covered unless required by law. In such instances, a copy of the law (or other appropriate documentation) must be included in the claim file.

COVERAGE NOTE

General Property

Pollutants are handled differently in the General Property form. For GP, any excess costs from damage related to a pollutant (i.e., above the \$10,000 limit), cannot be applied to the deductible under Coverage A or Coverage B.

Additional Guidance

- Treatment of pollutants differs between the three policy forms.
- The SFIP covers all related tasks to remove a pollutant—containment, removal, and disposal. All charges for labor, materials, and equipment usage should be accounted for in the unit price.
- Prior to including the coverage for pollutant removal on the claims, the adjuster should confirm the pollutant exists in the building first, with either documentation or photographs. Common pollutants encountered are typically in older buildings that have not been renovated, which could include lead paint, non-residential pipe insulation, eight-inch vinyl-asbestos floor tiles, or cement asbestos-fiber exterior siding. When the adjuster, policyholder, or the contractor cannot confirm the existence of pollutant, the adjuster should inform the policyholder that a test is only covered on the claim if a copy of the law or ordinance which requires the testing is included in the claim file. On larger cleanups, the law or ordinance may require monitoring after cleanup or supervision of the work by licensed state-certified personnel. The adjuster should communicate to the parties involved that such services can be covered on the claim if:
 1. The measures are required by law or ordinance;
 2. Proper documentation that requires it is provided;
 3. A copy of hazmat removal state certification is provided; and
 4. There is an itemized service invoice.
- The SFIP will not cover costs related to any pollutants in the building if the damage from the pollutant is not caused by flood. This is true even



Discussion

Pollutants

continued

if other parts of the building are damaged by flood. For example, vinyl tile on the first floor of a building is damaged by flood and found to contain asbestos. Lead is also found in the paint on walls in the second floor, which is not damaged by flood. The SFIP will only cover related costs for the asbestos removal and cleanup in the living room and will not cover costs associated with lead paint on the second floor.

- The cost for removal and disposal of a pollutant is not covered in areas of the building that are subject to SFIP coverage restrictions for basement and areas below the building's lowest elevated floor. The SFIP will only cover pollutants in connection with the items specifically listed in Coverage A or Coverage B that are flood damaged.
- **FEMA incorporates the EPA's definition of mold as an indoor air pollutant. Mold is therefore subject to the exclusion for testing for or monitoring of pollutants.**

ADJUSTER TIP

Pollutants Example

To illustrate this, consider vinyl-asbestos floor tiles ruined by a flood. If these tiles are insured property, the SFIP will replace the tiles as normal. However, because the replacement may require professional services to follow industry protocols to ensure the safety of their workers and proper removal, the required scope to remove may include other tasks.

Therefore, the SFIP will cover reasonable and customary costs to contain the affected area, personal-protection equipment, wipe-cleaning of affected surfaces, and to collect and properly dispose of the pollutant materials as required. If these costs or the scope of work is extensive, the adjuster should obtain supporting documentation, such as an itemized estimate or invoice from a professional service.

If the vinyl-asbestos tiles are not insured property, the SFIP will not cover the tiles and the cost for the removal and disposal of the pollutant.

Abatement cost must be incurred. The policyholder must provide documentation confirming cost and showing that abatement and proper disposal were performed.

Coverage
General TopicsExceptions to
Prohibition on
Duplicate Policies

There are two exceptions that allow duplicate building policies on a single building:

- **Residential Condominium Building:** The insurer may issue a Dwelling Form policy with building coverage to a residential condominium unit owner in a residential building. If the building is insured by an RCBAP, the combined building coverage between the Dwelling Form policy and the RCBAP cannot exceed \$250,000 for the unit. Policyholders may not claim damaged items under more than one policy. The NFIP will only pay for damaged items under one policy.

Coverage
General Topics
Exceptions to
Prohibition on
Duplicate Policies
continued

- **Mixed Use Buildings with Multiple Forms of Ownership:** When the policyholders have multiple policies, the policyholder must provide detailed information describing ownership and insurable interest that pertains to each policy. This prevents issues of duplicate coverage or claim payments exceeding the statutory limits.

Excluding residential condominium buildings and mixed-use buildings with multiple forms of ownership, NFIP-insured buildings can have only one policy with building coverage (Coverage A). Section 100228 of the Biggert-Waters Flood Insurance Reform Act of 2012, codified at 42 U.S.C. § 4013(b), clarifies that the total aggregate liability for a non-residential building or non-condominium building designed for five or more families is \$500,000 per structure. The law also reiterates that the maximum coverage available for a residential 1–4 family building or condominium unit is \$250,000 per policy. The SFIP prohibits duplicate building coverage by the same policyholder. This means that the NFIP will only pay for building coverage under one policy, and the owner must be a named policyholder.

The NFIP also will not pay twice for the same insured loss (either Coverage A or Coverage B) when an RCBAP provides coverage for a condominium unit insured under the Dwelling Form.

Coverage
General Topics
Continuous Lake
Flooding

The only Closed Basin Lake recognized by FEMA at this time is Devils Lake, North Dakota. Subject to all other provisions of the SFIP, if an insured building is subject to continuous lake flooding from Devils Lake, the following requirements must be met to be eligible for coverage under the terms of all SFIP forms:



- The building must be in a participating community eligible for this coverage;
- The subject building must have had NFIP flood insurance coverage continuously beginning on November 30, 1999, and any subsequent owner on or after November 30, 1999, must have an NFIP policy in effect within 60 days of the transfer of title (see: Q.2.g.);
- The policyholder must grant a conservation easement (see: Q.2.b.(2)) and the community must have adopted a permanent land-use ordinance on or before July 15, 2001 (see: Q.2.e.(1), (2), and (3)); and
- FEMA will not recognize any increases in coverage limits with effective dates on or after November 30, 1999 (see: Q.2.g.), except when offered by the insurer as a routine inflation-guard increase and purchased by the policyholder. Insured buildings not eligible for the provisions of Q.2. described above, but damaged by continuous lake flooding, will be eligible for those provisions described at Q.1. of the SFIP, subject to the terms and

Coverage
General Topics
**Continuous Lake
Flooding**
continued

conditions of the Q.1. and the SFIP. Buildings in eligible communities that are subject to damage from the effects of the Closed Basin Lake, Devils Lake, North Dakota, may file claims if any portion of the insured building, as defined in the SFIP, is at the still-water level derived by official National Weather Service (NWS) still-water levels. See Appendix C in this Manual “Policy Guidance for Closed Basin Lakes.”

Coverage
Porches

Porch design and construction has varied over time. It may be original to the building or an attached addition. A porch can be fully or partially enclosed, screened or open; it can be built on the ground or elevated. An SFIP-covered porch is not a covered deck or a covered patio.

A porch is an addition or extension attached to and in contact with the insured building by one of the five means of connection (see page Coverage-4) included in the additional explanation to Coverage A. A porch is considered part of the building and insured under the SFIP, provided it is constructed in a manner not subject to SFIP IV.9.

Adjusters should also keep in mind building materials that are used to construct a porch are exterior-rated, which generally resist inundation damage from floodwater. The same is true with common porch furniture. The scope of loss should first consider if cleaning, repairing, or refinishing is the extent of the loss. A scope that considers porch building materials or contents requiring replacement should be documented in the claim file.

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SCOPE



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**Scope
Considerations
for Different
Types of
Material Used in
Construction**

Adjusters and examiners should be familiar with what is reasonable and necessary when evaluating different types of building materials.

Countertops. FEMA developed the following guidelines to enhance the adjuster’s knowledge of the various types of materials and precautions regarding removal and resetting countertops.

- **Post-form, roll-top laminate countertops.** These countertops are manufactured prior to installation. The plastic resin laminated surface is sometimes referred to as Formica®. The common identifier for this type of countertop is the laminated surface is molded over and around the front edge and backsplash. The front edge of this type may have a more ornate style than the common bull nose or rounded edge. Removal of single straight length roll-top countertops can be performed without damage; however, if a single section of the countertop has a mitered corner joint creating an “L-shape,” the removal process may cause delamination of the top finish surface or separation of the mitered corner joint, exposing the seam and requiring replacement.
- **Job-built, laid flat, or self-edge laminate countertops.** These countertops are similar in material to the above described “roll-top,” but are built at the job site to exact specifications. Its common identifier is that the front edge and sides are always squared. When removal is necessary to facilitate repairs, replacement is often required, as the finished surface may partially delaminate, resulting in damage to the substrate base material or the backsplash. When a job-built laminate countertop layout design is curved or L-shaped, the difficulty involved in removing the countertop increases. If unavoidable damage occurs during the removal, replacement is required.
- **Formed concrete and ceramic tile countertops.** These countertops are built on the job site to exact specifications. They are constructed over a wood or rock-board type substrate material that may be screwed, glued, or both to the cabinet framing or both. When removal is possible, handling may cause twisting or bending of the countertop, which will crack mortar or separate the finish material from the substrate. Replacing the top may be necessary.
- **Natural or man-made stone materials.** These countertops can typically be removed and reinstalled without damage. If the top is joined by two or more individual pieces, a chemical is applied to the seam to dissolve the polymer which bonds the material together prior to removal. If two or more slabs of this type of countertop are installed over a wooden substrate, the likelihood of successful removal decreases. If a backsplash is made of the same material and set over top of the countertop’s rear edge, it is also possible to remove it without damage. If the backsplash



▲ Self-edge laminate countertop

is a material such as ceramic tile, its removal is necessary to prevent damage to the countertop and replacement of the backsplash is required. Only supervised labor experienced in handling this material should **try** to remove this type of countertop, as the SFIP does not cover avoidable damage resulting from poor handling.

- **Solid-surface (acrylic polymer) countertops.** These countertops can typically be removed and reinstalled without damage. If the material cracks or breaks off during removal or handling, the countertop material can be successfully repaired with the application of an epoxy applied to the surface of each crack, creating an invisible or near-invisible bond.

Lath and Plaster. A characteristic of gypsum plaster makes it resilient to water damage even when saturated with water. When developing the estimate, keep in mind that plaster repair usually does not require removing and replacing above the water line, with some exceptions. When unsure of proper scope, be sure to consult an expert or licensed professional as needed.

Scope
Pair and Set
Dwelling VII.A
GP VII.A
RCBAP VIII.A

- ✓ If it is not possible to replace an item as a single item, then the SFIP may pay for the pair or the set (e.g., a pair of shoes) when no functional value remains for the undamaged item.
- ✗ A building system (e.g., indoor HVAC and exterior HVAC units) is not a set.
- ✗ The ability to classify items of property as a system or a set does not answer the question of whether pair or set applies.

Additional Guidance

Adjusters and examiners should be familiar with what is reasonable and necessary when evaluating different types of building materials.

- The SFIP will not pay to match undamaged property except as provided in pair and set.
- Examples of when to apply the pair and set clause:
 - A flood ruins a single (left) shoe, and the other (right) shoe is undamaged. The SFIP allows for a new pair of shoes.
 - A flood ruins the base cabinet of a china cabinet, leaving the base top undamaged.
 - Only one section of a sectional sofa is damaged.
- Examples of when not to apply pair and set:
 - Where the exclusion for ordinance or law at V.A.6 applies, e.g., an exterior HVAC unit is ruined by flood, and the interior HVAC unit is undamaged.
 - To replace undamaged upper cabinets to match damaged lower cabinets.
 - When the policyholder can replace one or more items of a pair and set with like kind and quality, making the other undamaged items of the pair and set usable. The SFIP will only cover the reasonable cost to repair or replace the ruined item with like kind and quality.

VALUATION



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Valuation – Price Appraisal

The SFIP provides both the policyholder and the insurer with the option to demand appraisal. **Flood insurance** claims professionals should only use appraisal to resolve disputes involving the amount to pay for flood damages. The Appraisal Clause cannot be used to determine the scope, coverage, or causation of damage. FEMA encourages the policyholder and the insurer to exhaust all other avenues available to determine the fair price of the agreed loss before invoking appraisal. For example, prior to appraisal, the policyholder should provide the insurer with contractors' estimates, receipts, invoices, photographs, and any other relevant documentation or a written explanation to support their claim.

However, when a pricing dispute remains, the SFIP allows appraisal under the following conditions:

- The policyholder and the insurer must agree on the scope of loss (i.e., covered damage). There must be an agreed list of insured items damaged by flood. Appraisal is not available if the policyholder and insurer cannot agree on the scope of loss.
- Policyholders and insurers cannot use appraisal if the policyholder submits an appeal to FEMA or initiates litigation. Appraisal must result in a complete resolution of the entire claim.
- The policyholder must submit a timely and completed proof of loss with supporting documentation for the items subject to appraisal. If the policyholder submitted a signed and **sworn-to** proof of loss and the insurer paid the amount in full, there is no dispute regarding pricing and no need for appraisal.
- A condition precedent to appraisal is a proof of loss, signed by the policyholder, that includes adequate documentation to justify the increased unit costs and pricing. An estimate not supported by any other information (e.g., from a public adjuster or contractor) is not adequate. Absent this information, appraisal is not proper. Appraisal is only available for differences with unit pricing, meaning the scope of damage is agreed upon. Price differences related to different approaches to repair the agreed-to damage may arise in appraisal.
- If the policyholder invokes appraisal and then attempts to resolve issues regarding eligibility, coverage, or scoping of loss, the policyholder did not properly invoke appraisal, rendering the appraisal process, including any award, invalid. If the WYO inappropriately issues payment to the policyholder or if the WYO inappropriately used the Appraisal Clause, the WYO is responsible to FEMA for any erroneous payments, including fees.

Appraisers must be competent and impartial. Appraisers and umpires cannot profit from a higher claim payment made to a policyholder. If the policyholder hires a public adjuster or attorney and the basis of their fee is securing a higher claims payment for the policyholder, no one employed, affiliated with, or related to the public adjuster or attorney can serve as the appraiser or the umpire. The same rule applies to the insurer. In order to avoid a conflict of interest, no one employed, affiliated with, or related to the adjuster or owner of the adjusting company who receives a fee based upon the policyholder receiving a higher payment can serve as an appraiser or umpire.

Valuation – Settlement Principal Residence

Dwelling II.C.25

- ✓ The NFIP uses the term “principal residence” **for claims handling purposes** to determine eligibility for replacement cost loss settlement.
- ✗ “Principal residence” is not the same as “primary residence.” Primary residence is used **for rating purposes**.

Valuation – Settlement Deductibles

Dwelling II.C.12, VI

GP II.C.12, VI

RCBAP II.C.12, VI

- ✓ The SFIP will only pay that portion of the loss that exceeds the applicable deductibles.
- ✗ To reduce the personal property deductible, the SFIP does not apply the excess loss to items subject to Special Limits and to the \$10,000 pollution limit in the GP.

Additional Guidance

- For building (residence and a detached garage) and personal property losses, the insurer should **subtract** the deductible from the gross loss before applying policy limits. For example, if the insured loss is \$110,000, the policy limit is \$100,000, and the deductible is \$5,000, the insurer should apply the deductible to the \$110,000 loss, which leaves \$105,000, meaning the insurer should pay the \$100,000 policy limit.
- The SFIP applies a separate deductible to both building and personal property losses.
- When a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, the deductible amount will be two times the deductible that would otherwise apply to a completed building.



FOR MORE INFO

See Deductibles in
Section 3: How to Write
of the Flood Insurance
Manual at 3.II.D.3

Valuation – Settlement Other Insurance

Dwelling VII.B

General Property VII.B

RCBAP VIII.B.

- ✓ Other insurance includes primary flood coverage provided by a private insurer or any other insurance that duplicates SFIP coverage.

Additional Guidance

- **Note:** The insurer must apply this provision on the claim when the state insurance code includes an efficient proximate cause doctrine. For example, a fire insurance policy will cover what the SFIP defines is direct physical loss by or from flood, including mudflow, when fire is the efficient proximate cause of the flood or mudflow, even though flood and mudflow are excluded perils in the fire policy.

Valuation –
Settlement
Other Insurance

Dwelling VII.B
General Property VII.B
RCBAP VIII.B.
continued

- Personal lines and commercial policies may have endorsements for sewer and sump or drain backup. Considerations include:
 - The other insurance clause of the other policy would determine whether it is excess coverage.
 - If the other policy is silent, proportion the claim.
 - If the endorsement excludes the peril of flood, the SFIP is primary for the direct physical damage by or from flood.
- Use the following formula to determine the NFIP's share of the loss:
NFIP share = (SFIP policy limit ÷ total insurance) × (loss – other insurance deductible)
- Use the following formula to determine the NFIP payment: **NFIP payment = NFIP share + other insurance deductible – SFIP deductible**

Insurance	Coverage	Deductible
NFIP	\$250,000	\$5,000
Other	\$500,000	\$15,000
TOTAL	\$750,000	

Example: Below is an example of how to apply the formulas to compute the insurer's shares and NFIP payment for a \$480,000 loss.

- NFIP share:** $(\$250,000 \div \$750,000) \times (\$480,000 - \$15,000) = \$155,000.00$
- NFIP payment:** $\$155,000.00 + \$15,000 - \$5,000 = \$165,000.00$

Important: Use the order of operations as shown, starting within the innermost parentheses, for accurate calculation.

Valuation –
Settlement
Amendments/
Waivers/Assignment

Dwelling VII.C
GP VII.C
RCBAP VIII.C

- ✗ The SFIP does not allow policyholders to assign a claim.

Additional Guidance

- In very limited circumstances, a policyholder may assign an ICC claim, but only when it can be transferred in conjunction with an eligible FEMA project, such as a Hazard Mitigation Grant Program (HMGP) grant. Typically, the policyholder assigns the claim to a community, which then uses the payment for the community's required financial contribution to the project. The policyholder may only assign the part of the ICC benefit used to meet the project requirements. [See Appendix F for the Assignment of Coverage D Increased Cost of Compliance Coverage form.](#)

Valuation –
Settlement
Loss Payment

Dwelling VII.J

GP VII.J

RCBAP VIII.J

- ✓ Adjusters and examiners should work with a policyholder to understand the loss, prepare the estimate, and reach an agreed value for the loss.
- ✓ The insurer should promptly process all claims and payment requests.
- ! The insurer should communicate to policyholders any unforeseen delays in the claim examination process and advance undisputed claimed amounts at the earliest opportunity.
- ✗ The phrase “reject your proof of loss” may be insufficient to communicate to the policyholder that the insurer has denied their claim in whole or in part. Accordingly, insurers should not use this language to deny all or part of a claim.

Additional Guidance

The insurer’s obligation and timeframe to pay begins when:

- The policyholder meets the requirements in Paragraph J;
- The policyholder submits a POL satisfying NFIP requirements; or
- The signed and sworn to adjuster’s report is received; and
 - The insurer and the policyholder agree on the payment amount; or
 - There is an entry of final judgment or an appraisal award by a court of competent jurisdiction.
- When the insurer cannot pay a completed POL, the examiner and the adjuster should promptly communicate the necessary adjustments or documentation required to the policyholder. Insurers should work with policyholders to settle the loss without resorting to a denial of the claim by the insurer.
- When the insurer issues a written denial, the policyholder has certain rights, which include filing an appeal directly to FEMA, filing suit against the insurer, or submitting an amended proof of loss with the documentation to support the requested loss and payment amount.
- The one-year statute of limitations for filing suit begins when the insurer issues the first denial letter (42 U.S.C. § 4072; 44 C.F.R. § 62.22(a)). Submitting subsequent additional or amended proofs of loss does not reset the one-year statute of limitations. Adjusters and examiners must assist policyholders in identifying all opportunities for payment. This helps

CUSTOMER EXPERIENCE

Payment and Paying the Undisputed Loss

If the insurer receives a POL that is not fully supported or agreed to, the insurer should work to pay the undisputed claim and issue a partial POL rejection letter. Remember, the lien holder is not required on Coverage B (Personal Property) payments unless there is a loan specific to the coverage. SBA loans can apply to personal property, Coverage C (Other Coverages), or Coverage D (Increased Cost of Compliance).

In instances where a POL is not timely, FEMA will only consider a request directly from the insurer to waive the time limit associated with the POL and does not extend to any issue relating to coverage, scope, or price.

Valuation –
Settlement
Loss Payment
Dwelling VII.J
GP VII.J
RCBAP VIII.J
continued

the policyholder recover, ensures customer satisfaction, and prevents unnecessary appeals and lawsuits.

CUSTOMER EXPERIENCE

Withdrawal and Denial Letters

Withdrawal Letters

The examiner will issue a letter of withdrawal confirming the policyholder's voluntary withdrawal of the claim prior to or after inspection. A policyholder's withdrawal is not a denial and does not trigger the one-year limit to file suit or the 60-day timeframe to file an appeal; however, if an inspection occurred, the letter should reflect the findings of the adjuster and address any applicable exclusions.

Denial Letters

Send letters to policyholders so that they are aware of the disposition of the claim and provide copies of estimates and inventories to support the claim payment and settlement.

Valuation –
Settlement
Loss Settlement

- ✓ Types of loss settlement—replacement cost, special loss, actual cash value, proportional loss.
- ! Most loss settlement approaches include an eligibility threshold.

Additional Guidance

- **Replacement Cost Loss Settlement (Dwelling, RCBAP).** The insurer does not have to withhold the recoverable depreciation until the owner makes the building repairs as required in VII.R.2.b. and c. when the structure is eligible for replacement cost loss settlement.
- **Special Loss Settlement.** Please see the discussion of Manufactured Homes in section 4 (Special Handling for Adjusters & Examiners).
- **Actual Cash Value Loss Settlement (Dwelling, GP).** An actual cash value loss settlement is the cost to repair or replace, less depreciation and deductible.
 - Appliances include refrigerators, stoves, ovens, ranges, trash compactors, and garbage disposals.
 - Proportional Loss (Dwelling Only). When the dwelling is a single-family building and the policyholder's principal residence, but the insurance carried does not meet the criteria for the replacement cost loss settlement (80 percent of the dwelling's full replacement cost or maximum policy limits), proportional loss settlement can be more advantageous than the actual cash value settlement. If proportional

Valuation –
Settlement
Loss Settlement
continued

settlement benefits the policyholder, use the following formulas to calculate a proportional loss settlement:

- **RCV to pay** = (Insurance carried ÷ insurance required) × RCV loss
- **Proportional loss payable** = RCV to pay – deductible

- Proportional loss payments should not be:
 - Less than the ACV payable loss, because you would then settle at ACV;
 - More than the RCV payable loss;
 - More than the policy building limit; or
 - More than the maximum statutory amount available for the coverage.

Below is an example of how to calculate a proportional loss settlement.

Item	Building RCV	Insurance Required (80%) RCV	Insurance Carried	Deductible	RCV Loss
Value	\$135,000	\$108,000	\$92,000	\$2,000	\$50,500

$$(\$92,000 \div \$108,000) \times \$50,500 = \$43,018.52 - \$2,000 = \textbf{\$41,018.52}$$

Important: Use the order of operations as shown, starting within the innermost parentheses, for accurate calculation.

To illustrate how this works: if the ACV in the above example was \$50,000, pay ACV (ACV > proportional loss). But if the ACV is \$35,000, pay proportional loss (proportional loss > ACV).

- **Amount of Insurance Required.** The RCV and the amount of insurance required to qualify for replacement cost loss settlement are two separate amounts. The RCV of the building is pertinent to the adjuster completing the Adjuster's Preliminary Damage Assessment form or determining a potential total loss. Adjusters use adjustment valuation software to generate RCV, which typically includes the value to excavate and install foundation components that are below the ground level of a building with no basement, underneath the floor of a building with a basement, and the cost to install underground utility connections. The adjuster should not include the value of the items listed when determining the amount of insurance required. If the loss meets all the criteria for replacement cost loss settlement except for the required amount of insurance, the adjuster and examiner must adjust the RCV to exclude the value of the items listed before adjusting the loss settlement at Actual Cash Value.

Valuation –
Settlement
Coinsurance
RCBAP VII

- ✓ Because some unit owners may have purchased coverage under the Dwelling Form, the adjuster should show how the coinsurance provision applied on a unit-by-unit basis and on common property under the RCBAP claim.
- ✗ Do not use the formula on the RCBAP form to determine the coinsurance amount; use the formula below.

Additional Guidance

- **Replacement Cost Coverage Loss (RCCL)** is the replacement cost value of the loss minus non-recoverable depreciation.
- **Coinsurance calculations.** To determine whether coinsurance applies, follow these steps:
 - First, determine if the buildings properly insured. The buildings must be insured to at least:
 1. 80 percent of the replacement cost; or
 2. The maximum coverage available under the building under the Act, whichever is less.
 - Second, compare the Coverage A amount to the required amount. If the Coverage A amount is greater, then the loss is not subject to coinsurance. If the Coverage A amount is lower, the loss is subject to coinsurance.
 - Third, determine the loss payment amount. Use the order of operations as shown, starting within the innermost parentheses, for accurate calculation:

$$(\text{Coverage A} \div \text{Required amount}) \times \text{Replacement Cost Coverage Loss} = \text{Insurer's Share (covered proportion)}$$

The policyholder's share, or coinsurance, is the Replacement Cost Coverage Loss less the insurer's share (as shown here):

$$\text{RCCL} - \text{Insurer's Share} = \text{Policyholder's Share (coinsurance)}$$
- Below is an example of inadequate insurance:
 - A building has 10 units and a building RCV of \$2,499,872.60. The building has \$1,800,000 in Coverage A, with a deductible of \$5,000, and has an RCCL of \$46,132.16.
 - The applicable amounts of insurance are \$1,999,898.08 (80 percent of building RCV) and \$2,500,000 (maximum amount available, i.e., 10 units × \$250,000).
 - The required amount is the lesser of the two, or \$1,999,898.08.
 - Because the Coverage A amount is \$1,800,000 is lower than the required amount, the loss is subject to coinsurance.
 - The insurer's share is $(\$1,800,000 \times \$1,999,898.08) \div \$46,132.16$, which equals \$41,521.06.
 - The policyholder's share is $\$46,132.16 - \$41,521.06 = \$4,611.10$.
 - Less the \$5,000 deductible, the net claim is \$36,521.06

Valuation
Condominium
Claims Handling

Section 1312 of the National Flood Insurance Act (42 U.S.C. § 4019) prohibits the NFIP insurer from denying a payment requested by the condominium unit owner who has building coverage under the Dwelling Form when insured damages under the Dwelling Form are not payable under the association's RCBAP due to policy limits or the application of coinsurance. In general, the law permits the unit owner's building coverage under the Dwelling Form to act as excess flood insurance coverage after the RCBAP addresses the building loss and the condominium association's claim is settled.

In a situation where the coinsurance provision of the RCBAP applies, the Dwelling Form may respond as if the RCBAP coverage is exhausted. In all other cases, the RCBAP will continue to be primary, and the Dwelling Form will act as an excess flood insurance policy.

The limits of coverage established under 42 U.S.C. § 4013 continue to apply, and the SFIP does not allow more than one payment for the same damaged item. Accordingly, the combined building coverage of the RCBAP and the Dwelling Forms for units within the building insured by the RCBAP cannot exceed \$250,000 times the number of units, nor can the payment for any one unit exceed \$250,000 respectively.



SECTION THREE

INCREASED COST OF COMPLIANCE

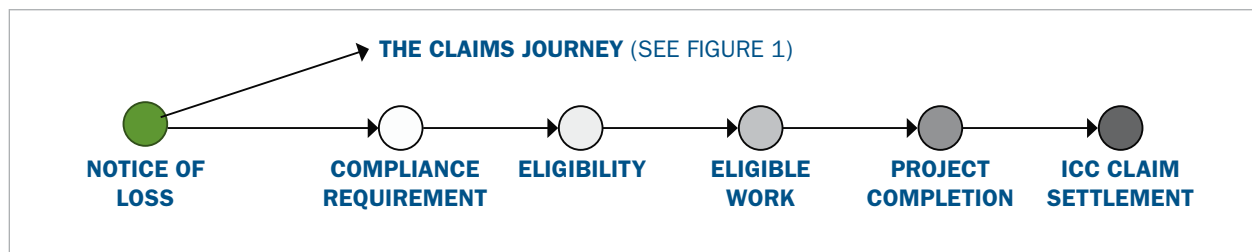
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Increased Cost of Compliance (ICC) may provide up to \$30,000 toward the cost of bringing a flood-damaged structure into compliance with minimum NFIP floodplain management regulation, state floodplain management laws, or community floodplain management ordinances governing repair or reconstruction following a flood.

ICC Overview

Coverage D of the Standard Flood Insurance Policy (SFIP) provides eligible policyholders with an insurance benefit they may use to mitigate future flood risks. ICC is **adjusted separately** from the underlying flood claim **and** requires ICC eligibility, with its own steps and considerations.

FIGURE 4: ICC JOURNEY



- **Notice of Loss.** As with the claims journey, a flood loss must occur for ICC coverage to apply.
- **Compliance Requirement.** The state or community must require the compliance activity before the policyholder begins work.
- **Eligibility.** ICC eligibility conditions must be met for Coverage D to apply.
- **Eligible Work.** ICC will pay for floodproofing, relocation, elevation, demolition, or a combination of these activities. Other activities, even if they reduce flood risk, are not eligible for ICC.
- **Project Completion.** FEMA **conditionally** authorizes payment of up to 50 **percent** of ICC coverage in advance to undertake the eligible activity.
- **ICC Claim Settlement.** Addresses how to perfect the Coverage D claim and grant-related community assignments.

Eligible Work

Floodproofing primarily applies to non-residential buildings, with only limited exceptions for residential buildings.

Relocation involves moving the entire building to another location **on** the same lot or to another lot, usually outside the floodplain.

Elevation is the most common means of reducing a building's flood risk. The process consists of raising the building to or above the BFE **and any freeboard requirement adopted**.

Demolition may be necessary in cases where damage is too severe to warrant elevation, floodproofing, or relocation, or where the building is in such poor condition that it is not worth the investment to undertake any combination of the above activities.

Interplay Between Coverage A & ICC

While illustrated on parallel tracks above, **flood insurance** claims professionals should note the ICC process may trail the claims journey by weeks, months, or years. Since many mitigation projects can take many months to several years to complete, FEMA allows policyholders up to six years from the date of loss of the underlying flood claim to complete eligible ICC activities.

When the adjuster arrives to conduct the initial inspection, they should provide the policyholder with the ICC brochure and be prepared to answer questions.

Federal law limits the amount the NFIP can pay to any one building. Accordingly, while there is a \$30,000 limit for ICC, and ICC is an additional amount of insurance above the Coverage A (Building) limit, the combined Coverage A and Coverage D payment cannot result in a payment beyond the current Program maximums:

- \$250,000 for dwelling;
- \$500,000 for commercial; or
- \$250,000 × the number of units under the RCBAP.

ICC is not available for contents-only policies, condominium unit policies, Group Flood Insurance Policy (GFIP) claims, or appurtenant structures.

CUSTOMER EXPERIENCE

Coverage D & the Mortgage Clause

Please note that Coverage D payments **are not** subject to the Mortgage Clause.

Example ICC Scenarios

<p>NFIP Max-\$250K</p> <p>ICC: \$30K</p> <p>Coverage A: \$200K</p>	<p>Policyholder has \$200,000 of Coverage A under the SFIP Dwelling Form.</p> <p>Even if the Coverage A limit is reached, \$30,000 remains available for ICC because it is less than the NFIP maximum of \$250,000.</p>	<p>NFIP Max-\$250K</p> <p>ICC: \$30K</p> <p>Coverage A: \$250K; Paid \$220K</p>	<p>Policyholder has \$250,000 of Coverage A under the SFIP Dwelling Form and is paid \$220,000 on their claim.</p> <p>\$30,000 remains available for ICC if the policyholder is eligible.</p>
<p>NFIP Max-\$250K</p> <p>ICC: \$10K</p> <p>Coverage A: \$250K; Paid \$240K</p>	<p>Policyholder has \$250,000 of Coverage A under the SFIP Dwelling Form and is paid \$240,000 on their claim.</p> <p>Only \$10,000 remains available for ICC if the policyholder is eligible.</p>	<p>NFIP Max-\$250K</p> <p>Coverage A: \$250K; Paid \$250K</p>	<p>Policyholder has \$250,000 of Coverage A under the SFIP Dwelling Form and is paid coverage limits on their claim.</p> <p>No money remains available for ICC whether or not the policyholder is eligible.</p>

ICC: Notice of Loss

- Policyholders who receive a Notice of Substantial Damage from the community, which requires compliance with floodplain management laws or ordinances for repair or reconstruction of a flood-damaged building, may have an ICC claim.
- The date of loss of the ICC claim is the same as the date of loss for the underlying flood claim.
- Policyholders have up to six years from the date of the flood loss to complete the eligible mitigation activity.
 - Adjusters should inform the policyholder that initiating a mitigation project before receiving a substantial damage declaration from the community may jeopardize their eligibility to receive an ICC payment.
 - Adjusters and examiners should note any disaster-specific bulletins that may further extend ICC deadlines.
- For buildings in Zones B, C, X, D, unnumbered A and V, and A99, the adjuster must document why a building must undergo mitigation and obtain a written statement from the community to substantiate the ICC claim.
- After six years, the insurer will need to secure an ICC Proof of Loss Waiver before paying any benefit under ICC.

ICC: Claims Handling

Once an ICC claim is opened, the flood adjuster proactively investigates to confirm the property is eligible and meets all requirements for ICC. If the property is found ineligible, the flood insurer notifies the policyholder promptly and sends a compliant denial letter to include what is needed for eligibility.

If the claim is eligible, the flood adjuster should inform the policyholder of what is needed to proceed. The flood adjuster should inform the policyholder early in the process of the following:

- What mitigation measure(s) will be performed.
- If the claim involves a grant, the policyholder must assign ICC benefits to the community. The assignment form must be obtained from the community.
- Where the policyholder is in the ICC process and identify any possible delays.
- What is needed to move the claim forward.
- What is required to issue an ICC advance.
- What is required to make an additional or final payment.

If the policyholder is uncertain about any of these items, the flood adjuster should help them understand where they can obtain additional information. As with any claim, the file should document all efforts to help the policyholder navigate the ICC process, including providing timely and periodic status.

ICC: Reserve Reporting

As with every claim, reserves should be established as soon as a claim is opened. Once the policyholder presents a substantial damage letter from the community that requires the building be brought into compliance, the insurer should immediately establish a reserve for Coverage D. The reserve should be set at the lesser of \$30,000 or the amount of coverage that remains. Reserves should be updated as payments are made and changed to zero upon closing the claim.

A policyholder has six years from the date of loss to present an ICC claim; therefore, ICC reserves can remain for an extended period. Coverage and the reserves should remain open until the claim is resolved or the insurer becomes aware that the policyholder will not pursue ICC. If an advance payment is issued, the claim must remain open to confirm the policyholder performs compliance activities. If not performed, the insurer will need to recover the advance payment.

ICC: Compliance Requirement

For ICC to apply, the community must first declare in writing the insured building has been substantially damaged. A **substantial damage determination means the policyholder is required to comply by law or ordinance.**

The community has the sole authority to determine substantial damage, not FEMA nor the insurer. Establishing substantial damage was caused by flood is ideal but is not a requirement of the local official, as their ordinance requires a multi-peril approach. Substantial damage can be caused from other perils such as wind, earthquake, rain, fire, or other natural or human-induced hazards. At the stated percentage threshold of damage, the requirement to comply with local floodplain management ordinances is triggered (see 44 C.F.R. § 59.1, definition of “substantial damage”).

The policyholder must receive a substantial damage **determination** letter written by the authorizing official on community letterhead. The letter will inform the policyholder that they are required to comply with state or local floodplain management law or ordinance affecting repair or reconstruction of their building.

To establish substantial damage, the NFIP must consider only direct physical loss by

► **Land-use management authority:** Make sure to determine who has land-use management authority when handling an ICC claim. A community is a governmental body with the statutory authority to enact and enforce zoning, building codes, subdivision, and other land use control measures. The authority of each unit of government varies by state. Eligible communities can include cities, villages, towns, townships, counties, parishes, states, and Native American tribes and Alaskan villages. Accordingly, floodplain management guidelines may be in state law or in a community ordinance. It is always good practice to include both in the claim file if there are questions.

or from flood to the policyholder's insured property. While questioning the community's call is rare, the insurer must question the community's **determination** when it is not consistent with the NFIP regulations.

To initiate an ICC claim, the policyholder provides the insurer a copy of the letter confirming **their** building is "substantially or repetitively damaged" ("substantially" and "repetitively" are both defined in the SFIP at Section III.D.3.(1) and (2)). This letter requires the property owner to comply with floodplain management regulations. For the purposes of ICC eligibility, either substantial damage or a repetitive loss provision must be adopted by the community in their floodplain management ordinance and enforced uniformly in the community. Submission of the **determination** letter to the insurer serves as the policyholder's official notice of their intent to file for ICC Coverage D benefits and starts the ICC process.

Percentages

As noted above, once a community declares a property substantially damaged by any peril (e.g., flood, wind, fire), the requirement to comply with the floodplain management ordinance triggers compliance. The percentage threshold is typically 50 percent, but the community may establish a lower threshold by law or ordinance.

However, for purposes of ICC coverage, the building must be damaged by flood to the percentage threshold adopted by law or ordinance. The flood damage does not need to be SFIP covered flood damage only but the damage to the insured building must be caused by flood to be considered for the purposes of substantial damage.

Market Value

The community official uses market value (not replacement cost value) when determining substantial damage. If the community official's letter advises of the specific standard to be enforced against the building in an elevation project or other projects, this information can be used instead of obtaining the ordinance copy. The letter must also indicate the market value amount.

Market value can be obtained in the following ways:

- Independent appraisals by professional appraisers.
- If the community prefers, a detailed estimate of the building's ACV as a substitute for market value.
- Qualified estimates based on the sound professional judgment made by the staff of the local building department or local or state tax assessor's office.
- As a screening tool, it is acceptable to use property appraisals used for tax assessment purposes or the value of the building taken from NFIP claims data.
- Property Values used for tax assessments by the tax appraiser to reflect current market conditions.

*Exceeding
Minimum
Standards*

ICC pays for compliance with the NFIP minimum floodplain management standards found at 44 CFR § 60.3. It will pay for activities that exceed those standards for:

- **Repetitive Loss Properties.** If a state or community adopts and enforces a cumulative substantial damage provision or repetitive loss provision requiring action by property owners to comply with floodplain management laws or ordinances, this may also qualify a structure for ICC after a flood loss. The community must declare the structure to be substantially damaged or the structure must meet the NFIP's repetitive loss structure definition.
- **Certain Elevation Exceptions.** For iii.D.3.b.(2) and (3) to apply, the community must first adopt and enforce FEMA provided ABFEs, preliminary or work maps, or best available data and the policyholder must receive notice from the community requiring compliance with the community ordinance. However, the community may enforce elevation requirements in a non-SFHA that must be specified in the ordinance.

There are situations in which the community may have derived its own elevation or flood-proofing requirements which it enforces within a non-SFHA. This would be specified in the community's floodplain ordinance, but the community must be able to show this requirement and enforcement is based at least in part on guidance from FEMA, and not entirely its own for ICC consideration.

As noted above, once a community declares a property substantially damaged by any peril (e.g., flood, wind, fire), the requirement to comply with the floodplain management ordinance triggers compliance. The percentage threshold is typically 50 percent, but the community may establish a lower threshold by law or ordinance.

However, for purposes of ICC coverage, the building must be damaged by flood to the percentage threshold adopted by law or ordinance. The flood damage does not need to be SFIP covered flood damage only but the damage to the insured building must be caused by flood to be considered for the purposes of substantial damage.

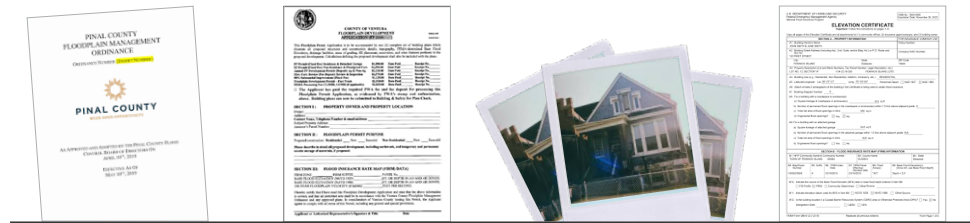
**ICC:
Eligibility**

- ✓ ICC is only available when the policyholder insures an eligible building in a Regular Program community under Coverage A.
- ! Insurers may only open an ICC claim upon receipt of the community's written declaration under Coverage D.

Floodplain Management Ordinance

- Once FEMA provides the flood hazard information upon which floodplain management regulations are based, the community is required to adopt a floodplain management ordinance that meets or exceeds minimum NFIP requirements.
- The overriding purpose of floodplain management regulations is to ensure participating communities take into account flood hazards, to

ICC Eligibility: Documents Required



Copy of the community's floodplain management ordinance

Permit copy for floodplain development associated with the compliance measure

Photographs

Elevation Certificate for elevation projects

the extent that they are known, in all official actions relating to land use management.

Permit for Floodplain Development

- The permit must be dated and valid and must not be expired.
- A permit is required before construction or development begins within any special flood hazard area (SFHA). Permits are required to ensure proposed development projects meet the requirements of the NFIP and the community's floodplain management ordinance.
- A community must also review all proposed developments to ensure all necessary permits have been received from those governmental agencies from which approval is required by federal or state law.

Photographs

- Photographs should detail the progress of the compliance measures from start to completion.

Elevation Certificate for Elevation Projects

- This can be pre- or post-construction.
- The elevation certificate (EC) is an administrative tool of the NFIP which is to be used to provide elevation information necessary to ensure compliance with community floodplain management ordinances or support a request for a Letter of Map Amendment (LOMA) or a Letter of Map Revision (LOMR).
 - **Letter of Map Amendment.** An amendment to the current effective FEMA map, which establishes that a property is not located in an SFHA. A LOMA is issued only by FEMA.
 - **Letter of Map Revision.** An official amendment to the current effective FEMA map. A LOMR is issued by FEMA and changes flood zones, delineations, and elevations.

Advance or Partial ICC Payments

Requirements for Advance or Partial Payment. The policyholder may request an advance or partial payment from their insurer to help cover the cost of the eligible compliance measures, subject to the insurer's approval once supporting documentation and a signed ICC proof of loss has been sent.

Under the terms of the Policy, ICC benefits are not payable until after the eligible work is completed. However, the NFIP encourages mitigation efforts and supports individual and local initiatives to mitigate future risks, and allowing advance payments support that goal. To support and effect mitigation measures to reduce the risk of future loss, FEMA issued a conditional waiver of the provision in the SFIP, **44 C.F.R. Part 61, App. A (1) - (3) at Article III.D.** Coverage D, subpart (5)(e), that requires completion of ICC work before payment, and authorizes partial or advance payments up to 50 percent of the available ICC limit. Specifically, insurers may advance up to one-half of the available mitigation costs under an SFIP to an eligible policyholder if:

- The policyholder signs a written agreement that the funds will be used only for eligible ICC work; and
- The policyholder signs a written agreement that if all or part of the advanced funds are not used within the permitted time limits for completing the eligible work (or any extension of time that may be granted), the policyholder agrees that those amounts not spent on such eligible work will be refunded.

If a policyholder fails to complete the eligible work within the authorized time, the policyholder must return the ICC funds provided. Failure to do so will subject the policyholder to any available administrative, civil, or criminal remedies. Those remedies include, but are not limited to, a determination that an SFIP is void **under** its Policy Nullification, Cancellation, and Non-Renewal provisions at **44 C.F.R. Part 61, App. A(1) and (2), Article (VIII) or App. A(3), Article IX**; a federal debt collection action, and legal actions under state or federal laws.

If the policyholder does not agree to the above conditions, the terms of the SFIP will apply (for example: no amount of ICC benefits will be paid until after completion of the eligible work).

Note: All other terms and conditions of the SFIP for ICC claims, including the ICC proof of loss requirements, are not affected by the conditional waiver.

ICC: Eligible Work

- ✓ Floodproofing reduces the potential for flood damage by keeping floodwater out of a building, for nonresidential structures and for certain residential structures that satisfy FEMA's standards under 44 C.F.R. 60.6(b) or (c).
- ✓ Elevation raises a building to or above the BFE plus freeboard adopted by a community, adopted Advisory Base Flood Elevations (ABFE), or the best available data provided by FEMA.
- ✓ Demolition when a building is in such poor condition that elevation and relocation are not technically feasible or cost effective.

- ✓ Relocation moves a building outside of the floodplain.
- ✗ ICC coverage cannot duplicate allowances considered in the underlying flood claim.
- ✗ ICC does not pay for testing, monitoring, clean up, removal, containment, treatment, detoxification, or neutralization of pollutants even if required by community law or ordinance.
- ✗ ICC does not provide coverage for deterioration or rot conditions of the building, additional costs associated with structural modifications, upgrades, or any additional increase in square footage of the insured building.
- ✗ ICC coverage does not apply to any structure other than the insured building.

Elevation The claim file should include the following documentation, associated costs, and eligible expenses:

Planning

- Documentation on the elevation to which the insured building will be permanently raised, including the required Base Flood Elevation (BFE), the adoption of a freeboard requirement above the BFE, and Best Available Data;
- Permit for floodplain development;
- Drawings of the projected building perimeter footprint, including dimensions of any attached garage and ground-level utility room, if applicable;
- Pre-mitigation elevation certificate, if needed; and
- Architectural and engineering fees associated with a design for elevating an eligible insured building.



Setup

- Clearing of plants and excavation around the insured building for the setup and installation of lifting equipment and supports;
- Costs to set up equipment;
- Costs to temporarily support the building (cribbing); and
- Costs associated with disconnecting required utilities (electricity, water, sewer, or gas).

Work

- Cost to build the new compliant foundation;
- Costs to elevate the insured building to the minimum height requirement (BFE or freeboard);
- Confirmation of the total number of vents and height requirements, if applicable to the elevation project;
- Removal and disposal of the pre-mitigation insured building foundation components, when applicable (see Demolition);

*Elevation
continued*

- Costs associated with reconnecting required utilities (electricity, water, sewer, or gas; extensions and modifications);
- Costs associated with reconstruction of egress (steps and railing plus allowances of 16 square feet of landing) front and rear or under the building;
- Cost of the installation of a platform for an air conditioning unit; and
- Cost to separate an attached garage, if applicable.

Closeout

- Post-mitigation elevation certificate;
- Confirmation of the first-floor living space square footage in comparison to the original flood-damaged building, as the ICC payment will be limited to the costs to mitigate the building as it was at the time of loss, as there is no coverage for any additional costs associated with structural modification, upgrades, or any additional square footage increase; and
- Before and after photographs of the structure and site.

► Elevation Work that is Ineligible Under ICC:

- ✗ Insured buildings already at the minimum required height;
- ✗ Elevation of the insured building above the minimum required height;
- ✗ Elevation outside the SFHA, except when required according to an existing local community floodplain management ordinance;
- ✗ Code upgrades unrelated to floodplain management;
- ✗ Added improvements, remodeling, additions;
- ✗ Any work related to decks, walkways, other surfaces or structures outside the perimeter exterior walls of the insured building;
- ✗ Reattachment of garages or grade-level utility closets;
- ✗ Repair, removal, reinstallation, or replacement of exterior siding or masonry veneer; and
- ✗ Regrading/reseeding of lawns or replacement of plants.
- ✗ Raising of machinery and equipment only without elevating the building.

Demolition

The claim file should include the following documentation, associated costs, and eligible expenses:

Planning:

- Cost of permits.

Work:

- Cost to demolish the insured building or foundation (plus associated cartage and dump fees);
- Costs to demolish items and structures other than the insured building if applicable;



*Demolition
continued*

- Cost to grade and stabilize the building site or fill for basements;
- Cost of clearing the existing building site of any remaining materials of the insured building, such as the foundation;
- Cost to disconnect and cap required utilities (electricity, water, sewer, or gas); and
- Cost to grade and stabilize the site in accordance with state or local regulations.

Closeout:

- Before and after photographs of the structure and site.

The property may be redeveloped after demolition is complete, subject to all applicable federal, state, and local community laws and regulations.

► Demolition Work that is Ineligible Under ICC:

- ✗ Insured buildings already in compliance with the applicable floodplain management law or ordinance;
- ✗ Demolition of other surfaces (e.g., sidewalks, driveways, patios, etc.) or structures (e.g., detached garages, carports, sheds, fences, etc.) outside the perimeter exterior walls of the insured building; and
- ✗ Regrading and reseeding of lawns or the replacement of plants.

Relocation

The claim file should include the following documentation, associated costs, and eligible expenses:

Planning:

- Architectural and engineering fees associated with a design for relocating an eligible insured building;
- Permit for floodplain development; and
- Confirmation of the moving route preparation.

Setup:

- Costs to disconnect electricity, water, sewer, and gas;
- Costs associated with clearing of plants and excavation around the insured building to allow setup, installation of lifting and transportation of equipment and supports;
- Cost to clear the existing building site of any remaining materials of the insured building, such as the foundation; and
- Costs associated with preparation, elevation, and transport of the insured building to the new site.

Work:

- Costs to move the building (transport and mileage);



*Relocation
continued*

- Costs associated with installation and anchoring of the building to the new foundation;
- Costs to reconnect electricity, water, sewer, and gas;
- Cost to construct the compliant foundation of the new site;
- Cost to install and anchor the insured building to the foundation at the new site; and
- Cost to connect required utilities at the new site (electricity, water, sewer, or gas).

Closeout:

- Before and after photographs of the structure and site.

► Relocation Work that is Ineligible Under ICC:

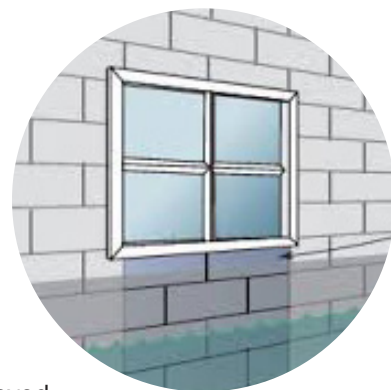
- ✗ Relocation of any structure other than the insured building; and
- ✗ Elevating the insured building at the new site located in a non-SFHA.

*Floodproofing***FOR MORE INFO**

See Floodproofing in the How to Write section of the [NFIP Flood Insurance Manual](#) at 3.II.C.6

Eligible structures for floodproofing include:

- Non-residential buildings in A zones (floodproofing is not allowable in any V zones). The specifications for floodproofing ensure the building is watertight, its floodproofed walls will not collapse, and the floor at the base of the floodproofed walls will resist flotation during flooding conditions; and
- Residential dwellings with basements, located in zones A1-30, AE, AR, AR Dual, AO, AH, and A with BFEs that are within communities specifically approved and authorized for residential floodproofing by FEMA. For residential buildings, the building must be watertight without the need for human intervention.



The claim file should include the following documentation, associated costs, and eligible expenses:

Planning:

- Architectural and engineering fees associated with a design for floodproofing an eligible insured building; and
- Cost of permits.

Work:

- Anchoring the building to resist flotation, collapse, and lateral movement;
- Installation of watertight shields for doors and windows;
- Reinforcement of walls to withstand floodwater pressures and impact forces generated by floating debris;
- Membranes and other sealants to reduce seepage of floodwater through walls and wall penetrations;

Floodproofing continued

- Installation of drainage collection systems and sump pumps to control interior water levels, collect seepage, and reduce hydrostatic pressures on the slab and walls; and
- Installation of check valves to prevent backup of floodwater or sewage through utilities.

Closeout:

- Completed Floodproofing Certificate;
- Photographs of shields, gates, barriers, or components designed to provide floodproofing protection to the building; and
- Written certification from a licensed professional engineer that all portions of the building below the BFE are made watertight or substantially impermeable to the passage of water and perform in accordance with Title 44 Code of Federal Regulations (44 CFR § 60.3(c)(3)).

► Floodproofing Work that is Ineligible Under ICC:

- ✗ Code upgrades unrelated to state or local floodplain management ordinance; and
- ✗ Measures such as flood walls independent from the building, berms, and levees around buildings are not allowable floodproofing measures.

ICC: Project Completion

FOR MORE INFO

See the
[ICC Policyholder's
Processing Checklist](#)

Required ICC Claim File Documents and Requirements. As noted in each of the Eligible Work discussions above, once the work is complete, the policyholder must provide the flood adjuster with required documentation. This includes:

- All final ICC documents, such as a post-FIRM elevation certificate or a floodproofing certificate;
- A copy of the detailed signed contract from the policyholder's contractor confirming a start and completion date of the mitigation work to be performed, signed by the contractor and policyholder (property owner); and
- Any other supporting documentation confirming completion.



▲ Project in progress ▼ Completed

The local community official must inspect or verify that the building or demolished area complies with floodplain management regulations and, if applicable, provide the property owner with a certificate of occupancy or a letter confirming requirements have been met.

Once work is complete, NFIP insurers are required to review and update the policy rating based on the completed mitigation activity.

ICC: Settlement

Once all required ICC documents are received, including meeting all other eligibility criteria, an insurer sends the policyholder an ICC proof of loss form for final payment that must be signed, dated, and returned to the insurer for processing.

The insurer issues the final ICC **claim** payment once all required steps have been completed relating to the eligible compliance measures and the building complies with minimum NFIP standards and the community ordinance. This process requires that the policyholder work collaboratively with their local officials to ensure the ICC work is completed **and documented** in a timely manner, including working with the flood adjuster and claims examiner to ensure timely submission of all required ICC documents.

Assignment of ICC

As a general rule, a policyholder may not assign an ICC claim. However, FEMA authorizes policyholders to assign their ICC claim, when eligible, for a FEMA-sponsored flood mitigation grant or other Department of Housing and Urban Development (HUD) grants involving eligible ICC compliance activities. **For SFIP policyholders participating in a flood mitigation grant program, the policyholder's ICC claim payment may be used for the non-federal cost share of the grant that is the policyholder's responsibility.**

FOR MORE INFO

See [Assignment of Coverage D Increased Cost of Compliance Coverage National Flood Insurance Program](#) for the form.

The policyholder's agreement to transfer their interest is accomplished by submitting the Assignment of Coverage D – Increased Cost of Compliance Coverage Form to the community **as defined in 44 C.F.R. 59.1** administering the grant. Once the policyholder assigns the ICC claim, the **community as defined in 44 C.F.R. 59.1** will be responsible for hiring contractors, producing contracts, bids, and providing required claims information and supporting documentation ensuring completion of the eligible mitigation activity. Upon receipt of the completed Assignment of Coverage D Form, the insurer should process the ICC claim in the customary manner up to the available ICC benefit amount.

Therefore, adjusters and insurers must verify and include the required ICC documentation based on the selected mitigation activity as they normally would.

FEMA Flood Mitigation Grants. FEMA offers Hazard Mitigation Assistance (HMA) under four individual grant programs to assist states, U.S. territories, federally recognized tribal governments, and local communities in implementing cost-effective, long-term hazard mitigation measures for eligible compliance activities. All four have different periods of funding availability and eligibility considerations.

FOR MORE INFO

See Appendix B: FEMA Policy Guidance for Closed Basin Lakes at page B-2.

- **Hazard Mitigation Grant Program** provides grants to states and local governments to protect public or private property through various mitigation methods after a major disaster declaration. When a federal disaster declaration is made, new opportunities for mitigation funding may be available.
- **Pre-Disaster Mitigation (PDM) Program** provides funds to states and local communities annually, so they may continue to achieve a higher level of risk management capability through the implementation of hazard mitigation planning and mitigation projects prior to a disaster event. This

*Assignment
of ICC
continued*

is a competitive grant program that addresses many different types of natural hazards.

- **Flood Mitigation Assistance (FMA) Program** is competitive and focuses solely on flood mitigation. The FMA program provides funds on an annual basis to states, territories, federally recognized tribes, and local communities for projects that reduce or eliminate the long-term risk of flood damage to buildings insured under the National Flood Insurance Program.
- **Building Resilient Infrastructure and Communities (BRIC)**, implemented in 2020, is a competitive mitigation grant program providing states, local communities, tribes, and territories funding for eligible mitigation activities to strengthen our nation's ability to build a culture of preparedness by reducing disaster losses and protecting life and property from future disaster damage.

Individuals may not apply directly to the state for assistance from any of these programs; however, local governments may sponsor an application on their behalf. FEMA awards mitigation grant funds to the state, which disburses those funds to its communities. States have the primary responsibility for prioritizing, selecting, and administering state and local hazard mitigation projects.

Other Grant Sources. ICC has been expanded to accept ICC assignments from other non-FEMA sponsored state, local, or community grant programs that align

Process to Assign ICC for Grants

1. Policyholder consents to the assignment of the ICC claim payment.
2. The community official provides the policyholder with an Assignment of Coverage D Form.
3. Policyholder signs the form and returns it to the community official.
4. The community official sends a copy of the completed form, along with the community's signed declaration of substantial damage, to the NFIP Standard Ops contractor at NFIPClaimsMailbox@fema.dhs.gov (taking appropriate steps to protect any PII). The NFIP maintains a database of all ICC information submitted by the community.
5. NFIP sends the documents to the appropriate insurer with instructions.
6. The insurer assigns an adjuster, who contacts the policyholder to advise them that they have the claim. The adjuster also contacts the local community official to coordinate and help complete the claim.
7. The adjuster receives and reviews the contract for demolition, elevation, relocation, or floodproofing to determine the eligible ICC costs.
8. The adjuster has the community official sign the proof of loss once the claim value has been determined.
9. The adjuster sends the proof of loss to the insurer for payment.
10. The insurer issues the check to the community and advises the NFIP of the amount of the claim payment.

*Assignment
of ICC
continued*

with our mission to help people before, during, and after disasters. Nationwide, similar grant-funded housing rehabilitation programs through HUD also cover compliance measures such as elevation or demolition projects within a community and may be used in conjunction with Coverage D, ICC. These initiatives expand FEMA's mitigation investment to help all NFIP policyholders recover more quickly and fully regardless of location.

Cost Share. Also known as the “non-federal share” or “non-federal match,” cost share is the portion of the costs of a FEMA mitigation grant that is the policyholder’s responsibility not borne by the federal government. The authorizing statute for each HMA program establishes the minimum cost share. The total cost to implement approved mitigation activities is generally funded by a combination of federal and non-federal sources. Both the federal share and the non-federal cost share must be for eligible ICC costs used in direct support of activities that FEMA has approved in the grant award. Contributions of cash, third-party in-kind services, materials, or any combination thereof, may be accepted as part of the non-federal cost share.

To meet cost-sharing requirements, the non-federal contributions must be reasonable, allowable, allocable, and necessary under the grant program and must comply with all federal requirements and regulations.

The terms of the SFIP, Coverage D, control what a policyholder is paid under the policy. The terms of the grant and any non-federal cost-share are separate and distinct from the terms of the SFIP. The recipient (state, territory, or federally recognized tribe) and FEMA’s regional HMA program offices will make and verify a determination that an assignment of the ICC claim has not resulted in a duplication of benefits for purposes of the grant including federally backed HUD programs.

**Additional
Considerations**

Sale of the Structure. The sale of a building from one individual to another is a contract between those individuals and should not involve the NFIP. The NFIP contract is with the policyholder who owned and insured the building on the date of loss. If the purchaser must repair the building to meet the community’s floodplain management ordinance, the cost of that obligation should be reflected in the purchase price to the new owner.

Converting or Retrofitting a Building. ICC covers a second-story conversion, an alternative mitigation method that successfully converts a non-elevated building to an elevated building by replacing or modifying the walls and repurposing ground-floor living space where physically raising the building is not feasible or cost-effective. When a local community determines a building has been substantially damaged, this method abandons the lower non-elevated first-floor interior, removes the roof, and retrofits the foundation to support a code compliant second story, sometimes referred to as a second story retrofit.

A policyholder may choose a second-story conversion after considering such factors as the existing building, costs, future use, personal preference, or

Additional Considerations

continued

the need to address other natural hazards. Other specific factors that favor a second story conversion may include:

- Allows a non-elevated building to be successfully converted to an elevated building by replacing or modifying the walls and repurposing ground-floor living space.
- Elevating the existing single-story slab-on-grade foundation is not feasible or cost-effective.
- The required elevation height of a compliant first floor is only a few feet above the ground.

Eligible mitigation expenses for ICC from a second-story conversion include:

- Pre- and post-mitigation elevation certificates;
- Planning and design fees for second story construction;
- Disconnection and reconnection for required utilities – water supply, sewer, gas, and electricity (but not CATV, internet, phone, or security);
- Demolition of the first story interior:
 - Interior framing on the first-floor level is not compliant and must be removed;
 - Only open space for storage or a garage is permitted;
- Demolition of the first story roof;
- Excavation, footers, piers, posts, columns, pilings, or structural or shear walls as necessary to fully support the second story build;
- Second story floor framing and platform for building the second story;
- Flood vents within the perimeter exterior walls of the first story, if the walls are to remain;
- Raised platform(s) to the compliant elevation only for HVAC units or water heater; and
- Two points of egress – front and rear entries or underneath the building: one 16 square foot landing for each egress, along with standard-width steps, hand and support rails, and support posts; quality equivalent to the existing building.

The building must also meet the requirements of floodplain management and the community ordinance and, after reconstruction, meet the SFIP definition of an elevated building. The policyholder is required to submit a certification statement from a registered design professional to certify under seal that the structural design, plans, specifications, and method of construction are in accordance with accepted standards of practice in addition to meeting or exceeding NFIP minimum standards and building codes. If the design calls for additional elevation above the required BFE, these additional costs are not eligible under ICC.

Filling a Subgrade Basement. Coverage is available under ICC to fill in a basement and then elevate the existing home to meet the SFIP definition of an elevated building, if this activity is required by the community enforcing their floodplain management ordinance as it relates to elevation.

Additional Considerations

continued

FOR MORE INFO

See FEMA Fact Sheet:
[Second-Story Conversion](#)

Mitigation Measures. Mitigation measures completed prior to the issuance of the substantial damage declaration will not be considered. Substantial damage determinations, for the purposes of ICC claims, cannot be issued after repairs or mitigation have been completed because it is no longer possible to verify that the building was out of compliance and attribute the cost of repairs directly to flood.

Elevating on Fill. Elevation on Fill is allowed in A and AE zones to comply with NFIP minimum standards; however, some communities prohibit the use of fill in their ordinances. The insurer should review the community ordinance to verify the use of fill. **Note:** fill dirt alone is not true mitigation without a structure in place.

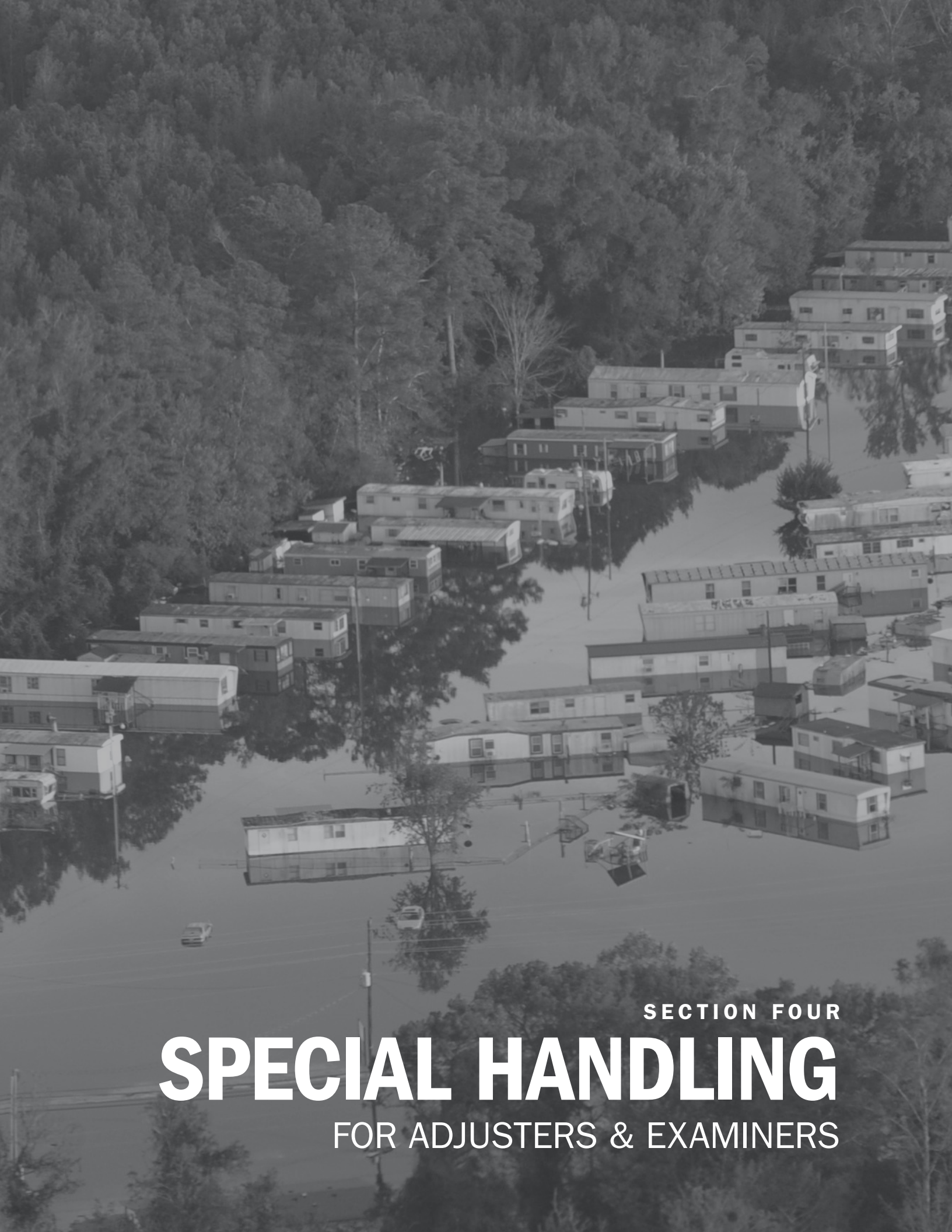
Itemized Contractor Estimates. Lump-sum estimates are not acceptable for ICC purposes. The ICC adjuster is required to write their own estimate to ensure the integrity of the pricing provided by the contractor is correct. The examiner must also review the ICC estimate for validity, which includes identifying allowances related to ICC that are not covered.

Asbestos Abatement. The SFIP excludes the cost associated with enforcement of any ordinance or law that requires any policyholder or others to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of pollutants.

Opening in Foundation Walls and Wall Enclosures. Non-engineered openings are used to meet the NFIP's prescriptive requirement for one square inch of net open area for every square foot of enclosed area. As an alternative, engineered openings that have characteristics that differ from non-engineered openings may be used, provided they are designed and certified by a registered design professional as meeting certain performance characteristics. For more information see [NFIP Technical Bulletin 1, Requirements for Flood Openings in Foundation Walls and Walls of Enclosures](#).

Important

Because the ground level concrete floor or slab must not bear the load from the second story, the first floor perimeter wall framing must not carry the weight onto the floor or slab. The foundation walls, shear walls, posts, piers, pilings, or columns that elevate the building must have independent footings or other engineered supports that bear the load instead of the concrete floor or slab.



SECTION FOUR

SPECIAL HANDLING

FOR ADJUSTERS & EXAMINERS

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Group Flood Insurance Policy (GFIP)

A Group Flood Insurance Policy (GFIP) is a policy covering all individuals named by a state as recipients under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288 § 408, 42 U.S.C. § 5174) (Stafford Act) of an Individuals and Households Program (IHP) award for flood damage as a result of a major disaster declaration by the President. **To be eligible for consideration for a GFIP certificate, the individual must meet the following conditions:**

- **Meet the general conditions of eligibility to receive assistance under FEMA's Individuals and Households Program (IHP);**
- **Flooding damaged the individual's property located in a SFHA;**
- **FEMA provided assistance to the individual for repair or replacement of the property damaged by flooding after a presidentially declared disaster, that require the individual to obtain and maintain flood insurance;**
- **The damaged property is in an NFIP participating community and would otherwise be eligible for SFIP coverage; and**
- **The individual did not have a previous requirement to obtain and maintain flood insurance on the damaged property.**

The NFIP Direct issues individual GFIP certificates covering **insured building and contents owned by the GFIP certificate holder** for up to a three-year policy period.

GFIP Claims Handling

Only the NFIP Direct services GFIPs. Claim handling for the GFIP should mirror the SFIP Dwelling Form, **except:**

- **The GFIP certificate holder has the choice of whether to use the funds solely for insured building damages, solely for insured contents damages, or for a combination of insured building and contents damages; however, the total cannot exceed the maximum GFIP limits.**
- **A special deductible of \$200 is applied separately to any insured building loss and any insured contents loss sustained by the insured property.**
- **The adjuster must verify the GFIP certificate holder is the owner of the insured property to qualify for coverage.**
- **For GFIP certificate holders who are renters, the GFIP only provides coverage for contents that the GFIP certificate holder owns.**
- **There is no underwriting review performed on a new GFIP or GFIP covered property. A GFIP certificate does not include building underwriting information.**
- **The ownership, property address, and loss payee may be inaccurate in the GFIP certificate. Before executing a proof of loss for the GFIP certificate holder's signature, the adjuster should ensure the required policy information is accurate.**

TABLE 9: GFIP POLICY DETAILS

SECTION	DETAILS
GFIP	<p>The GFIP is the SFIP Dwelling Form with the same provisions, restrictions, exclusions, and limitations in coverage, except:</p> <ul style="list-style-type: none"> FEMA established by regulation separate deductibles of \$200 each to any building or personal property loss. The deductible does not apply to the SFIP Section III.C.2. Loss Avoidance Measures, or Section III.C.3. Condominium Loss Assessments Coverage.
Coverage Amount	<p>The amount of coverage is equivalent to the maximum grant amount established under section 408 of the Stafford Act (42 U.S.C. § 5174), which FEMA determines annually. The GFIP certificate holder has a single coverage limit for building and contents. The GFIP certificate holder has the choice of whether to use the funds solely for owned building damages, solely for owned personal property damages, or for a combination of owned building and owned personal property. For information on coverage amounts, see Understanding Group Flood Insurance Policies on Floodsmart.gov.</p>
Insured Property	<p>The GFIP is the SFIP Dwelling Form as modified by regulation. The GFIP covers a building and personal property owned by a GFIP certificate holder. A GFIP certificate holder who is a renter cannot file a claim for building damage.</p>
ICC	<p>There is no ICC coverage under the GFIP.</p>
Replacement Cost Coverage	<p>As a result of the Disaster Recovery Reform Act of 2018 (DRRA), section 1212 (Expanded Individuals and Households Assistance), a GFIP certificate holder may qualify for replacement cost coverage if they meet the eligibility requirements in the SFIP. If it is the GFIP certificate holder's principal residence and the building is insured up to 80 percent or more of the RCV, they may receive replacement cost coverages as stated in the Dwelling Form; see Section VII.R.</p>
Term	<p>The term of the GFIP is for 36 months and begins 60 days after the date of the disaster declaration. Coverage for GFIP certificate holders begins on the thirtieth (30) day after NFIP Direct receives the required data for individual grantees and their premium payments. The NFIP Direct will send a Certificate of Flood Insurance to each individual under the GFIP.</p>
Cancellation	<p>By regulation, FEMA has established that Section VIII.C, "Cancellation of the Policy by You," does not apply to the GFIP. Accordingly, a GFIP certificate holder cannot cancel their GFIP. However, at any time during the term of the GFIP, a GFIP certificate holder may purchase an SFIP. Upon the purchase of an SFIP, the GFIP certificate becomes void.</p> <p>The amount of SFIP coverage purchased must be at least the same amount of IHP assistance that was awarded. FEMA will not apply a waiting period to the SFIP provided the GFIP certificate holder purchases the SFIP within 30 days of the GFIP's expiration date.</p>
Renewal	<p>By regulation, FEMA has established that Section VII.E. does not apply to the GFIP. Accordingly, a GFIP certificate holder cannot renew their GFIP. NFIP Direct will send a notice to the GFIP certificate holders approximately 60 days before the end of the 36-month term of the GFIP. FEMA's notice encourages GFIP certificate holders to obtain the flood insurance coverage necessary to maintain future disaster assistance eligibility.</p>

Remote Claim Adjusting

While adjusters will inspect most NFIP claims in person, FEMA allows remote adjusting when certain **eligibility** conditions **are met**. Policyholders may request remote adjusting, but the SFIP gives the **NFIP** insurer the right to inspect the damaged property. See SFIP VII.H.1.a. Therefore, before agreeing to any remote adjusting request, **flood insurance** claims professionals should analyze whether the claim is appropriate for remote adjustment.

Certain eligibility conditions exist for remote adjusting:

- **Dwelling Form only.** Remote adjusting is only appropriate under the Dwelling Form; FEMA does not permit remote adjusting for General Property or RCBAP claims.
- **Adequate technology.** The policyholder must have equipment (e.g., smart phone, tablet) and internet or cellular service that supports transmitting images and satisfies communication needs.
- **Property characteristics.** The policyholder must be able to access the property. It must not have substantial damage or require an unreasonable amount of policyholder time to provide the level of detail necessary to support a payment recommendation. In addition, if the property experienced a prior loss, the adjuster must be able to substantiate prior loss repairs.
- **Loss characteristics.** The cause of loss must clearly be a general condition of flood. If the cause of loss is in question, requires neighborhood canvassing, or there is damage from other perils, remote adjusting is improper. The policyholder must have reported the loss **in a timely manner**.
- **No third-party involvement.** When the policyholder has someone representing them (e.g., public adjuster, attorney), remote adjusting is not permitted. Similarly, when the **NFIP** insurer needs to involve other professionals (e.g., engineer, accountant) in the claim investigation, remote adjusting is not appropriate.
- **Agreement.** The policyholder and the NFIP insurer must agree to adjust the claim remotely. The NFIP insurer retains the right to inspect the damaged property if they determine later that an in-person adjustment is necessary.

FOR MORE INFO

See Release of Claim File on Claims Journey-70.

When eligible, note the following:

- **Documentation needed.** When a policyholder agrees to remote adjust a claim, the **NFIP** insurer must document the decision to do so in the narrative report.

CUSTOMER EXPERIENCE

Remote Adjusting

- Policyholders must always be confident that their adjuster will address each detail of their loss and work in their best interests regardless of in-person or remote adjustment.
- Remote adjusting does not waive any SFIP documentation requirements. The policyholder must timely submit the POL and cooperate with the adjuster.
- Adjusters must provide plain language explanations about coverage and have full **knowledge** of SFIP conditions, provisions and exclusions.

Remote Claim Adjusting

continued

FOR MORE INFO
See Protect
Policyholder Privacy on
Claims Journey-3

- **Adjuster qualification.** Only adjusters with an active registered FCN can perform remote adjustments. Adjuster trainees or mentored adjusters **cannot adjust claims remotely.**
- **Claims over \$25,000.** When the **covered loss** is more than \$25,000, the adjuster **must** inspect the property in person prior to making final payment in order to confirm the accuracy of the adjustment.

Special considerations for remote adjusting:

- **Normal business practices.** The **NFIP** insurer may already have apps, websites, or other technology to remotely survey policyholder damage. The adjuster should use methods approved by the **NFIP** insurer to remotely survey the damage. FEMA encourages use of electronic signatures and encryption to protect privacy.
- **Documenting information.** **The adjuster should** help the policyholder:
 - Document a general and temporary condition of flood;
 - **Explain** how to locate and measure water lines;
 - Guide the policyholder **on** how to frame and photograph **damaged** and undamaged parts of the interior and exterior **sides of the property; and**
 - Assist the policyholder with logging the make, model, and serial number for each major appliance, **equipment, electronic device,** or item of exceptional value.
- **Verifying information.** **The adjuster should** advise the policyholder to keep swatches of carpet, drapes, and upholstery of unrepairable contents to show the adjuster if necessary, and to carefully photograph materials that require removal. **The adjuster should** note in the narrative report any publicly available information used to verify measurements or valuation (e.g., tax records, realty sites, prior losses, etc.) and include **sufficient** documentation **in** the claim **file of the verified measurement or valuation.**

EXAMINER NOTE

NFIP Insurer Responsibilities

NFIP insurers must adhere to the following when remote adjusting a loss:

- NFIP insurers must ensure that coverage is confirmed; that cause, extent of damage, and direct physical damage by or from flood is clearly documented and supported; and that files contain all required documentation prior to payment.
- NFIP insurers must continue to protect policyholder PII **and SPII.**
- FEMA may conduct a quality review (RCQC) on claims that are remote adjusted. FEMA will identify these claims through the data

reporting codes below and request them from **NFIP insurers.**

Data Reporting

For claims using remote adjusting, **the NFIP insurer** must use code “D” when entering cause of loss (the “Cause of Loss” string) under any claims API call to the Pivot system. If there is an in-person site inspection following a remote inspection, **the NFIP insurer** must use code “C” when entering cause of loss to the Pivot system. **If the NFIP insurer has** further questions, please refer to the Pivot **Application Programming Interface (API)** documentation.

Manufactured (Mobile) Homes

A manufactured home, mobile home, or travel trailer is a building unit that is constructed in one or more sections and transported from a factory location to the building site using a permanent chassis.

- “Mobile homes” refers to units built before June 15, 1976, when the US Department of Housing and Urban Development (HUD) established construction and safety standards for these types of homes. Following this date, the industry adopted the term “manufactured home” for all HUD code-compliant factory-built homes.
- A manufactured home is not a “modular” home. Modular home construction is regulated by the same local and state rules that apply to site-built buildings.
- The SFIP only insures a manufactured home or travel trailer **when they are correctly affixed to a permanent foundation** — look for a chassis frame underneath the building.
- **Manufactured homes, mobile homes, and travel trailers not affixed to a permanent foundation are not insurable under the GFIP.**



▲ Example of a tie down.

Additional Guidance

- When located in a SFHA, the manufactured home or travel trailer must be secured with anchoring devices. If the manufactured home or travel trailer does not have anchoring devices such as over-the-top straps or tie-down devices underneath the chassis, the manufactured home or travel trailer must be connected securely to its foundation based on manufacturer’s specifications, or in a manner that is in compliance with floodplain management requirements (unless it **has been** continuously insured under the NFIP at the same location since September 30, 1982).
- For manufactured homes and travel trailers, **the adjuster should** look for and photograph over-the-top anchor straps or tie-downs that hook into the chassis frame underneath the building.
 - If anchor straps or tie-downs are not installed, the building must be installed based on local community’s regulations or manufacturer’s specification, such as when the building has an improved or a higher elevated foundation.
 - In such instances, **the adjuster should** look for and photograph the means **by** which the building is affixed to the foundation.



▲ Modern manufactured home



▲ 1975 mobile home

Manufactured (Mobile) Homes

continued

- A travel trailer must be installed **in compliance with** floodplain management **regulations** and building ordinances or laws, and must have its wheels removed. A travel trailer **not installed in compliance with** floodplain management and building ordinances or laws, such as in a recreational camping park (i.e., park trailer), is not eligible for coverage under the SFIP.
- If the manufactured home or travel trailer has site-built additions greater than its original square foot area, provide an underwriting referral with the Preliminary Report. The referral should request a review to see if the building should remain insured as a manufactured home or if it should change to a framed dwelling.
- Determining the date of construction differs for manufactured **homes** and travel trailers depending on whether they are in a manufactured home park or subdivision versus individually owned lots or tracts of land. Refer to Table 10.
- Many materials installed in manufactured homes and travel trailers are different than those common in site-constructed buildings. The adjuster must perform a full and proper damage assessment. This includes inspecting, documenting, and photographing the type of materials flooded to account for details like height and width dimensions for doors, thickness for wall board and other materials, trim work, sheathing, and subfloor.
- When scoping with estimating software, select the manufactured home specific pricing schedule and ensure that the most accurate unit price for the corresponding line item is selected. If the corresponding line item is not available, a unit price adjustment should account for the material's price difference, and document with a notation in the estimate detailing the item's description.

TABLE 10: Determining Date Of Construction

LOCATION	DETERMINE CONSTRUCTION DATE
Manufactured Home Park or Subdivision	<ul style="list-style-type: none"> • The date facilities were constructed for servicing the manufactured home site; • The date of the building permit, provided that construction began within 180 days of the permit date; or • The date the manufactured home was substantially damaged or substantially improved.
Individually Owned Lots or Tracts of Land	<ul style="list-style-type: none"> • The date the manufactured home was permanently affixed to the site; or • The permit date, if affixed to the site within 180 days of the building permit date.

Note: The adjuster should check with the community's building department to confirm the date of construction. If discrepancies or issues are identified, the adjuster must submit an underwriting referral addressing the correct date of construction.

Manufactured (Mobile) Homes

continued

- The RCV appraisal should include the **replacement or reproduction cost of the same or like kind and quality factory-built unit** with all manufacturer-built improvements, and any extra costs for sales tax and delivery not accounted for within the base value of the RCV appraisal.
- A complete RCV building valuation should include site-built additions, egresses, porches, improved foundations above the base value provided in the appraisal, and the new value of any other modification, improvement, and costs (such as tax, overhead, and profit) not accounted for in the appraisal.
- Depending on the appraisal vendor, the adjuster may not be able to enter the values of site-built additions and other costs into the appraisal. The adjuster may also need to use their building valuation software or complete a stick-built estimate in order to enter the values of site-built additions and other costs into the appraisal.
- If the valuation report includes both the RCV and ACV, the adjuster must ensure that the depreciation is reasonable for the age, quality, and condition of the manufactured home. If the valuation report only includes the RCV value, the adjuster must separately obtain a report with the ACV valuation.

When concluding an insured loss on an SFIP-eligible manufactured home or travel trailer, the adjuster's closing report should include the NFIP manufactured home worksheet (Manufactured (Mobile) Home/Travel Trailer Worksheet, FEMA Form FF-206-FY-21-111 (formerly 086-0-17) at Appendix E), the itemized building valuations, and building diagram.

The Manufactured (Mobile) Home/Travel Trailer Worksheet requires valuations for both new (replacement) values and used (pre-loss) values based upon complete, industry-accepted methods.

The valuation should be for the manufactured home **or travel trailer** unit and any extras that were installed at the factory. Any modifications, upgrades, and additions built or added on or in the unit after its purchase must be valued separately and explained in the adjuster's narrative report. When establishing the value of the manufactured home, consider the following:

- The cost to disconnect and reconnect existing utility connections;
- The cost to remove the damaged manufactured home **or travel trailer**;
- Transportation costs; and
- The cost to set up the replacement manufactured home **or travel trailer** on the existing foundation, including tie-downs or anchors, etc.

The value **should** not include:

- The cost to comply with any code compliance;
- Upgrades; or
- The cost to relocate the manufactured home **or travel trailer** on another location requiring a new foundation, extending or moving utility connections, etc.

Manufactured (Mobile) Homes *continued*

Manufactured Homes Loss Settlement

Before selecting a loss settlement method and to ensure the proper loss assessment is applied to the claim, the adjuster should complete the building valuations and estimate flood damages.

Special Loss settlement applies when the following criteria is met:

- The manufactured home, mobile home, or travel trailer is a total loss, i.e. the RCV of the building estimate is more than the RCV building valuation or the building is damaged to such a degree **that** it is physically not possible to repair.
- The manufactured home or mobile home is at least 16 feet wide, 600 square feet in total, and the policyholder's principal residence. **Note**, the 16-foot-wide criteria must extend down the full length of the manufactured home or mobile home.

The NFIP insurer will pay the lesser of **the** RCV building valuation, less deductible; 1.5 times **the** ACV building valuation, less deductible; or **the** policy limits.

When the special loss settlement is used, the result of multiplying the ACV by 1.5 may **equal** a valuation that is lower than the ACV of the repairs. In such instances, the loss is not economically feasible to repair, and the payable claim **will be** the lesser amount (i.e., $1.5 \times \text{ACV}$). To properly account for this situation, the payable amount reflected in the estimate must be adjusted downwards. There are several ways the adjuster can account for this adjustment in the claim file:

- Apply the dollar amount (the difference between the ACV repair total amount and $1.5 \times \text{ACV}$ of the building valuation) to the deductible;
- Add the dollar difference as a negative entry at the end of the estimate under summary section as an appendix; **or**
- Enter the negative dollar amount under a special coverage limit in the file setup option, if the software has that capability.

The adjuster should not enter a negative dollar value in the estimate to adjust for the special loss settlement, as this will lead to confusion or misapply end-of-estimate calculations involving sales tax and overhead and profit.

If the criteria for **special** loss settlement are not met, Replacement Cost Loss settlement is applicable **when** the following criteria **are met**:

- The manufactured home, mobile home, or travel trailer is not a total (i.e., **the RCV of the building estimate does not exceed the RCV building valuation and the building is feasible to repair**).
- The manufactured home, mobile home, or travel trailer is at least 16 feet wide and 600 square foot in total, and is the policyholder's principal residence. **Note**, the 16-foot-wide criteria must extend down the full length of the manufactured home or mobile home.
- **A manufactured home, mobile home, or travel trailer must be insured to 80 percent of the dwelling's full replacement cost per VII.R.1.a.2.**

Manufactured (Mobile) Homes

continued

The claim payment equals the RCV estimate of damage less any non-recoverable depreciation and deductible.

If the criteria for Replacement Cost Loss settlement are not met, Actual Cash Value Loss settlement applies and the **NFIP** insurer will pay the greater between the following:

- **ACV loss payment:** the ACV building valuation for a total loss or the ACV estimate of damage for a repairable loss, less the deductible.
- **Proportional loss payment:** if the insured building is the policyholder's principal residence, the claim payment equals the RCV building valuation times the proportional loss rate less the deductible for a total loss, or the RCV estimate of damage times the proportional loss rate less the deductible for a repairable loss. The proportional loss rate is determined this way:
 - When 80 percent of the RCV building valuation is less than the maximum amount available under the NFIP:

Proportional loss rate = amount of building coverage ÷ 80 percent of the RCV building valuation
 - When 80 percent of the **dwelling's full replacement cost or the** RCV building valuation is greater than the maximum amount available under the NFIP:

Proportional loss rate = amount of building coverage ÷ the maximum amount available under the NFIP

SECTION FIVE

CLAIMS OVERSIGHT



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NFIP Claims Oversight

FEMA maintains oversight of the NFIP claims processing performed by the **NFIP** insurers. This oversight is conducted primarily through claims Operation Reviews and Random Claims Quality Checks (RCQC). The Operation Reviews are typically performed on closed claim files. An RCQC is conducted during disasters on open and closed claims. The RCQC review involves reviewing the adjuster's work on the claim to determine if the claim is on the right path and provide guidance, as necessary. Additionally, insurers engage Certified Public Accounting (CPA) firms to perform biennial audits that include a claims audit section.

Adjusters and **NFIP** insurers should be mindful of the findings from the Operation Reviews, RCQC, and biennial audits, and provide the necessary training to ensure consistent oversight.

The NFIP is a federal program subject to the scrutiny of the Department of Homeland Security (DHS) and other federal agencies, including the Government Accountability Office (GAO), the DHS Office of Inspector General (OIG), and the Office of Management and Budget (OMB). Adjusters and **NFIP** insurers should be aware of findings from the following audits, DHS Payment Integrity Information Act of 2019 (PIIA), DHS Financial Statement Audit, and various GAO and OIG studies and reports.

Many of the findings can be avoided simply by adhering to good claims handling practices and knowing the terms and provisions of the SFIP. Helpful tips may be included in the findings.

Incorrect Estimate/Worksheet Calculation

Potential Errors in findings:

- Estimates are **not** line-by-line, room-by-room using unit costs.
- Depreciation to both building and contents are **not** taken on a line-by-line basis.
- Rooms are **not** described and identified. The adjuster should verify that the estimate/worksheet and the building diagram match.
- The adjuster **is not** careful to include only building items on the building estimate/worksheet and contents items on the contents inventory. For instance, refrigerators, even wine refrigerators, are always building, and clothes washers and dryers are always contents.
- Qualifications for Replacement Cost Loss Settlement **are not** clearly documented. Single-family residence, principal residence, and property must be insured to at least 80 percent of full replacement cost or maximum amount of insurance available under the NFIP.

Insufficient Damage Documentation

- Invoices may be needed to adequately support a commercial inventory or other complex claim items. A salvor or CPA may be required and must be approved by the **NFIP** insurer.
- Photographs should adequately document the claimed damage. Photographs of undamaged building elements and contents are also important, and damage from causes other than flood.

*Payment
Processing Errors*

The adjuster should make all payment recommendations clear. Other claim documents, including the estimate/worksheet and the proof of loss, should support the recommendations.

*Covered Loss
Exceeded the Value
of Certain Items*

- When items with Special Limits are claimed, **the adjuster should take** care not to exceed the amount of special limits in the aggregate.
- Loss Avoidance Measures should be properly documented and supported by invoices or other documentation.
- Property Removed to Safety claims should be properly documented and supported with invoices or other documentation.

*Case Loss
Reserves*

The individual Case Loss Reserves (CLR) of the **NFIP** insurers **should** not **affect** the NFIP's balance sheet. The minimal test will compare the final case loss reserves with the final payments. The **NFIP** insurer will need to revise its case reserve to reflect new information about an individual claim. However, it is not critical that reserves are decreased or increased in the same PIVOT (NFIP system of record) cycle that new information is learned. FEMA recognizes that there will be occasions where the **NFIP** insurer will want additional time to evaluate the new information before revising case reserves. However, it is important that the claims examiner revise the reserves before the next payment. FEMA further recognizes that it is sound business practice for case reserves, collectively, to be somewhat redundant. Reserve redundancy of 10–15 percent is **acceptable**. **Note:** *The aforementioned is not exhaustive and may be changed with adequate notice.*

- The following Case Loss Reserves (CLR) procedures rescind and replace the procedures communicated in bulletin W-10100, dated December 17, 2010, and are effective for claims reported on or after the date of this communication, February 2, 2021.

*Questions and
Answers about Case
Loss Reserves****What is a CLR?***

A CLR is the company's estimate of the value of future payments for an individual claim.

Do NFIP CLRs include claim Allocated Loss Adjusting Expenses (ALAE), Unallocated Loss Adjustment Expenses (ULAE), or Special Allocated Loss Adjusting Expenses (SALAE)?

No. NFIP CLRs do not include ALAE, ULAE, or SALAE.

When to establish a CLR?

The initial CLR is set for each coverage opened that follows reporting of the claim. The initial CLR may be a system-generated amount based on criteria established by the **NFIP** insurer or it may be a CLR that is set based on the information available at the time the claim is reported and the initial CLR is set.

When to revise the initial CLR?

The CLR must be revised (increase or decrease) when new information is received from the adjuster's preliminary report and interim report or

Questions and
Answers about Case
Loss Reserves
continued

whenever a **NFIP** insurer is aware that additional facts, inspections, or damage estimates will affect the projected repair amount.

What is the adjuster's responsibility?

The adjuster supplies a CLR recommendation upon submission of the Preliminary Report (due 15 days from assignment of the claim). The CLR recommendation is based on the first loss inspection and should reflect the amount of damage subject to coverage limitations and policy deductible. FEMA requires a status report every 30 days thereafter and include CLR updates when applicable.

Should CLRs automatically reduce when payments are issued?

Yes. CLR changes should be transparent in system reporting and show all revisions. If no additional information to the contrary is known, advance payments and other partial payments will decrease the CLR. The goal is for the CLR to closely reflect the value of future payments.

Should the examiner evaluate the accuracy of the CLR throughout the life cycle of the claim?

Yes. In addition to the adjuster's recommendation, examiners evaluate the accuracy of the claim file documents and make CLR revisions, as necessary.

When paying and closing the claim the same day the closing report is received, does the examiner need to update the CLR?

No. If the examiner can pay and close the claim the same day of receiving the closing report, there is no benefit to updating the CLR. However, if the examiner cannot make payment and close coverage the same day, the CLR must be updated to reflect the recommended payment, less any advances or partial payments previously issued, based on the time requirements provided below.

What are the time requirements for changing CLRs?

With the implementation of Pivot as FEMA's system of record, CLRs report daily. Therefore, FEMA's expectation is that examiners review and update CLRs promptly based on the following requirements:

- Upon receipt of notice of a loss, a system generated minimum CLR(s) is set for each open coverage; and
- Revise the CLR within five business days of receipt of the preliminary report (due within 15 days of assignment), interim status report, closing report, or upon receipt of new information.

When to close coverage, or reduce the CLR to zero?

Close coverage(s) when:

- There is no expectation of payment;
- The claim and/or coverage is less than deductible;
- The policyholder withdraws the claim, or it becomes clear that the policyholder is no longer pursuing the claim in whole or in part; or

Questions and
Answers about Case
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continued

- Final payment is made and there is no expectation for an additional payment.

At a minimum, reduce the CLR to zero if the examiner cannot close the claim within five business days of receipt of closing report. **Note:** *When there is a claim for payment, the CLR should not reduce to zero until after the final payment processes and the coverage is closed.*

Should a new CLR be set up on a closed claim or a closed coverage after receiving a request for additional payment?

No. FEMA understands that **NFIP insurers'** reporting systems do not accommodate setting or reactivating new CLRs on a closed claim or coverage.

What are FEMA's expectations on how to report CLRs in the claim file?

While **NFIP insurers'** reporting systems may vary, CLR reporting must be transparent and easy to follow to confirm adherence to program guidelines. **NFIP insurers** should report CLRs in a manner that shows logical sequence of activities over the life cycle of the claim. This includes reporting any system generated or manual changes by examiners to show the date and time when a CLR is open, revised, or reduced following advance/partial payments and when the CLR reduces to zero after final payment. FEMA expects this information to be available at the time of an audit.

What is FEMA's expectation of reserving when merging policies between NFIP insurers?

NFIP insurers Standard Operating Procedures for transferring policies and claims files from one **NFIP insurer** to another should include guidance about the preservation of CLRs during the transfer.

Description of Findings

FEMA conducts annual Operation Reviews on closed claims. This document is a resource for understanding the criteria FEMA uses to review a claims file and the classification for errors found during an operation review.

The Claims Operation Review includes four major categories: Documentation, Operations, Payment, and Policyholder Experience. There are several sub-categories such as SALAE, Underwriting, and Mortgagee/Loss Payee that are shown under more than one major category. These sub-categories can yield payment or non-payment errors. **NFIP insurers** must account for errors resulting in an overpayment or underpayment under the Payment section for tracking and reporting purposes.

The claims error types known as Violations are based upon the SFIP rules and regulations. Other Findings errors are based upon published NFIP guidance in the Claims Manual and FEMA Bulletins.

This section does not list all errors that FEMA may identify, and FEMA reserves the right to modify or add violations and other findings not outlined and to amend violations and other findings as needed. Please refer to NFIP Regulations, the Flood Insurance Manual, the WYO Financial Control Plan, and the FEMA Assistance/Subsidy Arrangement for complete guidance on the claims process.

Documentation

FEMA will review the following documentation in the claims file.

Improper Denial and Withdrawal Letters	
<p>The Claims Manual requires examiners to send appropriate letters to the policyholder so they are aware of the disposition of their claim. Examiners must send a letter when the policyholder withdraws a claim (before or after inspection) or send a formal letter of denial when the examiner is denying the claim in whole or in part for all non-covered items for which the policyholder is requesting payment.</p> <p>A proper denial letter must be written in plain language, provide a clear explanation for non-payment or non-coverage (including all reasons for denial known at the time of the letter), cite the specific section(s) of the Standard Flood Insurance Policy (SFIP) supporting the denial, attach the Policyholder Rights document, and, when applicable, provide a copy of the expert's report.</p>	
Violations	<p>Denial letter is missing one or more of the following:</p> <ul style="list-style-type: none"> • Policyholder name(s) • Date of loss • Loss location • The date of the denial • The date(s) policyholder submitted request for payment or failed to comply with a material requirement of the SFIP • Failure to include Policyholder Rights with option to appeal claim decision or when to file suit • No denial letter • Incorrect denial reason(s) • Failure to cite the appropriate policy language
Other Findings	<ul style="list-style-type: none"> • No Withdrawal letter • Policyholder's mailing address is not included in denial letter • File documentation unclear about policyholder's agreement to verbal explanation of coverage for noncovered item(s).

Documentation
continued

Mortgagee and Loss Payee	
Per the Mortgage Clause section of the SFIP, any loss payable under Coverage A (Building) will be paid to any mortgagee(s) known at the time of payment and all mortgagees determined to exist at the time of loss must be listed on each building claim payment. Note: any Coverage B payment should include named commercial contents/inventory loss payees.	
Violations	None
Other Findings	<ul style="list-style-type: none"> • Mortgagee not included on the payment • Loss Payee not included on the payment

No Proof of Loss (POL) Waiver	
The NFIP insurer must request a POL waiver from the Administrator for the late filing of the POL when the POL is received from the policyholder after the 60-day requirement, or after any extension of time or waiver granted by the Administrator. The NFIP insurer does not have authority to extend the time for filing a POL per the Amendments, Waivers, Assignment section of the SFIP. A copy of the POL waiver must be in the file at the time of review.	
Violations	<ul style="list-style-type: none"> • No POL Waiver • No Increased Cost of Compliance POL Waiver
Other Findings	None

No Signed POL	
In accordance with the Requirements in Case of Loss section of the SFIP, the policyholder is required to send the NFIP insurer a signed and sworn POL signed within 60 days after the loss or within any extension of time or waiver granted by the Administrator. Note: In certain catastrophic events the Administrator may issue a conditional waiver of filing a POL and may accept a signed adjuster's report instead of a POL.	
Violations	<ul style="list-style-type: none"> • No signed POL (initial or supplemental) • Values on POL do not match loss settlement • No partial POL rejection • POL amount paid without obtaining the required signature(s) • POL signed by someone other than the named insured(s)
Other Findings	None

Operations FEMA will review the claims file to confirm that the appropriate actions were taken to process the claim in compliance with NFIP rules, regulations, and guidelines.

Adjuster Registration—Approval	
All adjusters must be registered to work flood claims under the NFIP: they must have an active FCN, specialized SFIP/NFIP knowledge, and be qualified, registered and approved to work specific claim types based on the SFIP Forms. Adjusters cannot work claims when lacking the expertise, knowledge, or approval to do so. NFIP insurers' staff adjusters are not required to have an FCN, but FEMA requires the same specialized knowledge standards as those with an FCN.	
Violations	None
Other Findings	<ul style="list-style-type: none"> • No FCN • Not approved by supervising adjuster • Not registered to work dwelling • Not registered to work mobile home • Not registered to work general property • Not registered to work RCBAP • The FCN provided does not belong to the adjuster handling the claim • The adjuster is a public adjuster and presents a conflict of interest

Incorrect Closed Without Payment (CWOP) Reason Code	
The claims examiner should carefully review the adjuster's report for claims that are to be CWOP and close the claim file using the correct CWOP reason code in accordance with FEMA's code transactions. The majority of the CWOP reason codes are associated with SFIP exclusions and coverage limitations, which are Violations. The exceptions are for reasons such as erroneous assignments, claim deletion or the generic "other" category, which are Other Findings errors. See Table 7: Closed Without Payment (CWOP) Reason Codes on page Claims Journey-60.	
Violations	<ul style="list-style-type: none"> • Incorrect CWOP code – Building • Incorrect CWOP code – Contents
Other Findings	<ul style="list-style-type: none"> • Incorrect CWOP code for erroneous assignments, claim deletion or "other" category – Building • Incorrect CWOP code for erroneous assignments, claim deletion or "other" category – Contents

Operations
continued

Deficient Adjustment	
A claim file is deficient when the facts are not explained satisfactorily enough to determine coverage, the coverage is misapplied, or file documentation is deficient.	
Violations	<ul style="list-style-type: none"> • No Substantial Damage Determination Letter/Market Value • No Variance granted • No Assignment of Coverage D Form
Other Findings	<ul style="list-style-type: none"> • The FCN provided does not belong to the adjuster handling the claim. • The adjuster is a Public Adjuster and presents a conflict of interest. • Proper direction to adjuster was not provided. • Inadequate/no adjuster explanation. • Insufficient file documentation. • Adjuster's judgment lacks support. • Other issues observed.

Case Loss Reserves (CLR)	
<p>The CLR must be adjusted to reflect the building and content loss value and should exhibit, prior to payment and as accurately as possible, the final amount(s) to be paid to the policyholder. Advance and partial payments issued will decrease the CLR amount. CLR must be set to zero after the final claim payment(s) and coverage is closed. Reserves do not have to be revised when the signed and sworn-to POL has been received, payment(s) has been processed, and the final payment is made on the same day as the closing report.</p>	
Violations	<ul style="list-style-type: none"> • Reserves were not updated. • Reserves were not updated upon receipt of the Preliminary report. • Reserves were not updated based on the interim/status report received from adjuster. • Reserves were not updated upon receipt of closing report and prior to payment. • Reserves were not set to zero after issuing closing payment.
Other Findings	<ul style="list-style-type: none"> • Vendor conversion, reserve updates cannot be confirmed in the NFIP insurer's activity log notes. • Premature closure of reserve(s).

Operations
continued

Underwriting	
The claims examiner should carefully review the adjuster's reports for any discrepancies in the Declarations Page and refer all discrepancies to the NFIP insurer's Underwriting Department for review.	
Violations	<ul style="list-style-type: none"> • ICC non-compliant after mitigation
Other Findings	<ul style="list-style-type: none"> • Unreported underwriting discrepancy

SALAE 1, 2, and 4	
NFIP insurers must obtain and document FEMA's approval to pay SALAEs Type 1, 2, and 4 regardless of the dollar amount. All SALAE Type 1, 2, and 4 payments must be properly documented with a valid reason for the payment request and the correct SALAE type must be used. Engineers must be appropriately licensed in the state of the property or loss location.	
Violations	None
Other Findings	<ul style="list-style-type: none"> • Wrong payee • Expenses excessive due to failure to manage assignment. • Engineer and/or firm not compliant with state requirements. • No pre-inspection fee quote. No evidence in file to document company authorized the expense to be incurred or increased expense. • File does not contain assignment requirements. • Expert Invoices not written based on time and expense. • Receipts not provided to support SALAE expenses. • Failure to follow guidance set forth in the Claims Manual for SALAE Type 1, 2, and 4.

Payment FEMA will review the claims file to determine that all payment-related processes are correct and were followed appropriately.

Loss Adjustment	
A claim file is deficient when the facts are not explained satisfactorily enough to determine coverage, or when coverage is misapplied. These issues may result in violations depending upon circumstances, material evidence, or monetary consequences. For example:	
Violations	<ul style="list-style-type: none"> • Incorrect classification of covered item (coverage misapplied) • Adjuster's judgment lacks support • Items of Property for Post-Firm Elevated (PFE) Building not allowed • Items of Property for Basement not allowed • Items of property subject to Actual Cost Value (ACV) Loss Settlement are paid on a Replacement Cost (RC) Loss Settlement basis • Item of property subject to RC Loss Settlement is paid on an ACV basis • Incorrect adjuster expense payment issued • Ineligible Item for ICC.
Other Findings	None

Advance and Partial Payments	
FEMA expects adjusters to offer NFIP policyholders advance and partial payments when warranted under their building and/or content coverage. Advance and partial payments assist the policyholder with the recovery process. The adjuster's reports must address the status of any and all payments. The adjuster must describe the reason(s) for not offering the advance or partial payment when advance or partial payments were authorized but not recommended by the adjuster.	
Violations	None
Other Findings	<ul style="list-style-type: none"> • No Advance Payment Request form • No ICC Advance Payment Request form • Advance Payment Request form unsigned • Advance payment not addressed or offered to policyholder • Advance payment requested but not issued • Insufficient file documentation • No supporting documentation • BVLA error

Payment
continued

Mortgagee and Loss Payee	
Coverage A (Building) claim payments should list all mortgagees and loss payees known at the time of payment in accordance with the SFIP, VII. General Conditions, N. Mortgage Clause. If the failure to name the mortgagee or loss payee results in expenditures of federal funds, that failure is considered an overpayment. Note: ICC is Coverage D not Coverage A.	
Violations	<ul style="list-style-type: none"> • Mortgagee not included on the payment • Loss Payee not included on the payment
Other Findings	None

Incorrect Payment (Overpayment/Underpayment)	
Incorrect payments are claim payments, SALAEs , and adjuster fees that are found to have been improperly paid. The NFIP insurer should make immediate arrangements to address the incorrect payments. The NFIP insurer should issue a reimbursement to the NFIP, if overpaid, or make the correct payment to the policyholder or independent adjuster, if underpaid. Use of an improper CWOP code can generate an incorrect adjuster fee payment. The claim file must include all necessary documents to support payment. NFIP insurers cannot revise estimates or make adjustments to a claim after submission to FEMA to offset any overpayments or underpayments.	
Overpayment (Payment Amount)	
Violations	<ul style="list-style-type: none"> • Misapplication of building coverage • Misapplication of contents coverage • Deductible improperly applied • No deductible applied • Duplicate payment • Other issues observed
Other Findings	None
Underpayment (Payment Amount)	
Violations	<ul style="list-style-type: none"> • Misapplication of building coverage • Misapplication of contents coverage • Deductible improperly applied • No deductible applied • Other issues observed
Other Findings	None

*Payment
continued*

SALAE 1, 2, and 4	
<p>NFIP insurers must obtain and document FEMA approval to pay all SALAEs Type 1, 2, and 4 regardless of the dollar amount. All SALAE Type 1, 2, and 4 payments must be properly documented with a valid reason for the payment request and the correct SALAE Type 1, 2, and 4 must be used. SALAE payments made without the required FEMA approval are improper payments.</p>	
Violations	<ul style="list-style-type: none"> Expense paid without SALAE authorization. Duplicate expense paid.
Other Findings	<ul style="list-style-type: none"> Expense paid under the wrong SALAE type. Expense paid for amount other than the amount authorized.

Underwriting	
<p>It is important that adjusters alert NFIP insurers to any issue involving a potential improperly underwritten policy or ineligible building or contents promptly upon discovery.</p>	
Violations	<ul style="list-style-type: none"> Monetary underwriting discrepancy
Other Findings	None

*Policyholder
Experience*

FEMA will review the claim file to determine that appropriate and timely communication with the policyholder occurred. The review will consider the policyholder's end-to-end claims experience provided by the independent adjuster and insurance examiner. FEMA will assess if the claim has accurate information to ensure that a policyholder receives a fair and equitable claim resolution.

Communications	
<p>The claim file should appropriately document communications with the policyholder.</p>	
Violations	<ul style="list-style-type: none"> NFIP Claims Handbook was not provided to policyholder. Numerous attempts made by the policyholder to reach the adjuster resulting in unnecessary delays in the claim payment.
Other Findings	<ul style="list-style-type: none"> Adjuster did not provide regular and clear communication to policyholder throughout the duration of the claim. WYO/NFIP Direct did not provide regular and clear communication to policyholder throughout the duration of the claim. ICC brochure was not provided to policyholder.

Policyholder
Experience
continued

Time Standards	
The claim file should document timely communication with the policyholder. WYO claim files must be examined within 7 business days upon receipt of the closing report. FEMA expects that claims are paid after completion of the file review within 7 business days pursuant to FEMA Guidance.	
Violations	<ul style="list-style-type: none"> Elapsed time standards result in significant delay in payment (exceeds 7 business days from review by examiner). Assignment not made to adjuster within one business day without explanation. Closing report not submitted within 45 calendar days of DOL.
Other Findings	<ul style="list-style-type: none"> Policyholder not contacted within two business days of assignment date. Preliminary report not received with 15 calendar days of assignment date. Elapsed time resulting in delay to examine file (exceeds 7 business days).

GFIP Claims

GFIP Referral Discrepancy and Verification	
The claims examiner should carefully review the adjuster's reports against the GFIP certificate. GFIP certificate and eligibility information and the adjuster's report must be properly verified and documented. Any discrepancies or property questions should be noted and handled accordingly.	
GFIP Individual Assistance	
Violations	<ul style="list-style-type: none"> A FEMA Referral was not submitted to allow verification of eligibility to receive assistance under FEMA's IHP. Risk or GFIP certificate holder is not eligible under the GFIP. The property is not located in a SFHA.
Other Findings	<ul style="list-style-type: none"> There are multiple dwellings at the described location. The certificate holder is not the homeowner or tenant. Risk determined to be a travel trailer. The dwelling damaged by the Presidentially declared disaster is no longer at the described location.

Table continues on next page.

GFIP Claims
continued

GFIP Referral Discrepancy and Verification	
GFIP Adjustments	
Violations	<ul style="list-style-type: none"> Flood zone and flood map effective date verification is not properly documented and noted. Other underwriting risk factors required to ensure applicable coverage and restrictions are applied properly are not adequately documented and noted. Ownership for building(s) and/or personal property is not documented. Verification of other insureds, including mortgage companies, is not properly documented and noted. Coverage amount does not align with the correct Consumer Price Index (CPI) for the date of loss.
Other Findings	None

GFIP Underwriting	
<p>The claims examiner should carefully review the adjuster's reports and claim file to determine if the GFIP certificate is valid. All GFIPs and GFIP certificates that are deemed null or invalid must be referred to the Underwriting Department.</p>	
Violations	<ul style="list-style-type: none"> GFIP certificate and eligibility information is not properly verified and documented. Risk or GFIP certificate holder is not eligible under the GFIP. The property is not located in an SFHA. The Underwriting Department was not notified of the possible null or voidable GFIP or GFIP certificate.
Other Findings	None

SECTION SIX

SPECIAL ALLOCATED LOSS ADJUSTING EXPENSE (SALAE)



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Important: All SALAE expenses need FEMA authority to pay regardless of dollar amount. Insurers must calibrate their claims systems to ensure proper reporting of SALAE Type to PIVOT, the system of record. **The requestor must:**

- Complete the form in full, providing all information needed for FEMA to evaluate the expense.
- Accurately report the cost of the approved services. The amount must match the amount invoiced. This value cannot be rounded.
- Do not submit duplicate submissions. The requester should search by policy number to determine if there was a previously approved SALAE.

SALAE Type 1 – Engineering and Other Expert Fees

SALAE Type 1 expenses include pre-litigation engineering, attorney (expert), and other expert fees and requires FEMA's approval of the exact amount of the incurred expense. Following are guidelines to aid examiners in evaluating SALAE Type 1 expenses. All expense submissions to FEMA requires the specific recommendation for payment by the insurer's Principal Coordinator or their designee.

Note: Exceptions to the following guidelines must be documented by the insurer and reasoning supported in the claim file and in the SALAE Type 1 submission. See [Use of Professional Services](#) in Section 1 for guidance.

General Guidance

Examiners must consider the following when requesting a SALAE Type 1. Examiners must address any discrepancies prior to submitting the request to FEMA:

- Provide all information to support the SALAE Type 1 expense, including report(s), invoices, receipts, etc.
- Provide the pre-inspection fee quote and supplemental approved fee quote (when applicable) to support the SALAE Type 1 expense.
- Confirm the report complies with FEMA reporting guidelines and state regulatory requirements and report the Certificate of Authorization (COA) or Registration Number as applicable within the SALAE Type 1 reporting form.
- Confirm the invoice complies with FEMA billing guidelines, e.g., itemized by time and expense (no lump sums), hours are rounded to the nearest quarter hour, hourly rate is reported, and the invoice amount is within the pre-inspection fee quote and/or approved supplemental fee quote. These requirements also apply to billing by secondary experts used by the contracted firm.
- Invoices must separately report:
 - The site study/inspection time
 - Travel time (hourly rate reasonably reduced/discounted)
 - Report writing
 - Administrative fee
 - Travel expense(s) supported by receipts
- Provide support for and explain any exceptions.

*General
Guidance
continued*

The following expenses are never reimbursable under SALAE Type 1:

- Expenses charged for non-compliant reports and/or non-licensed firms or engineers.
- Fees charged that exceed the pre-inspection fee quote without prior approval.
- Expenses charged to inspect or evaluate non-covered property without a reasonable explanation.
- Non-supported expenses.
- Expenses invoiced for multiple engineers to conduct an inspection without pre-approval from the insurer or vendor if authorized.
- Lump sum charges and catastrophe or gas surcharges. All expenses on the invoice must be considered in the pre-inspection fee quote and itemized by time and expense with hours rounded to the nearest quarter hour, supported by receipts, and included in the hourly rate.
- Expenses that do not conform to GSA travel rates.
- Mileage within 100 miles of loss location, round trip.
- Lodging within the contiguous United States.
- Food expenses.
- **Photographs.**

*Navigating to the
SALAE Type 1
Module in Pivot*

Instructions for accessing Pivot and requesting access to Pivot for a New User are:

- Access the Pivot site: <https://pivot.fema.gov>.
- Click on the “Register” hyperlink.
- Complete the Registration form.
- Request access to Special Allocated Loss Adjustment Expenses (SALAE) module and include a reason for access to complete the registration.
- Following administrator approval via email, affirm the Rules of Behavior to access Pivot.

Instructions for navigating to the SALAE homepage in Pivot are:

- After logging in to Pivot, select the “Special Allocated Loss Adjustment Expenses” navigational tile under “Claims Operations.” This brings you to the SALAE homepage.
- Some SALAE Homepage Features include:
 - The “create new request” button, which allows you to start a new SALAE Type 1 reimbursement request.
 - The Filter panel, which allows you to search and filter SALAE requests by policyholder name, policy number, insurer, engineering entity, owner, and status.
 - The “in-progress” tab, which displays SALAE requests that are in draft, in FEMA’s queue for review, or ones that require additional information from the insurer prior to FEMA’s determination.
 - The “complete” tab, which displays SALAE requests that are approved, rejected, or closed.

Submitting a New SALAE Type 1 Request

Step 1: Requestor Information Page

- The first step of the SALAE request submission process is to verify (or update, if needed) the requestor information that is auto populated on the Requestor Information Page.
- After the requestor's information is verified, click "next" to continue to the SALAE Type Designation Page.

Step 2: SALAE Type Designation Page

- Verify that "Type 1 (Expert Expense)" is chosen from the drop-down menu on the "SALAE Type Designation" page.
- After "Type 1 (Expert Expense)" is chosen, click "next" to continue to the Policy Information Page.

Step 3: Policy Information Page

- Enter all the policy information on the Policy Information Page.
- After inputting the required information (denoted with "*"), click "next" to navigate to the Expert Service Information Page.

Step 4: Expert Service Information Page

- Select the "type of expert" from the drop-down menu on the Expert Service Information Page.
- Click the "add new entity" button to add the expert services entity name(s) and address(es). Click "update" to save the entity details to the request. You can add up to three entities per request.
- Report the state Certificate of Authorization (COA)/Registration Number and expiration date. Some states do not license engineering firms; however, there may be a requirement for the firm to register with the Secretary of State.
- Enter the request details and justification for the expense.
- For engineering or surveyor services only, respond to additional questions.
- For engineering services only, click "add new engineer" to report the names and license information of the engineer(s) conducting the inspection. Add a separate line entry to report the co-signer of the report, when listed as a P.E. Click "update" to save the engineer's information to the request.
- For engineering or surveyor services only, you must certify the request and electronically sign and date the certification.
- Click "next" to continue to the Documentation Upload Page.

Step 5: Documentation Upload Page

Upload all expert invoices and enter the invoice date and invoice number on the Documentation Upload Page. Click "select file" to browse for the appropriate file on your computer and then click "upload invoice" to save the file to the request.

- Upload all engineering reports and amended reports. Click "select file" to browse for the appropriate file on your computer and then click "upload report" to save the file to the request.
- Use the optional "Other" section on the Documentation Upload Page

Submitting a New SALAE Type 1 Request continued

to upload. Click “select file” to browse for the appropriate file on your computer and then click “upload other” to save the file to the request.

- Click “next” to continue to the Final Review Page.

Step 6: Final Review Page

- On the Final Review Page, you can review the information pertaining to the request that was previously entered.
- If you need to update information prior to sending it to FEMA, use the “edit” link in the section headers to navigate back to the appropriate page.
- After reviewing and verifying the information on the Final Review Page, you can choose to provide any additional comments or files they wish to attach to the SALAE request and submit to FEMA. You are required to click “add comment/file(s)” to save comments/files to the request.
- Click “submit to FEMA” at the bottom of the Final Review Page to officially submit the request to FEMA for review. You will be redirected back to the SALAE homepage.

Once FEMA provides a determination, insurer users will receive an email notification informing you of FEMA’s review decision (approved, rejected, or additional information requested).

Providing Additional Information for a Specific SALAE Request

To supply additional information on a request returned by FEMA:

- Filter requests by status: “Action Needed” on the SALAE homepage.
- Verify the policyholder’s name, date of loss, and policy number to ensure you are entering the correct request.
- Click “open request” to enter the request and supply additional information.
- To review the request for more information:
- Scroll to the comment section on the Final Review Page and review the comment left by FEMA (comment also available in the email from UCORT)
- Respond to or carry-out FEMA’s request prior to resubmitting the request
- To edit information, go to the correct page and update the information and return to the Final Review Page for review and submission.
- To supply more files, **use** the comment section on the Final Review page to upload documents and provide a description of the file. Click “add comment/file(s)” to save the file to the request.
- Click “return to FEMA” to re-submit the SALAE Type 1 request for review. Upon FEMA’s review, you will receive an email notification informing you that your request has been approved, rejected, or if more information is needed.

Important: If FEMA returns a request to the insurer, the requestor has 14 business days to provide the additional documentation or the request is automatically closed.

For technical support, contact fema-nfippivotsupport@fema.dhs.gov.

SALAE Type 2 – Adjustment Expenses

SALAE Type 2 is for extraordinary adjustment expenses not compensated by the applicable NFIP Adjuster Fee Schedule, including efforts by the adjuster to establish the loss or coverage and necessary travel expenses. It is the insurer's responsibility, or vendor's if authorized, to confirm **whether** adjuster expenses are reasonable for the work performed. Following are guidelines to aid examiners in evaluating SALAE Type 2 expenses.

Note: Exceptions to the following guidelines must be documented by the insurer and reasoning supported in the claim file and in the SALAE Type 2 submission.

General Guidance

- Reimbursement of SALAE Type 2 expenses need FEMA's approval of the exact amount of the incurred expense.
- Adjusting firms and adjusters must have pre-approval and agreement from the insurer before incurring or billing SALAE Type 2 expenses.
- FEMA will not pre-approve adjuster fees; this is the responsibility of the insurer, or vendor if authorized.
- The insurer, and vendor if authorized, must thoroughly explain in writing the reason it was necessary for the adjuster to incur the SALAE Type 2 expense including details of the activity, what effect this activity or work had on the adjustment, any unusual circumstances, and why FEMA should approve the expense.
- All SALAE Type 2 approval requests must be accompanied by copies of the report (including any previous reports), all actual bills, and itemized time and expense sheets that outline the date, time (rounded to the nearest quarter hour), and description of activities.
- The adjuster fee schedule fairly compensates adjusters for their time to adjust flood claims. When it is necessary for an adjuster to revise a claim, the adjuster fee schedule pays the adjuster the greater of the difference in the fee based on the revised claim and the CWOP fee. CWOP fees are always paid as ALAE because it is compensated under the approved adjuster fee schedule and do not qualify for SALAE Type 2.

SALAE Type 2 Expense Details and Terms

- FEMA will allow a SALAE Type 2 reimbursement when interpretation or translation services are required to communicate with a policyholder. FEMA will consider the following:
 - Reimburse a one-time incurred expense for the adjuster to purchase a translation service or device.
 - Reimbursement of the incurred expense to use an on-demand interpreter.
- Prior to incurring the expense, the adjuster should inform the WYO or NFIP Direct of the need for this expense and the anticipated cost. Expenses should be reasonable. Any exceptional charges must be explained and supported. When approved by the WYO or NFIP Direct, the SALAE Type 2 expense must be incurred and associated with a current NFIP claim. The adjuster must also provide the paid receipt documenting the amount of the incurred expense.

*SALAE Type 2
Expense Details
and Terms
continued*

- Total expenses amount previously approved = The total of all previously paid adjusting expenses including SALAE Type 2 expenses
- Total adjusting expenses under this claim = The gross amount of all adjuster invoices including SALAE amounts for mileage, rental, etc.
- Requested amount for approval = The SALAE Type 2 expense amount you are seeking authority to pay
- Deduct applicable scheduled fee = The amount(s) payable under the approved NFIP Adjuster Fee Schedule (do not include SALAE amounts)
- Authorized SALAE 2 paid to date = SALAE Type 2 expenses previously approved by FEMA and paid by insurer
- Fee Schedule = The applicable adjuster fee schedule for the DOL

Time and Expense Billing

When the complexity of the claim revision or adjustment warrants time and expense billing, the insurer or authorized vendor must approve before the adjuster can bill on time and expense. **FEMA will reject time and expense billing if a time and expense sheet is not provided.**

Example: SALAE Type 2 for time and expense:

- The initial adjuster fee paid under the published fee schedule: \$ 800.00
- The adjuster time and expense invoice: \$ 937.50
- The total revised expenses under this claim: \$ 1,737.50
- Under the approved fee schedule, the adjuster would receive the \$395 CWOP fee. This amount will offset the amount owed under SALAE Type 2. The examiner would enter the following in the SALAE Type 2.

Expense Details:

- Total adjusting expenses under this claim: \$1,737.50 (Original fee \$800 + Time and Expense \$937.50)
- Requested amount for approval: \$542.50 (\$1,737.50 - \$1,195).
- Deduct applicable scheduled fee: \$1,195 (The original fee of \$800 + the \$395 CWOP fee that would be payable if the adjuster did not bill on time and expense)
- Authorized SALAE 2 paid to date: \$0.00 if no prior SALAE Type 2 paid
- Adjuster Payment: The adjuster is paid \$937.50 (\$395 paid under ALAE and \$542.50 SALAE Type 2)
- Enter values in the SALAE Type 2 as follows:

Expense Details			
Total expense amount previously approved:	Total adjusting expenses under this claim:	1737.50	Requested amount for approval 542.50
Deduct applicable scheduled fee:	1195	Authorized SALAE 2 paid to date:	Fee schedule: Adjuster Fee Schedule for DOL on or after 8/24/17
		0	

*SALAE Type 2
Expense Details
and Terms
continued*

When an adjuster is authorized to bill on time and expense, the adjuster will only be paid time and expense, not time and expense AND the fee under the adjuster fee schedule. The hourly rate charged by the adjuster must be reasonable and customary and approved by the insured. The insurer must also offset the time and expense amount by the applicable fee under the adjuster fee schedule to determine the correct amount to be paid as SALAE Type 2.

Travel Expenses

Example: SALAE Type 2 for travel expense:

Adjuster normally incurs a \$65 a night room rate in the 48 contiguous states. The adjuster will deduct the \$65 from the nightly lodging rate, excluding room tax, for each night.

How to calculate:

- GSA Rate: \$177 per night – Available Room Rate \$235 - \$65 = \$170. FEMA will reimburse \$170 per night since that is within the GSA Rate plus room taxes.
- GSA Rate \$177 per night – Room Rate \$300 - \$65 = \$235 exceeds GSA rate. FEMA will reimburse \$177 per night unless adjuster can demonstrate:
 - That this is the only lodging available, and
 - Received pre-approval from WYO/NFIP Direct before incurring the increased rate.

Travel, when necessary, must conform with GSA travel rates. Independent Adjusters are responsible for arranging and incurring lodging expenses within the 48 contiguous states.

FEMA will only reimburse lodging expenses that exceed the average lodging expense normally incurred with the 48 contiguous states, not to exceed the GSA travel rates for lodging, excluding room tax. Adjuster should make every effort to find a room within the GSA rate.

SALAE Type 2 to Pay Adjuster Fees

Adjuster expenses payable under the NFIP Fee Schedule are LAE payments and do not qualify for payment under SALAE Type 2 except in the following circumstances and when all criteria are met.

Scenario 1: Claim Withdrawn by Policyholder After Inspection AND Estimate Written

When a policyholder withdraws a claim after an adjuster conducts an inspection on a covered flood claim with an active policy, AND the adjuster has prepared an estimate prior to receiving notice from the policyholder,

*SALAE Type 2
Expense Details
and Terms
continued*

the adjuster is paid the CWOP fee under Loss Adjusting Expense (LAE) and can request payment of the remaining adjuster fee as SALAE Type 2.

Scenario 2: Policyholder Fails to Pursue After Inspection AND Estimate Written

When a policyholder fails to sign and return the **POL**, the adjuster is paid the CWOP fee under LAE. The adjuster and the insurer are expected to make every effort to contact the policyholder to either secure the signed **POL** so the claim can be paid or to confirm the policyholder's intent to pursue the claim.

If it becomes clear the policyholder will not pursue the claim by providing the signed **POL**, and all available contact sources (phone, mail, email, etc.) have been exhausted, the adjuster can request payment of the remaining adjuster fee as SALAE Type 2. The WYO must provide evidence of all reasonable attempts to contact the policyholder.

Example:

- Gross loss: \$1,300 NFIP Adjuster Fee Schedule: \$800
- The examiner will enter the following in the SALAE Type 2 request:
- Total expense amount previously approved: \$0.00
- Total adjusting expenses under this claim: \$800 (Amount of Adjuster Fee and invoice)
- Request amount for approval: \$400 (\$800 – CWOP Fee \$395)
- Deductible applicable scheduled fee: \$395 (CWOP Fee)
- Authorized SALAE 2 paid to date: \$0.00

Important: FEMA will not give approval in the following circumstances:

- The policyholder refuses to sign the Proof of Loss due to a disagreement with the settlement or a coverage dispute.
- When the amount of the payable claim would not lend itself to an insured not pursuing the claim, particularly when there is a mortgage interest.
- When the policyholder gives any indication of an intent to pursue the claim.
- The following expenses are never reimbursable under SALAE Type 2:
 - Lump sum charges.
 - Mileage within 100 miles of loss location round trip.
 - CWOP adjuster fees for supplemental adjustments, regardless of the number of CWOP adjuster fees under any one claim
 - Texas tax expenses are only payable as LAE per the published adjuster fee schedule and are never reimbursable under SALAE Type 2.
 - To reimburse adjusting expenses on an invalid policy. For example, if it is determined after the inspection and estimate that the insured property is in a CBRA requiring the policy to be rescinded.
 - Undocumented expenses and expenses that exceed the GSA travel rates.

Navigating to the SALAE Type 2 Module in Pivot

To access Pivot and request access to Pivot for a New User:

- Access the Pivot site: <https://pivot.fema.gov> “Special Allocated Loss Adjustment Expenses” navigational tile under “Claims Operations.” This brings you to the SALAE homepage.
- SALAE Homepage features include:
 - The “Create new request” button, which allows you to start a new SALAE Type 2 reimbursement request;
 - The Filter panel, which allows you to search and filter SALAE requests by policyholder name, policy number, insurer, engineering entity, owner, and status;
 - The “In-progress” tab, which displays SALAE requests that are in draft, in FEMA’s queue for review, or ones that require additional information from the insurer prior to FEMA’s determination; and
 - The “Complete” tab, which displays SALAE requests that are approved, rejected, or closed.

Submitting a New SALAE Type 2 Request

Step 1: Requestor Information

- Edit your personal and company information (as needed) and click “Next” to **continue with your submission.**

Step 2: SALAE Type Designation

- Select “Type 2 (Adjuster Expense)” from the drop-down menu.
- Click “Next” to continue with your submission.

Step 3: Policy Information

- Enter the policy information.
- Click “Next” to continue with your submission.

Step 4: Expense Details

- Complete the expense details. Use the appropriate Fee Schedule to calculate the “Total Adjusting Expenses Paid to Date” and use the drop-down to indicate which Fee Schedule was used.
- Click “Next” to continue with your submission.

Step 5: Documentation Upload

- Enter invoice information.
- Under Invoice, click “Select Files ...” to browse for the appropriate invoice(s) and upload to the application.
- Under “Other,” click “Select Files ...” to browse for other documentation related to the submission.
- Click “Next” to continue with your submission.

Step 6: Review Your Submission

- Review all information entered into the system.
- Upon completion of data entry, click “Submit to FEMA.”
- Submission Complete

Notifying the Insurers

Once FEMA provides a determination, insurer users will receive an email notification informing you of FEMA's review decision (approved, rejected, or additional information requested).

Providing Additional Information for a SALAE Type 2 Request

To supply additional information on a request returned by FEMA:

- Filter requests by status: “Action Needed” on the SALAE homepage.
- Verify the policyholder's name, date of loss, and policy number to ensure you are entering the correct request.
- Click “Open request” to enter the request and supply additional information.

To review the request for more information:

- Scroll to the comment section on the Final Review Page and review the comment left by FEMA (comment also available in the email from UCORT).
- Respond to or carry out FEMA's request prior to resubmitting the request.
 - To edit information, go to the correct page and update the information and return to the Final Review Page for review and submission.
 - To supply more files, **use** the comment section on the Final Review page to upload documents and provide a description of the file. Click “Add comment/file(s)” to save the file to the request.
 - Click “Return to FEMA” to re-submit the SALAE Type 1 request for review. Upon FEMA's review, you will receive an email notification informing you that your request has been approved, rejected, or if more information is needed.

Important: If FEMA returns a request to the insurer, the requestor has 14 business days to provide the additional documentation or the request is automatically closed.

For technical support, contact fema-nfippivotsupport@fema.dhs.gov.

SALAE Type 3 (Litigation Expenses) – Reimbursement Requests

*Reimbursement of SALAE Type 3***Approval for All Expenses**

See the [NFIP Litigation Manual](#), January 2023. Any questions should be referred to FEMA's Office of Chief Counsel.

Navigating to the Litigation and Expense Module in Pivot

The steps for accessing Pivot and requesting access to Pivot for a New User are:

- Access the Pivot site: <https://pivot.fema.gov>.
- Click on the “Register” hyperlink.
- Complete the Registration form.
- Request access to Litigation and Expense module and include a reason for access to complete the registration.

- Following administrator approval via email, affirm the Rules of Behavior to access Pivot.
- Steps to navigate to the Litigation and Expense module homepage in Pivot are:
 - After logging in to Pivot, select the “Litigation and Expense” navigational tile under “Claims Operations.” This brings you to the Litigation and Expense homepage.

For technical support, contact fema-nfippivotsupport@fema.dhs.gov.

SALAE Type 4 (Appraisal Expenses) – Reimbursement Requests

SALAE Type 4 expenses are expenses incurred under the SFIP Appraisal Clause. Following are guidelines to aid examiners in evaluating SALAE Type 4 expenses. All expense submissions to FEMA require the specific recommendation for payment by the insurer’s Principal Coordinator or their designee.

Note: Exceptions to the following guidelines must be documented by the insurer and reasoning supported in the claim file and in the SALAE Type 4 submission.

General Guidance

Examiners must consider and address the following when requesting a SALAE Type 4:

- Reimbursement of SALAE Type 4 expenses need FEMA’s approval of the exact amount of the incurred expenses.
- FEMA will not pre-approve appraisal fees since this is the responsibility of the insurer.
- FEMA will not accept lump-sum charges. All expenses must be fair and reasonable, billed at time and expense, and be supported by receipts.
- All SALAE Type 4 requests must be accompanied by copies of the report (including any previous reports), all actual bills, and itemized time and expense sheets.
- The insurer must thoroughly explain, in writing, why FEMA should approve the expense.

The following expenses are never reimbursed under a SALAE Type 4:

- Expenses incurred by the insurer on an invalid appraisal.

Navigating to the SALAE Type 4 Module in Pivot

The steps for accessing Pivot and requesting access to Pivot for a New User are:

- **Step 1:** Access the Pivot site: <https://pivot.fema.gov>.
- **Step 2:** Click on the “Register” hyperlink.
- **Step 3:** Complete the Registration form.
- **Step 4:** Request access to Special Allocated Loss Adjustment Expenses (SALAE) module and include a reason for access to complete the registration.
- **Step 5:** Following administrator approval via email, affirm the Rules of Behavior to access Pivot.

*Navigating to the
SALAE Type 4
Module in Pivot
continued*

Steps for navigating to the SALAE homepage in Pivot are:

- **Step 1:** After logging in to Pivot, select the “Special Allocated Loss Adjustment Expenses” navigational tile under “Claims Operations.” This brings you to the SALAE homepage.

SALAE Homepage Features include:

- The “Create new request” button, which allows you to start a new SALAE Type 2 reimbursement request. The Filter panel, which allows you to search and filter SALAE requests by policyholder name, policy number, insurer, engineering entity, owner, and status.
- The “In-progress” tab, which displays SALAE requests that are in draft, in FEMA’s queue for review, or ones that require additional information from the insurer prior to FEMA’s determination.
- The “Complete” tab, which displays SALAE requests that are approved, rejected, or closed.

*Submitting a New
SALAE Type 4
Request*

Step 1: Requestor Information

- Edit your personal and company information (as needed) and click “Next.”

Step 2: SALAE Type Designation

- Select “Type 4 (Appraisal Expense)” from the drop-down menu.
- Click “Next” to continue with your submission.

Step 3: Policy Information

- Enter the policy information.
- Click “Next” to continue with your submission.

Step 4: Expense Details

- Complete the expense details.
- Fill in or use the “Auto Calculate” button to calculate the reimbursable amount.
- Click “Next” to continue with your submission.

Step 5: Documentation Upload

- Enter invoice information.
- Under Invoice, click “Select Files ...” to browse for the appropriate invoice(s) and upload to the application.
- Under “Other,” click “Select Files ...” to browse for other documentation related to the submission.
- Click “Next” to continue with your submission.

Step 6: Review Your Submission

- Review all information entered into the system.
- Upon completion of data entry, click “Submit to FEMA.”
- Submission Complete.

Notifying the Insurers

Once FEMA provides a determination, insurer users will receive an email notification informing you of FEMA's review decision (approved, rejected, or additional information requested).

*Providing Additional Information for a Specific SALAE Request***To supply additional information on a request returned by FEMA:**

- Filter requests by status: "Action Needed" on the SALAE homepage.
- Verify the policyholder's name, date of loss, and policy number to ensure you are entering the correct request.
- Click "open request" to enter the request and supply additional information.

To review the request for more information:

- Scroll to the comment section on the Final Review Page and review the comment left by FEMA (comments are also available in the email from UCORT).
- Respond to or carry-out FEMA's request before resubmitting the request.
 - To edit information, go to the correct page and update the information and return to the Final Review Page for review and submission.
 - To supply more files, **use** the comment section on the Final Review page to upload documents and provide a description of the file. Click "add comment/file(s)" to save the file to the request.
- Click "return to FEMA" to re-submit the SALAE Type 1 request for review. Upon FEMA's review, you will receive an email notification informing you that your request has been approved, rejected, or if more information is needed.

For technical support, contact fema-nfippivotsupport@fema.dhs.gov.

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APPENDICES

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Appendix A: NFIP Adjuster Fee Schedule

The NFIP Adjuster and ICC Fee Schedule, [FEMA Bulletin W-23013](#), applies to claims with dates of loss on or after **October 1, 2023**. FEMA reserves the right to implement an alternative fee schedule for any catastrophic flood event.

2023 NFIP STANDARD ADJUSTER FEE SCHEDULE

For Claims with Dates of Loss on or after **October 1, 2023**

Claim Range*	Fee
<i>Erroneous Assignment</i>	\$125
<i>Claim Withdrawn</i>	\$125
<i>Closed Without Payment (CWOP)</i>	\$510
.01 - \$1,000.00	\$680
\$1,000.01 – \$5,000.00	\$1,035
\$5,000.01 – \$10,000.00	\$1,340
\$10,000.01 – \$15,000.00	\$1,520
\$15,000.01 – \$25,000.00	\$1,650
\$25,000.01 – \$35,000.00	\$1,910
\$35,000.01 – \$50,000.00	\$2,235
\$50,000.01 – \$150,000.00	4.5% but not less than \$2,350
\$150,000.01 – \$250,000.00	4.3% but not less than \$6,750
\$250,000.01 – \$350,000.00	4.0% but not less than \$10,750
\$350,000.01 – \$550,000.00	3.5% but not less than \$14,000
\$550,000.01 – \$1,000,000.00	3.2% but not less than \$19,250
\$1,000,000.01 and higher	2.8% but not less than \$32,000

*Claim Range – based on gross loss

2023 NFIP ADJUSTER FEE SCHEDULE GUIDANCE

Gross Loss

Gross loss means the agreed cost to repair or replace before the following is applied:

- Depreciation (recoverable or non-recoverable)
- Policy deductible(s)
- Salvage buy-back

The gross loss shall not exceed the following policy limitations:

- Building and personal property policy limits stated in the Declarations Page
- Program Limits building and/or personal property
- Special Limits (\$2,500)

- Loss Avoidance Measures for Sandbags, Supplies, and Labor (\$1,000)
- Property Removed to Safety (\$1,000)
- Pollution Damage – General Property form (\$10,000)
- Policy Exclusions

Claim Withdrawn

- Fee **\$125** - Occurs when a policyholder withdraws a claim after the NFIP Direct or WYO carrier (or the WYO carrier's service provider/vendor) assigns the claim to an adjusting firm AND before the adjusting firm conducts the inspection.
- Once the adjuster inspects the loss the adjuster is required to provide a full report and bill as a CWOP.
- When a policyholder withdraws or fails to pursue a claim after an adjuster prepares an estimate, the adjuster is paid the CWOP fee. The balance of the adjuster fee is eligible to be paid as a SALAE Type 2 after a withdrawal letter is completed, or in the case of failure to pursue, an appropriate denial letter for failure to comply with requirements in case of loss, to submit a proof of loss within 60 days.

Example:

Adjuster inspects and prepares an estimate of repair for \$1,500. The eligible fee is **\$1,035**. The policyholder withdraws the claim after the estimate is prepared. The claim is closed without payment and the adjuster is eligible to receive the **\$510** CWOP fee. The balance (**\$1,035 - \$510**) **\$525** is eligible for payment as a SALAE Type 2.

Closed Without Payment (CWOP)

Fee **\$510** – Must include an adjuster site visit/inspection with the policyholder or their representative, photographs, and completed required forms.

- **Less Than Deductible** – Invoice the claim based on the gross estimate before application of depreciation (recoverable or non-recoverable) and the deductible, subject to policy limits, special limits, and exclusions.
- **No Coverage** – When it is determined that no claim payment is due, e.g., the damage was not caused by flood or the damaged property is not covered by the policy, close the file as a CWOP. The adjuster's narrative report must contain sufficient explanation and documentation of the facts regarding the reason no payment is due.
- **Telephone Contact Only** – Fee **\$125** – Invoice at the Erroneous Assignment or Claim Withdrawn rate.

Erroneous Assignment

Fee **\$125** – Occurs when a loss is assigned to more than one adjuster or more than one adjusting firm.

The adjuster removed from the claim will receive a fee based on an erroneous assignment.

Requests for Additional Payment

The adjuster is paid the **greater** of the following:

- The CWOP fee of **\$510**; or
- The difference between the paid adjusting fee at the time the claim was closed and the new revised fee for the entire revised claim.

The NFIP will not consider supplemental billings for inadequate or incorrect scope of repairs or avoidable estimating errors. The NFIP will consider supplemental billing for unknown or progressive flood related damage as appropriate.

Example #1:

Building Limit – \$250,000; Personal Property Limit – \$100,000

- Original claim adjustment before application of depreciation and deductible:

Building	\$180,000
Personal Property	\$70,000

Fee: Total billable/gross claim $\$180,000 + \$70,000 = \$250,000 \times 4.3\% = \$10,750$ **original claim payable fee.**

- Revised claim adjustment (includes original claim) before application of depreciation and deductible:

Building	\$240,000
Personal Property	\$95,000

Fee: Total revised billable/gross claim $\$240,000 + \$95,000 = \$335,000 \times 4.0\% = \$13,400$ **minus previous paid fee of \$10,750 = \$2,650.00 supplemental payable fee**

Example #2:

Building Limit – \$250,000; Personal Property Limit – \$100,000

- Original claim adjustment before application of depreciation and deductible:

Building	\$165,000
Personal Property	\$50,000

Fee: Total billable/gross claim $\$165,000 + \$50,000 = \$215,000 \times 4.3\% = \$9,245.00$ **original claim payable fee.**

- Revised claim adjustment (includes original claim) before application of depreciation and deductible:

Building	\$170,000
Personal Property	\$55,000

Fee: Total billable/gross claim $\$170,000 + \$55,000 = \$225,000 \times 4.3\% = \$9,675$ **minus previous paid fee of \$9,245 = \$390.**

The adjuster would receive the CWOP fee of \$510, which is greater.

State Taxes

The Texas tax authorities determined that Texas sales tax on insurance services is applicable to all fees paid by WYO Companies to claims adjusters, and/or adjusting firms, for handling NFIP claims in Texas. FEMA will reimburse the expense. Invoices on claims adjusted in Texas requires inclusion of sales tax at the appropriate sales tax rate.

FEMA **will not** reimburse state sales tax in any other state or territory.

Incurred Expenses

Incurred expenses not reimbursed by the NFIP Adjuster Fee Schedule are compensated as a Special Allocated Loss Adjusting Expense (SALAE) Type 2 and requires documentation including receipts. Incurred expenses include travel (hotel, airline, rental vehicles), mobile home NADA or other valuation fees, etc. See 2023 NFIP Claims Manual Section Six for further guidance.

2022 Increased Cost of Compliance (ICC) Fee Schedule

For ICC Claims with Dates of Loss on or after September 17, 2022

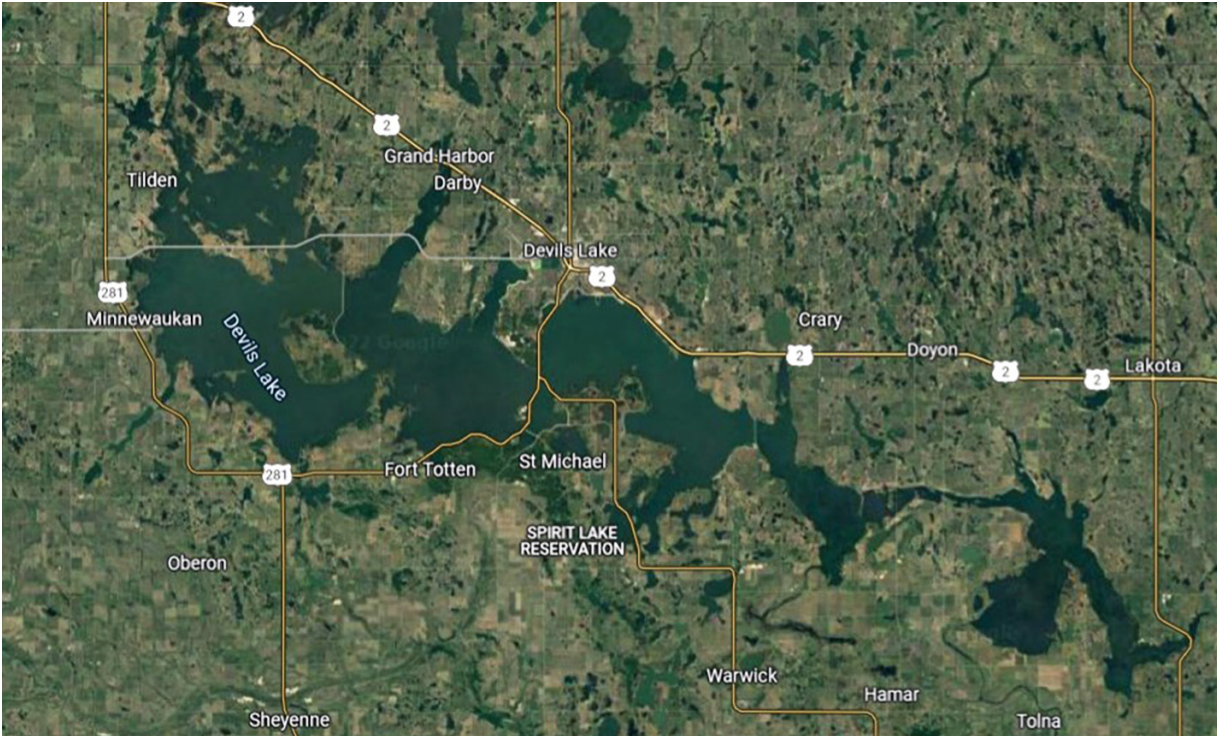
Claim Range	Fee
<i>Erroneous Assignment</i>	\$90
<i>Closed Without Payment (CWOP)</i>	\$345
.01 - \$1,000.00	\$460
\$1,000.01 – \$2,500.00	\$655.00
\$2,500.01 – \$5,000.00	\$770.00
\$5,000.01 – \$7,500.00	\$885.00
\$7,500.01 – \$10,000.00	\$1,000.00
\$10,000.01 – \$15,000.00	\$1,150.00
\$15,000.01 – \$25,000.00	\$1,305.00
\$25,000.01 – \$30,000.00	\$1,535.00

IMPORTANT: Under the Standard and ICC Fee Schedules, the NFIP, through the WYO Companies and NFIP Direct, reserves the right to withhold compensation and to reduce the amount of compensation, on adjustment work deemed:

- a. Not to comply with NFIP standards.
- b. Improperly prepared, requiring the claim to be substantially readjusted.
- c. Not timely adjusted, requiring reassignment

Appendix B: FEMA Policy Guidance for Closed Basin Lakes

FEMA worked with Tribal, State, and local officials around Devils Lake, North Dakota to develop a comprehensive long-term solution to the continuous flooding caused by this closed basin lake.



A “closed basin lake” is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded one square mile at any time in the recorded past. Most of the nation’s closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop basin divides on occasion. **Special policy and procedural considerations are warranted because of the unique type of flooding.**



Federal Emergency Management Agency

Washington, D.C. 20472

AUG 13 1999

MEMORANDUM FOR: Regional Directors
Regions I-X

ATTENTION Mitigation Division Directors

FROM: James L. Witt
Director

SUBJECT: Policy Guidance for Closed Basin Lakes

The Federal Emergency Management Agency (FEMA) has been working with Tribal, State and local officials around Devils Lake, North Dakota to develop a comprehensive long term solution to the continuous flooding caused by this closed basin lake. The purpose of this memorandum is to establish a national policy for closed basin lakes, drawing from our experience in North Dakota. This document is intended to create a policy and procedural framework for the combining of resources (insurance, mitigation grant programs and other Federal, State and local programs) to contribute to a comprehensive unified solution to any closed basin lake flooding problem.

For the purpose of this guidance, a "closed basin lake" is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded one square mile at any time in the recorded past. Most of the nation's closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop basin divides on occasion. Because of the unique type of flooding, special policy and procedural considerations are warranted.

The NFIP has amended the Standard Flood Insurance Policy to address the closed basin lake continuous flooding circumstance. An endorsement has been added to all policies allowing policyholders to file a total loss claim for an insured building that is actually damaged or under imminent threat of flooding, without the requirement for the building to be continuously inundated for 90 days. The claim payment, less salvage value, must be used by the policyholder to relocate their structure to a site outside the area subject to flooding. This special flood prone area around closed basin lakes will be referred to in this policy guidance and on Flood Insurance Rate Maps (FIRMs) as an Area of Special Consideration (ASC). The insurance claim provision, which may be used in conjunction with FEMA's Hazard Mitigation Grant Program (HMGP) and/or Flood Mitigation Assistance (FMA) Program, provides the means for homeowners and commercial business interests to relocate outside the ASC--thereby affording the community and its residents a permanent means of eliminating future flood losses. The success of this strategy relies on the cooperation and commitment of State, Tribal and local government as well as business interests in the area. As explained in sections to follow, the relocation assistance provided by FEMA under the insurance policy endorsement and acquisition assistance provided by FEMA through the HMGP or FMA

programs must be joined by specific land use measures adopted and enforced by the State, Tribal, and local governments. These measures are intended to reinforce and ensure a permanent solution to the lake flooding.

FEMA's Regional Directors shall determine that the following requirements are satisfied before policyholders can qualify for insurance claim benefits under the closed basin lake flood insurance policy endorsement:

General Conditions:

1. In order for a community or area to begin the process of being designated a "closed basin lake," and in order for homeowners and commercial interests to be eligible for a total loss claim under the closed basin lake flood insurance policy endorsement, the community, county, or other local jurisdiction must request this designation in writing to the FEMA Regional Director, through the State NFIP Coordinating Agency.
2. If the Regional Director concurs that a "closed basin lake" flooding condition exists, then he or she will forward their written recommendation to FEMA's Mitigation Directorate, Technical Services Division, that the FIRM be revised to include an ASC.
3. FEMA's Mitigation Directorate will establish elevation levels at which flooding may occur and notify the community in writing with this information. The purpose of this written notification is to expedite the community's ability to establish a temporary building moratorium. FEMA will also publish the ASC elevation in local newspapers to assist in the efforts to inform the public. Subsequently, FEMA will revise and publish a FIRM, which depicts areas subject to continuous flooding (the ASC). This published area will take into consideration United States Army Corps of Engineers (USACE) certified flood control projects and otherwise rectified flood control projects designed to prevent future flooding. FEMA will, upon request from the appropriate land use jurisdiction, amend the ASC to remove areas protected by the construction of additional certified flood control projects.
4. State, Tribal, and local governments will conduct a risk assessment that: (a) identifies the number of structures at risk around the lake within the published ASC; (b) provides the current elevation of these structures and an assessment of insurance coverage; (c) identifies properties that have received previous flood insurance claim payments; and (d) identifies any new or ongoing construction within the published ASC. FEMA will provide technical assistance for the conduct of the risk assessment. Further, funding through the FMA Program's Technical Assistance and Planning Grants, as well as through the five percent set-aside for State initiatives under the HMGP, may be used to support this assessment. The results of the assessment will provide the technical foundation for a plan defining the actions that will implement a long-term solution to the closed basin lake flooding.
5. The FEMA Regional Director must determine and notify the State, Tribal, and local governments that they are in compliance with all of the requirements necessary for property owners to claim insurance benefits under the closed basin lake flood insurance policy endorsement. Within this notification will be the flood insurance purchase date for property

owners. The FEMA Regional Director, in consultation with the Administrator of the Federal Insurance Administration, will establish this date, from which property owners must have purchased and maintained flood insurance coverage, in order to be eligible for payments under the endorsement.

State Government:

The State and FEMA will work together to develop and enter into an agreement, prior to the provision of insurance claim payments, that articulates the actions the State will take to contribute to a permanent solution to the closed basin lake flooding problem. Commitments in this agreement must be reflected in future FEMA/State agreements for Presidential disaster declarations. A critical component of this agreement will be the State's acknowledgement that relocation and acquisition of structures and property in the ASC may become a priority use of HMGP funds. FMA grants for this area may also be used to advance a permanent solution to the flooding. Use of these programs will enable the State, in conjunction with local communities, to move forward to effect the acquisition of property that becomes available as residents relocate their homes to higher ground.

Tribes and Local Governments:

FEMA's new insurance endorsement can only be implemented if the tribe or local government:

1. Participates in the NFIP; and
2. Develops, adopts, and enforces a permanent land use ordinance, or a temporary moratorium for a period not to exceed six months to be followed by a permanent land use ordinance, prohibiting the construction of any residential or commercial buildings within the ASC. The only buildings the ordinance or temporary moratorium will allow on any portion of property within the ASC are certain, simple agricultural and recreational structures (see section 1(b) of Attachment 1 - Sample Closed Basin Lake Deed Restriction or section 2(b) of Attachment 2 - Sample Closed Basin Lake Conservation Easement). If any of these allowable structures are insurable buildings under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this endorsement. If a USACE certified flood control project or otherwise certified flood control project later protects the property, FEMA will, upon request from the appropriate land use jurisdiction, amend the ASC to remove areas protected by those projects. The restrictions of the permanent land use ordinance or temporary moratorium will then no longer apply in areas removed from the ASC. The community must agree to declare to FEMA any violations of this ordinance so that provisions of Section 1316 of the National Flood Insurance Act of 1968 can be used to deny insurance to any structure constructed within the ASC in violation of this ordinance.
3. In addition, the local government or tribe must agree to notify, in writing by "certified mail/return receipt requested," all owners of structures within the ASC. The notification must inform property owners of the requirement that flood insurance must be purchased by the date specified by the FEMA Regional Director and maintained continuously thereafter,

in order to be eligible for the opportunity to receive a claim payment in accordance with the new endorsement process.

4. The local government or tribe must also agree to maintain any property acquired with FEMA grant funds as open space (as defined in Sections 1(a) and (b) of Attachment 1 - Sample Closed Basin Lake Deed Restriction, and as defined in Sections 2(a) and (b) of Attachment 2 - Sample Closed Basin Lake Conservation Easement). The local or tribal government must further agree to hold, manage and enforce all property protected by easements, unless the property with the easement is donated by the owner to a non-profit land trust organization.

Property Owners:

Property owners who become eligible for the new insurance endorsement must agree to relocate their structure outside the ASC. Property owners have several options concerning the disposition of their vacated land located in the ASC. They can either:

1. Donate vacated property to the local government or a land use management organization that will deed-restrict it, for as long as it is within the ASC, for open space uses only [see Attachment 1 - Sample Closed Basin Lake Deed Restriction, especially sections 1(a) and 1(b) for definition of open space uses]; or
2. Establish an easement on the property that permits only certain agricultural or recreational uses, and continue to use it for one of these exclusive purposes for as long as the property is within the ASC [see Attachment 2 - Sample Closed Basin Lake Conservation Easement, especially sections 2(a) and 2(b) for definition of these uses]; or
3. Apply to the local government and the State to have the land acquired through the HMGP FMA programs. This option would require an easement or deed restriction in perpetuity regardless of future certified flood control projects.

In any case, an easement or deed restriction must be in place prior to the approval of any insurance claim under the endorsement. Once approved, an advance payment of 60 percent will be provided, with the remainder payable upon the completion of the relocation.

SUMMARY:

FEMA's Regional Directors are responsible for implementing this "closed basin lake" policy and for ensuring that States, Tribal and local governments within the region are aware of the policy. FEMA's Office of Public Affairs, in conjunction with Regional Public Affairs Officers, will assist the regions in this regard. If the Regional Director determines that the local government or tribe has established new building restrictions as detailed above, and determines that the State is providing the support needed to eliminate future flood losses, then FEMA can agree to exercise the endorsement provision for eligible flood insurance policy holders and begin paying total loss claims when insured property owners' structures are **actually damaged or under imminent threat of flooding.**

Attachments:

1. Sample Closed Basin Lake Deed Restriction
2. Sample Closed Basin Lake Conservation Easement

SAMPLE

**CLOSED BASIN LAKE DEED RESTRICTION
FOR USE WITH NATIONAL FLOOD INSURANCE PROGRAM
ENDORSEMENT**

WHEREAS, under the National Flood Insurance Act of 1968, as amended, the Director of the Federal Emergency Management Agency (FEMA) is authorized to establish and carry out a National Flood Insurance Program which enables interested persons to purchase insurance against loss resulting from physical damage to or loss of real property or personal property related thereto arising from any flood occurring in the United States;

WHEREAS, under the authority of this Act, the Director has promulgated regulations at 44 C.F.R. § 61, App. A(1), A(2), and A(3), which define the scope of coverage provided to policyholders by the standard flood insurance policy;

WHEREAS, FEMA has promulgated an endorsement to the scope of coverage which allows for expedited claim payments for those individuals who are subject to continuous lake flooding in closed basin lakes;

WHEREAS, the [local community, tribe, or conservation organization] (Transferee) has agreed that it is necessary in order to promote the public interest for the purposes provided in the Act to acquire title in order to restrict the use of the land;

WHEREAS, the terms of the endorsement, promulgated under 44 C.F.R. § 61.13(d), require that the Transferee agree to conditions which are intended to restrict the use of the land to open space [in perpetuity (where State law permits)] or in accordance with the conditions specified in Section 2. Terms, below, in order to prevent property loss, and protect and preserve natural floodplain values; and

WHEREAS, the [State] authorizes restrictions on the use of property [in perpetuity (where State law permits)] under the provisions of [appropriate State statute];

NOW, THEREFORE, this agreement is made subject to the following terms and conditions:

I. Terms and Conditions. These restrictions shall apply to all portions of the property that are at risk of flooding within the Area of Special Consideration (ASC) and, pursuant to the terms of the endorsement as set forth at 44 C.F.R. § 61, App. A, as it reads now and may be amended in the future, the following conditions and restrictions shall apply to each property described in the attached deed and acquired by the Transferee:

- (a) Compatible uses. The land shall be used only for purposes compatible with open space, or recreational uses; in general, such uses include parks for outdoor recreational activities, nature reserves, unimproved pervious parking lots, cultivation, and grazing.

(b) Structures. Only the following structures or improvements shall be erected on the property. All structures must meet NFIP requirements for wet-floodproofing (or dry-floodproofing or elevation, where practicable), pursuant to 44 C.F.R. § 60.3:

(i.) simple agricultural structures used exclusively for agricultural purposes in connection with the production, harvesting, storage, drying, or raising of agricultural commodities, including livestock, and limited to the following:

(a) General purpose barns for the temporary feeding of livestock which are open on at least one side;

(b) Pole frame buildings with open or closed sides used exclusively for storage of farm machinery and equipment, and related agricultural items; and

(c) Steel grain bins and steel frame corn cribs.

(ii.) Simple recreational structures such as open bleachers and docks.

(c) Duration. The restrictions on the use of the property shall last [in perpetuity (where State law permits)], or until a United States Army Corps of Engineers (USACE) certified flood control project or other certified flood control project is in place and certified by the USACE as protecting the land from flooding. If a USACE project terminates the deed restrictions, then all of its terms and conditions, including building restrictions, will no longer apply.

(d) Transfer. The Transferee agrees that it shall convey any interest in the property only with prior approval of the Regional Director of FEMA and only to another public entity or to an organization qualified under Section 170(h) of the Internal Revenue Code of 1954, as amended, and applicable regulations promulgated thereunder. However, the Transferee may convey a lease to a private individual or entity for purposes compatible with the uses described in Paragraph 1(a), above, including agriculture, with the prior approval of the Regional Director.

The Transferee may convey title, an easement, license, lease, or other interest in the land. Such conveyance, whether implied or express, shall be subject to all conditions and restrictions described herein, which shall run with the land [in perpetuity (where State law permits)], or in accordance with the terms specified in section (c) above.

If title to the property is transferred to a public entity other than a qualified state or federal agency with a conservation mission, it must be conveyed subject to a Conservation Easement that shall be recorded with the deed and shall incorporate all terms and conditions set forth herein, including the easement holder's responsibility to enforce the easement. This shall be accomplished by one of the following means:

(i) the Transferee shall convey, in accordance with section (d), above, a conservation easement to someone other than the new title holder, or

(ii) at the time of title transfer, the Transferee shall retain such conservation easement, and record it with the deed.

2. Inspection. FEMA, its representatives, and assigns, including [State agency], shall have the right to enter upon the property, at reasonable times and with reasonable notice, for the purpose of inspecting the property to ensure compliance with the terms of the agreement.

3. Monitoring and Reporting. Every two (2) years on October 1st, the Transferee shall submit to FEMA a report certifying that the property continues to be maintained consistent with the provisions of this agreement.

4. Enforcement. If the subject property is not maintained according to the terms of this agreement, the transferee is responsible for taking measures to bring the property back into compliance.

(a) If the Transferee fails to demonstrate a good faith effort to come into compliance with the terms of the agreement, FEMA shall take action to correct the violation.

(b) FEMA, its representatives and assigns may enforce the terms of the agreement by taking any measures it deems appropriate, including, but not limited to, the following:

(i) requiring a transfer of title in accordance with Paragraph 1(e). The Transferee shall bear the costs of bringing the property back into compliance with the terms of the agreement; or

(ii) bringing an action at law or in equity in a court of competent jurisdiction.

5. Severability. Should any provision of this agreement or the application thereof to any person or circumstance be found to be invalid or unenforceable, the rest and remainder of the provisions of this agreement and their application shall not be affected and shall remain valid and enforceable.

[Signed by Transferor(s) and Transferee, witnesses and notarization in accordance with local law.]

Signature Transferor (Property owner)

Date

Printed or Typed Name of Transferor

Signature Transferee (community or tribe)

Date

Printed or Typed Name of Transferee

SAMPLE

**CLOSED BASIN LAKE CONSERVATION EASEMENT
FOR USE WITH NATIONAL FLOOD INSURANCE PROGRAM
ENDORSEMENT**

WHEREAS, under the National Flood Insurance Act of 1968, as amended, the Director of the Federal Emergency Management Agency (FEMA) is authorized to establish and carry out a National Flood Insurance Program which enables interested persons to purchase insurance against loss resulting from physical damage to or loss of real property or personal property related thereto arising from any flood occurring in the United States;

WHEREAS, under the authority of this Act, the Director has promulgated regulations at 44 C.F.R. § 61, App. A(1), A(2), and A(3), which define the scope of coverage provided to policyholders by the standard flood insurance policy;

WHEREAS, FEMA has promulgated an endorsement to the scope of coverage which allows for expedited claim payments for those individuals who are subject to continuous lake flooding in closed basin lakes;

WHEREAS, the [local community, tribe, or conservation organization] (Transferee) has agreed that it is necessary in order to promote the public interest for the purposes provided in the Act to acquire a conservation easement to this certain real property owned by the individual property owner (Transferor) in order to restrict the use of the land; /

WHEREAS, the terms of the endorsement, promulgated under 44 C.F.R. § 61.13(d), require that the Transferor and (Transferee) agree to conditions which are intended to restrict the use of the land to open space [in perpetuity (where State law permits)], or in accordance with the conditions specified in Section 2, Terms, below, in order to prevent property loss, and protect and preserve natural floodplain values; and

WHEREAS, the [State] has also recognized the need to preserve the natural and open condition of the land and so authorizes conveyance of an easement under the provisions of [appropriate State statute];

NOW, THEREFORE, the Transferor, for and in consideration of the opportunity to receive the benefit of an endorsement to their standard flood insurance policy, does transfer and convey to the Transferee a conservation easement [in perpetuity (where State law permits)], or in accordance with the conditions specified in Section Two, Terms, below. The property is situated in the [Village/City/County], County of [county], State of [state] and the legal description is included in Attachment A.

1. Purpose. This transfer of a conservation easement is made for conservation purposes in 'order to restrict the use of the land to open space.
2. Terms and conditions. In order to accomplish the purposes of this easement (which shall apply to all portions of the property that are at risk of flooding within the Area of Special Consideration (ASC) and shall run with the land) and, pursuant to the terms of the endorsement as set forth in 44 C.F.R. 61, App. A, as it reads now and may be amended in the future, the following conditions and restrictions shall apply:
 - (a) Compatible uses. The land shall be used only for purposes compatible with open space, or recreational uses; in general, such uses include parks for outdoor recreational activities, nature reserves, unimproved pervious parking lots, cultivation, and grazing.
 - (b) Structures. Only the following structures or improvements shall be erected on the property. All structures must meet NFIP requirements for wet-floodproofing (or dry-floodproofing or elevation, where practicable), pursuant to 44 C.F.R. § 60.3:
 - (i.) simple agricultural structures used exclusively for agricultural purposes in connection with the production, harvesting, storage, drying, or raising of agricultural commodities, including livestock, and limited to the following:
 - (a) General purpose barns for the temporary feeding of livestock which are open on at least one side;
 - (b) Pole frame buildings with open or closed sides used exclusively for storage of farm machinery and equipment, and related agricultural items; and
 - (c) Steel grain bins and steel frame com c l i b s.
 - (ii.) Simple recreational structures such as open bleachers and docks.
 - (c) Duration. The easement shall remain in place [in perpetuity (where State law permits)], or until a United States Army Corps of Engineers (USACE) certified flood control project or other certified flood control project is in place and certified by the USACE as protecting the land from flooding. If a USACE project terminates this easement, then all of its terms and conditions, including building restrictions, will no longer apply.
 - (d) Transfer. The Transferee agrees that it shall convey the easement only with prior approval by the FEMA Regional Director. The easement may be transferred only to someone other than the title holder and only to another public entity or to an organization

qualified under Section 170(h) of the Internal Revenue Code of 1954, as amended, and applicable regulations promulgated thereunder, and authorized to acquire and hold conservation easements.

The Transferor may convey title, an easement, license, lease, or other interest in the land. Such conveyance, whether implied or express, shall be subject to all conditions and restrictions described herein, which shall run with the land [in perpetuity (where State law permits)], or in accordance with the terms specified in section (c) above.

3. Inspection. The Transferee and FEMA, its representatives, and assigns shall have the right to enter upon the property, at reasonable times and with reasonable notice, for the purpose of inspecting the property to ensure compliance with the terms of the easement.
4. Monitoring and Reporting. Every two (2) years on October 1st, the Transferee shall submit to the FEMA Regional Director a report certifying that the Transferee has inspected the subject property within the month preceding the report, and that the property continues to be maintained consistent with the provisions of the easement.
5. Enforcement. If the subject property is not maintained according to the terms of the easement, FEMA, its representatives, and assigns and the Transferee are responsible for taking measures to bring the property back into compliance. However, they may require financial reimbursement from the entity responsible for the violation for any associated costs.
 - (a) The Transferee will notify the title holder (Transferor) of the violation in writing and advise the title holder that it has 60 days to correct the violation. At the same time, the transferee shall notify FEMA of the violation.
 - (b) If the title holder fails to demonstrate a good faith effort to come into compliance with the terms of the easement within the 60-day period, the Transferee shall take action to correct the violation.
 - (c) FEMA may enforce the terms of the easement by taking any measures it deems appropriate, including but not limited to the following:
 - (i) requiring transfer of the conservation easement in accordance with Paragraph 2(d), or;
 - (ii) bringing an action at law or in equity in a court of competent jurisdiction.
6. Severability. Should any provision of this easement, or the application thereof to any person or circumstance, be found to be invalid or unenforceable, the rest and remainder of the provisions of this easement and their application shall not be affected and shall remain valid and enforceable. The Transferee accepts the easement and this document, and agrees to monitor the use of the land and enforce the provisions of the easement. Upon execution of this easement by the parties, the Transferee will officially record the easement.

Signature Transferor (Property owner)

Date

Printed or Typed Name of Transferor

Signature Transferee (community or tribe)

Date

Printed or Typed Name of Transferee

Appendix C: FEMA Claims Forms for Adjusters and Policyholders

Adjusters and policyholders use these forms during the flood insurance claims process.

Adjuster forms are located here:

<https://www.fema.gov/flood-insurance/find-form/adjusters>

Policyholder forms are located here:

<https://www.fema.gov/flood-insurance/find-form/policyholders>

Please note several of these forms allow you to fill out the forms electronically. Accordingly, it may be necessary to download those forms instead of opening them in a web browser. To do this, download the form and save a copy to your computer, then open the form in the most recent version of Adobe Reader or Adobe Acrobat Pro.

Some of the forms are not able to be previewed in Microsoft Edge, but are viewable in Firefox. Only the fillable pages of the forms are shown in this appendix.

Click on the image of each form to go to the online version.

Adjuster's Preliminary Report, FF-206-FY-21-146

This form is used by the adjuster to report information to the NFIP-SO for setting services and initial claims.

Date: _____	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program	Adjustment type: <input type="checkbox"/> On site <input type="checkbox"/> Remote		
ADJUSTER'S PRELIMINARY REPORT				
with (select all that apply):				
<input type="checkbox"/> Initial Reserves <input checked="" type="checkbox"/> Advance Payment Request <input type="checkbox"/> Expert Request <input type="checkbox"/> Subrogation Referral <input type="checkbox"/> Underwriting Referral <input type="checkbox"/> APDA				
Adjusters use this form to report information to the insurer for setting reserves and initial claims reporting. NOTE: The NFIP requires a Preliminary Report be received within 15 days of assignment.				
Policyholder information <input type="checkbox"/> Add third-party representative (if any)				
Policyholder (primary): _____ Policyholder (additional): _____ Property address: _____ Mailing same: <input checked="" type="checkbox"/> City: _____ State: _____ ZIP: _____ Phone #1: _____ Phone #2: _____ Email: _____ Comments: _____		Insurer information Insurer: _____ EDN: _____ Policy #: _____ Claim #: _____ Adjuster: _____ File #: _____ Adjusting firm: _____ Mailing address: _____ City: _____ State: _____ ZIP: _____ Phone #1: _____ Phone #2: _____ Email: _____ Comments: _____		
Insurance information <input type="checkbox"/> Other perils or insurance involved (if so, explain in Adjuster's Report)				
Flood program type: Regular program <input checked="" type="checkbox"/> Coverage type: _____ SFIP policy type: _____ Coverage A - Building \$ _____ \$ _____ \$ _____ \$ _____ Term: _____ to: _____ Coverage B - Contents \$ _____ \$ _____ \$ _____ \$ _____ Number of insured buildings at described location: _____				
Property risk information <input type="checkbox"/> Add comments				
Building occupancy: _____ Building type: _____ Occupied by: _____ Foundation type: _____ Construction type: _____ First floor height: _____ ft. in. Floodproofed: <input checked="" type="checkbox"/> Floodproofing certificate: <input checked="" type="checkbox"/> Number of floors in building (excluding basement/enclosure): _____ Lowest machinery & equipment: _____ Floor number: _____ If multi-floor building, floor number occupied by policyholder: _____ Lowest personal property: _____ Floor number: _____ If mixed-use occupancy, approximate percentage residential: N/A Type of personal property: <input type="checkbox"/> Household <input type="checkbox"/> Other than household Substantial improvements after FIRM date (if yes, explain below): <input type="checkbox"/> Yes <input type="checkbox"/> No Prior flood loss(es) (if yes, explain below): <input type="checkbox"/> Yes <input type="checkbox"/> No Nearest body of water to insured property: _____ Distance from insured property: _____ feet		Ownership verified: <input checked="" type="checkbox"/> Current flood zone: _____ Building over water: <input checked="" type="checkbox"/> Approx. % over water: _____ Under construction: <input checked="" type="checkbox"/> Const. status: _____ Flood openings: <input checked="" type="checkbox"/> No. of flood openings: _____		
Date and time information <input type="checkbox"/> Add comments				
Date of FIRM: _____ FIRM status: <input checked="" type="checkbox"/> Date of loss: _____ Date assigned: _____ Date of construction: _____ Building age (years): _____ Time of loss: _____ Date contacted: _____ Date of occupancy: _____ Occupied (years): _____ Date inspected: _____				
Cause of flood loss information <input type="checkbox"/> Add comments				
Was there a general and temporary condition of flood: <input type="checkbox"/> Yes <input type="checkbox"/> No Inundation: <input checked="" type="checkbox"/> Inundation area: _____ Potential flood-in-progress: <input checked="" type="checkbox"/> If yes, explain in Adjuster's Report Has flood water receded from building: <input checked="" type="checkbox"/> If no, approx. date when access expected: _____ Habitability status: <input checked="" type="checkbox"/> Type of flood: <input checked="" type="checkbox"/> Other contributing cause(s) of loss (if yes, submit Subrogation Referral): <input type="checkbox"/> Yes <input type="checkbox"/> No				
Flood water information: Main building/unit + Click to add additional flood water data for an appurtenant structure (if any)				
Approx. date flood entered: _____ Approx. time entered: _____ Approx. date flood receded: _____ Approx. time receded: _____ Approximate duration flood water in main building or unit: _____ hours		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"> Exterior water height inches = feet & inches 0 = 0 ft. 0 in. </td> <td style="width: 50%;"> Interior water height inches = feet & inches 0 = 0 ft. 0 in. </td> </tr> </table>	Exterior water height inches = feet & inches 0 = 0 ft. 0 in.	Interior water height inches = feet & inches 0 = 0 ft. 0 in.
Exterior water height inches = feet & inches 0 = 0 ft. 0 in.	Interior water height inches = feet & inches 0 = 0 ft. 0 in.			
Adjuster's signature: _____ Adjuster <input checked="" type="checkbox"/> FCN: _____ Date signed: _____				

Adjuster's Narrative Report, FF-206-FY-21-147

The adjuster uses this form to report additional information not provided in the Preliminary or Final Report as part of documenting the claim. Use the dropdown menu under the title to choose "Interim" or "Narrative."

Date: _____	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reset Form</div>
<div style="display: flex; justify-content: space-around; align-items: center;"><div>ADJUSTER'S REPORT</div><div style="border: 1px solid black; border-radius: 50%; padding: 2px 10px;">Interim Report</div><div style="border: 1px solid black; padding: 2px 5px;">▼</div></div>		
<small>Adjusters use this form to report additional information in a narrative format that is necessary to document and explain the claim. The NFIP requires an Interim Report not later than 30 days after the Preliminary Report and every 30 days thereafter, and a Narrative Report upon closing of the claim.</small>		
POLICYHOLDER(S): _____		POLICY NUMBER: _____
PROPERTY ADDRESS: _____		CLAIM/FILE NUMBER: _____
CITY: _____	STATE: _____ <input type="checkbox"/> ZIP: _____	DATE OF LOSS: _____
Comments:		

Adjuster's Subrogation Referral, FF-206-FY-21-148

The adjuster uses this form to identify potentially responsible third-parties and their actions that may have caused worsened flood damage.

Date of this referral: _____	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program
ADJUSTER'S SUBROGATION REFERRAL	
Adjusters use this form (along with supporting documentation and relevant photos) to identify potentially responsible third parties and their actions that may have caused or worsened flood damage. Examiners send this completed form (along with copies of the underwriting and claim files) via email to FEMA's Office of Chief Counsel (OCC) at FIMA-OCC-Subrogation@fema.dhs.gov and cc: NFIP Standard Operations (SO) at NFIPClaimsMailbox@fema.dhs.gov .	
Community, insurer and adjuster information	
INSURER: _____	COMMUNITY ID: _____ COMMUNITY NAME: _____
ADJUSTER: _____	PHONE: _____ EMAIL: _____
Policyholder information	
POLICYHOLDER: _____	POLICY NO.: _____
PROPERTY ADDRESS: _____	Mailing same <input type="checkbox"/> DATE OF LOSS: _____
CITY: _____ STATE: <input type="checkbox"/> ZIP: _____	EDN NO.: _____
	PHONE NO. #1: _____
	PHONE NO. #2: _____
EMAIL #1: _____	EMAIL #2: _____
Cause of loss information (select all that apply) <input type="checkbox"/> Select to add comments (if any)	
<input type="checkbox"/> Excessive rainfall, snowmelt or water supply	<input type="checkbox"/> Ice jam
<input type="checkbox"/> Downstream blockage/obstruction in floodplain	<input type="checkbox"/> Accidental release of water
<input type="checkbox"/> Excessive vegetation/sediment in stream/channel	<input type="checkbox"/> Intentional release of water
<input type="checkbox"/> Inadequate maintenance of stream/channel	<input type="checkbox"/> Accumulation of debris
<input type="checkbox"/> Culverts/abutments too narrow for stream/channel	<input type="checkbox"/> Stream/channel moved or altered
<input type="checkbox"/> Improper building design or construction	<input type="checkbox"/> Improper grading or fill
<input type="checkbox"/> Loss of brush cover due to fire or development	<input type="checkbox"/> Inadequate site drainage
<input type="checkbox"/> Negligence of adjoining property owner(s)	<input type="checkbox"/> Pumps not used or inadequate
<input type="checkbox"/> Road/railroad barrier or embankment	<input type="checkbox"/> Mechanical breakdown
<input type="checkbox"/> Waves or currents exceeding anticipated cyclical levels	<input type="checkbox"/> Inadequate system, facility or equipment
<input type="checkbox"/> Barriers or seawalls contributed to coastal erosion	<input type="checkbox"/> Ignoring floodplain management regulations
<input type="checkbox"/> Land development increased runoff	<input type="checkbox"/> Inadequate stormwater management
<input type="checkbox"/> Pervious surface replaced with impervious surface	<input type="checkbox"/> Failure to install retention ponds on adjoining land
<input type="checkbox"/> Any other factor or act (provide comments below)	
Statutes, regulations, ordinances, codes, or political subdivision governing immunity, recovery caps, notice requirements, and statutes of limitations:	
# 1 Citation type: <input type="checkbox"/>	Citation no.: _____ Citation title: _____
Enter date of deadline to notify or initiate action (referenced in the citation): _____ Days remaining to notify or initiate action: _____	
In space below, provide summary of citation and comments (e.g., notice requirements, claims or actions allowed, exceptions, recovery caps):	
<input type="checkbox"/> Click to add/remove another citation or legal authority (if any)	
Investigation information	
Was policyholder sent notification of intent to pursue subrogation recovery: <input type="checkbox"/> Yes (letter) <input type="checkbox"/> Yes (email) <input type="checkbox"/> No Date notified: _____	
Investigation conducted to date (provide details in space below):	
Pending investigation tasks (provide details in space below):	
Adjuster's signature: _____ Adjuster <input type="checkbox"/> FCN: _____ Date signed: _____	

FEMA FORM FF-206-FY-21-148 (10/21)

[Reset Form](#)

Page 1 of 1

Adjuster's Preliminary Flood Damage Assessment, FF-206-FY-21-149

This form is used by adjusters to list potentially substantial damaged structures in preparation for possible ICC claims.

Date of submission: _____

DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

ADJUSTER'S PRELIMINARY DAMAGE ASSESSMENT (APDA)

Adjusters use this form (for claims handling advisory purposes) in helping FEMA and communities identify potential substantially-damaged or repetitively-damaged buildings. In establishing the pre-loss value of a building, adjusters use replacement cost value (RCV), while communities use market value. Adjusters send this completed form via email with "APDA Enclosed" in the subject line to the NFIP Standard Operations (SO) at NFIPClaimsMailbox@fema.dhs.gov.

Community, insurer and adjuster information

INSURER: _____ COMMUNITY ID: _____ COMMUNITY NAME: _____
ADJUSTER: _____ PHONE: _____ EMAIL: _____

Policyholder and property information

POLICYHOLDER: _____ POLICY NO.: _____
PROPERTY ADDRESS: _____ DATE OF LOSS: _____
CITY: _____ STATE: ☐ ZIP: _____ EDN NO.: _____

Valuation and damage information

Adjuster's pre-loss building valuation	
Estimated Replacement Cost Value (RCV) of building	\$ _____

Adjuster's post-loss building repair estimate(s)	
Estimated cost of repairs from flood	\$ _____
Estimated cost of repairs from other perils	\$ _____
Net estimated cost of repairs from all perils	\$ _____

Damage-to-value (flood only): _____ %

Damage-to-value (all perils): _____ %

Comments: _____

Adjuster's signature: _____ Adjuster ☐ FCN: _____ Date signed: _____

Adjuster's Registration Application, FF-206-FY-21-150

This form is used to collect information from individuals seeking to become certified flood adjusters.

Date of application: _____

DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

ADJUSTER'S REGISTRATION APPLICATION

Individuals involved in the adjustment of NFIP flood claims use this form to provide information about their qualifications and experience. This form is required for: (1) first-time (new) applicants, (2) applicants with active registrations changing their personal information (e.g., change of name, address, phone number, email, profile photo), (3) applicants with active registrations updating their registration category(ies) (e.g., adding or removing "Small Commercial" to/from "Residential"), (4) applicants renewing an expired registration, and (5) applicants canceling their registration. Applicants send this completed form via email to the NFIP Standard Operations (SO) at NFIPAdjusterMailbox@fema.dhs.gov.

Registration type ☐ New ☐ Update

Select registration type above (new or update)

Click on box below to upload current profile photo or selfie (image files: *.jpg, *.gif, *.png, *.tif)

Applicant information

APPLICANT: _____ FCN: _____

MAILING ADDRESS: _____

CITY: _____ STATE: ZIP: _____

PHONE #1: _____ PHONE #2: _____

EMAIL: _____

Applicant profession (select Profession; then Classification)Profession: Classification:

Comments: _____

Experience

Years of experience:

Flood adjusting: Property adjusting: Property damage estimating: Claim file examining:

Largest estimate(s) written/examined and amount(s):

☐ Residential: \$ _____☐ Commercial: \$ _____☐ Manufactured homes: \$ _____☐ Condominiums: \$ _____**Licensure and certifications** Click to add/remove another license or certification (if any)# 1 License Type: Lic./cert. #: State: Date issued: Expires: License or certification ever suspended or revoked: ☐ No ☐ Yes Date suspended/revoked: Date reinstated:

Comments: _____

Presentations and continuing educationNFIP Claims Presentation: Type: Sponsor: Date: City: State: **Registration categories (select below)**☐ Residential (Dwelling)

Status: _____

☐ Small Commercial

Status: _____

☐ Large Commercial

Status: _____

☐ Manufactured (Mobile) Home

Status: _____

☐ RCBAP

Status: _____

If applying for a new registration, or if adding a registration category(ies), provide three references who can attest to your knowledge, experience and customer service skills. If applying for Manufactured (Mobile) Home, Large Commercial or RCBAP categories, provide three letters of recommendation from a supervisor or manager.

Name: _____ Company: _____ Email: _____ Phone: _____

Name: _____ Company: _____ Email: _____ Phone: _____

Name: _____ Company: _____ Email: _____ Phone: _____

Declarations and acknowledgement

I declare that all information on this application is true and accurate. I declare that I have read, understand and agree to comply with the Adjuster Registration and Code of Conduct requirements in the [NFIP Claims Manual](#). I declare that I do not have any professional conflicts of interest and will promptly notify my supervisor should any actual or potential conflicts arise. I acknowledge that any misrepresentation of any information provided on this application may result in the denial of my registration request or may result in the revocation of a registration if a misrepresentation is discovered after my request has been accepted.

Applicant's signature: _____ Date signed: _____

Proof of Loss (Adjuster-Prepared), FF-206-FY-21-112

The adjuster can prepare the Proof of Loss (POL) as a courtesy to the policyholder. After the adjuster prepares the POL, the policyholder reviews the POL and verifies the accuracy of the information and dollar amount requested.

Submission: <input type="checkbox"/>	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program	OMB Control Number: 1660-0005 Expiration: 05-31-2026
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Adjuster-Prepared	PROOF OF LOSS BUILDING AND CONTENTS	This is not a Release
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Policyholders use this form to provide a Proof of Loss to their insurer, which is the policyholder's statement of the amount of money being requested, signed and sworn to by the policyholder, with documentation to support the amount requested, as required by the [Standard Flood Insurance Policy](#) (SFIP) in section VII.J.4. This form can be used when the adjuster prepares the Proof of Loss as a courtesy to the policyholder, who then reviews and verifies the accuracy of the information and amounts. By signing this Proof of Loss, the policyholder agrees with and validates the amounts prepared by the adjuster.

POLICYHOLDER: _____ PROPERTY ADDRESS: _____ CITY: _____ STATE: <input type="checkbox"/> ZIP: _____ MAILING ADDRESS: _____ Same as property <input type="checkbox"/> CITY: _____ STATE: <input type="checkbox"/> ZIP: _____ EMAIL(S): _____	POLICY NO.: _____ CLAIM/FILE NO.: _____ DATE OF LOSS: _____ TIME OF LOSS: _____ EDN NO.: _____ PHONE NO.: _____
---	--

How flood loss happened: ☐

Title and Occupancy:	Building type: <input type="checkbox"/> Ownership/use: <input type="checkbox"/> Contents type/ownership/use: <input type="checkbox"/>	
----------------------	--	--

Interest: Mortgage(s): _____ None: ☐
 Others with interest in or liens, charges or claims against property: _____ None: ☐
 Other insurance that may insure this loss: _____ Type: ☐

SFIP policy type: ☐ No. of insured buildings/units: ☐ Contents coverage: ☐ Tenant improvements: ☐

Statement of Loss		Coverage A - Building Property		Coverage B - Personal Property	
Coverage limit(s):	\$			\$	
Coverage deductible(s):	\$			\$	
		Dwelling/Unit	Detached Garage	Contents	Improvements
Property pre-loss value (RCV)	coverage to value %:	\$	\$	\$	\$
Property pre-loss value (ACV)	80% of RCV:	\$	\$	\$	\$
Insured damage RCV loss		\$	\$	\$	\$
Less non-insured proportion <input type="checkbox"/> applicable <input type="checkbox"/> not applicable		\$			
Insured proportional loss		\$			
Less depreciation (recoverable) <input type="checkbox"/> applicable <input type="checkbox"/> not applicable		\$			
Less depreciation (non-recoverable) <input type="checkbox"/> applicable <input type="checkbox"/> not applicable		\$	\$	\$	\$
Insured damage ACV loss		\$	\$	\$	\$
Add eligible Coverage C loss: Not applicable <input type="checkbox"/>		\$		\$	
Insured ACV loss subtotal		\$	\$	\$	\$
Less salvage/buyback		\$	\$	\$	\$
Net insured ACV loss		\$	\$	\$	\$
Less deductible		\$	\$	\$	\$
Amount over net insured loss limit (excess loss)		\$	\$	\$	\$
ACV claim		\$	\$	\$	\$
Add recoverable depreciation <input type="checkbox"/> not applicable		\$			
Claim subtotal		\$	\$	\$	\$
Net claim		\$		\$	

I have received and reviewed the adjuster-prepared estimate and am requesting payment for the amount(s) of my claim determined above.

I understand that I must submit a [Proof of Loss](#) within 60 days of the date of the loss or within any extension of that deadline made in writing by FEMA's Federal Insurance Administrator. The flood event identified above damaged or destroyed the property claimed on this Proof of Loss. I understand that my SFIP is issued pursuant to federal law, the [National Flood Insurance Act of 1968, as amended](#), and applicable federal regulations in [Title 44 of the Code of Federal Regulations, Chapter 1, Subchapter B](#).

I understand that I may still request additional payment for other flood damages if I believe that not all damages were addressed in this estimate. In the event a third party is responsible for the damage, I hereby authorize my insurer to bring suit in my name against any third party who may be responsible for the damages. I have not knowingly and willfully falsified or concealed a material fact, made a false or fraudulent representation or presented any false document in connection with this claim, and acknowledge that any such action is subject to prosecution under federal law. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

POLICYHOLDER SIGNATURE: _____	DATE SIGNED: _____
OWNER NAME: _____	OWNER TITLE: _____

FEMA Form FF-206-FY-21-112 (formerly 086-0-22)
(3/21)

Personal Property (Contents) Worksheet, FF-206-FY-21-106

Policyholders use this form to list the inventory of flood-damaged personal property (also known as contents), which includes the quantity, description, actual cash value and amount of loss.

Worksheet Date: _____

OMB Control Number: 1660-0005
Expiration: 05-31-2026

DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

ACV Amount of Loss (total from column 14)
\$ _____

PERSONAL PROPERTY (CONTENTS) WORKSHEET

Policyholders use this form to list the inventory of flood-damaged personal property (also known as contents), which includes the quantity, description, actual cash value and amount of loss, as required by the [Standard Flood Insurance Policy](#) (SFIP) in sections VII.J.3. and VII.J.4.i. (Dwelling Form and General Property Form) and sections VIII.J.3. and VIII.J.4.i. (Residential Condominium Building Association Policy Form).

POLICY NO.:		DATE OF LOSS:		ADJUSTER:		CLAIM/FILE NO.:							
POLICYHOLDER:		ADJUSTING FIRM:		ADJUSTING FIRM:									
PROPERTY ADDRESS:		MAILING ADDRESS:		CITY:		STATE: ZIP:							
CITY:		STATE: ZIP:		PHONE #1:		PHONE #2:							
PHONE #1:		PHONE #2:		EMAIL:									
EMAIL:													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Item No.	Room/Area of Item (e.g., Exterior, Bedroom, Hallway, Living Room, Master Bedroom, Detached Garage)	Description of Item (e.g., manufacturer, color, size, dimensions; include Web link, if available)	Item Model Number (if applicable)	Item Serial Number (if applicable)	Item Age (years)	Qty. of Item	Unit Cost to Repair or Replace (Includes Tax)	Total Cost to Repair or Replace (RCV)	Rate of Depreciation (if replacing)	Amount of Depreciation (calculated)	Depreciated Amount of Item (ACV)	Amount of Salvage (Buy Back)	Net ACV Amount of Loss
1							x	=	%	-	=	-	=
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
							Totals:						

Click to add/remove additional rows (if needed)

FEMA Form FF-206-FY-21-106 (formerly 086-0-06) (3/21)

Building Property Worksheet, FF-206-FY-21-107

Policyholders provide specifications of the damaged building(s) and a detailed repair estimate, including quantity, description, ACV and amount of loss.

Worksheet Date: _____ DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
 National Flood Insurance Program

OMB Control Number: 1660-0005
 Expiration: 05-31-2026

ACV Amount of Loss (total from column 10)

\$

BUILDING PROPERTY WORKSHEET

Policyholders use this form provide specifications of the damaged building(s) and a detailed repair estimate, which includes an inventory of the of flood-damaged building property showing the quantity, description, actual cash value and amount of loss, as required by the [Standard Flood Insurance Policy](#) (SFIP) in sections VII.J.3. and VII.J.4.f. (Dwelling Form and General Property Form) and sections VIII.J.3. and VIII.J.4.f. (Residential Condominium Building Association Policy Form).

POLICY NO.: _____ DATE OF LOSS: _____ CLAIM/FILE NO.: _____

POLICYHOLDER: _____

PROPERTY ADDRESS: _____

CITY: _____ STATE: ZIP: _____

PHONE #1: _____ PHONE #2: _____

EMAIL(S): _____

Building usage: Year built:

Building type:

Foundation type: No. floors:

Exterior wall construction type: No. rooms:

Exterior wall surface type: No. baths:

Building dimensions (L x W): x Total sq. ft.:

Estimated cost (pre-loss) to rebuild building from the ground up if totally destroyed (below):

Replacement Cost Value (RCV)	Less Depreciation	Actual Cash Value (ACV)
\$	\$	\$

1	2	3	4	5	6	7	8	9	10
Item No.	Room/Area of Item (e.g., Exterior, Bedroom, Hallway, Living Room, Master Bathroom, Detached Garage)	Description of Item (e.g., clean floor, remove batt insulation, replace 1/2" drywall, paint interior door, replace 3-ton air condenser; model #, serial #, age)	Qty. of Item #	Unit Cost to Repair or Replace (Includes Tax) x	Unit Type (e.g., EA, HR, LF, SF, SY)	Total Cost to Repair or Replace (RCV) =	Rate of Depreciation (if replacing) %	Amount of Depreciation (calculated) -	Depreciated Amount of Loss (ACV) =
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
<div> <input type="button" value="+"/> <input type="button" value="-"/> Click to add/remove additional rows (if needed) </div>						Totals:			

FEMA Form FF-206-FY-21-107 (formerly 086-0-07)
 (3/21)

Page 1 of 2

Proof of Loss (Policyholder-Prepared), FF-206-FY-21-108

Policyholders provide a signed and sworn-to Proof of Loss to their insurer, with documentation to support the loss and dollar amount requested.

Submission: <input type="checkbox"/> DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program		OMB Control Number: 1660-0005 Expiration: 05-31-2026	
PROOF OF LOSS			
Policyholder-Prepared		BUILDING AND CONTENTS	
<p>Policyholders use this form to provide a Proof of Loss to their insurer, which is the policyholder's statement of the amount of money being requested, signed and sworn to by the policyholder, with documentation to support the amount requested, as required by the Standard Flood Insurance Policy (SFIP) in section VII.J.4.</p>			
POLICYHOLDER: _____		POLICY NO.: _____	
PROPERTY ADDRESS: _____		CLAIM/FILE NO.: _____	
CITY: _____	STATE: <input type="checkbox"/> ZIP: _____	DATE OF LOSS: _____	
MAILING ADDRESS: _____		Same as property <input type="checkbox"/> TIME OF LOSS: _____	
CITY: _____	STATE: <input type="checkbox"/> ZIP: _____	PHONE NO.: _____	
EMAIL #1: _____		EMAIL #2: _____	
How flood loss happened: <input type="checkbox"/>			
Interest:	Mortgagee(s): _____ None: <input type="checkbox"/> Others with interest in or liens, charges or claims against property: _____ None: <input type="checkbox"/> Other insurance that may insure this loss: _____ Type: <input type="checkbox"/>		
Title and Occupancy:	Building type: <input type="checkbox"/> Ownership/use: <input type="checkbox"/> Contents type/ownership/use: <input type="checkbox"/>		
COVERAGE / BENEFIT TYPE		AMOUNT OF COVERAGE	DEDUCTIBLE
COVERAGE A – BUILDING PROPERTY		\$ _____	\$ _____
COVERAGE B – PERSONAL PROPERTY		\$ _____	\$ _____
NET AMOUNT CLAIMED:			\$ _____
Requirements for submitting a complete Proof of Loss (check all that apply):	<input type="checkbox"/> In completing this Proof of Loss, I have used my own judgment concerning the amount of my loss <input type="checkbox"/> I have justified the amount of my loss by attaching the following: <input type="checkbox"/> Specifications of damaged buildings and detailed repair estimates (for building claims) <input type="checkbox"/> A detailed inventory of damaged personal property (for contents claims) <input type="checkbox"/> All bills, invoices, receipts and related documents (for all claims)		
<p>I understand that I must submit a Proof of Loss within 60 days of the date of the loss or within any extension of that deadline made in writing by FEMA's Federal Insurance Administrator. The flood event identified above damaged or destroyed the property claimed on this Proof of Loss. I understand that my SFIP is issued pursuant to federal law, the National Flood Insurance Act of 1968, as amended, and applicable federal regulations in Title 44 of the Code of Federal Regulations, Chapter 1, Subchapter B.</p> <p>I understand that I may still request additional payment for other flood damages if I believe that not all damages were addressed in this estimate. In the event a third party is responsible for the damage, I hereby authorize my insurer to bring suit in my name against any third party who may be responsible for the damages.</p> <p>I have not knowingly and willfully falsified or concealed a material fact, made a false or fraudulent representation, or presented any false document in connection with this claim, and acknowledge that any such action may be punishable by fine of imprisonment under applicable United State Codes.</p> <p>By signing and dating this form, I declare under penalty of perjury that the foregoing is true and correct.</p>			
POLICYHOLDER SIGNATURE: _____		DATE SIGNED: _____	
OWNER NAME: _____		OWNER TITLE: _____	

ICC Proof of Loss, FF-206-FY-21-109

Policyholders use this form to state the amount for an Increased Cost of Compliance claim with sworn details of loss.

Submission: <input type="checkbox"/> DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program		OMB Control Number: 1660-0005 Expiration: 05-31-2026
PROOF OF LOSS INCREASED COST OF COMPLIANCE		
Policyholders use this form to provide a Proof of Loss to their insurer, which is the policyholder's statement of the amount of money being requested, signed and sworn to by the policyholder, with documentation to support the amount requested, as required by the Standard Flood Insurance Policy (SFIP) in section VII.J.4. This form supports calculations to determine the amount of insurance benefits for mitigation activities.		
POLICYHOLDER: _____		POLICY NO.: _____
PROPERTY ADDRESS: _____		CLAIM/FILE NO.: _____
CITY: _____	STATE: <input type="checkbox"/> ZIP: _____	DATE OF LOSS: _____
MAILING ADDRESS: _____ Same as property <input checked="" type="checkbox"/>		TIME OF LOSS: _____
CITY: _____	STATE: <input type="checkbox"/> ZIP: _____	PHONE NO.: _____
EMAIL #1: _____		EMAIL #2: _____
How loss happened:	Brief explanation: _____ Date of declaration: _____ Date ICC claim filed: _____ Date of compliance: _____	
Interest:	Mortgagees & others with interest in or liens, charges or claims against property: _____ None: <input type="checkbox"/>	
Occupancy:	Building type: <input type="checkbox"/> Ownership/use: <input type="checkbox"/>	
Compliance activity completed (select all that apply): <input type="checkbox"/> Floodproofing (non-residential) <input type="checkbox"/> Relocation <input type="checkbox"/> Elevation <input type="checkbox"/> Demolition		
Assignment: (select if assigning ICC claim payment to community for a FEMA-sponsored hazard mitigation grant)	<input type="checkbox"/> I consent to the assignment of the Increased Cost of Compliance claim payment <input type="checkbox"/> My community official provided me with an Assignment of Coverage D Form <input type="checkbox"/> I have signed the Assignment of Coverage D Form and provided it to my community official	
COVERAGE D – INCREASED COST OF COMPLIANCE (ICC)		TOTALS
Building coverage regulatory limit (maximum limits shown in 44 CFR 61.6)		\$
Building coverage policy limit (Coverage A limit shown on Declarations Page)		\$
ICC coverage limit (lesser of: Coverage D limit, or regulatory limit minus Coverage A claim payment)		\$
Total cost of compliance activity		\$
Building Property claim payment (Coverage A)		\$
ICC advance payment		\$
ICC final payment		\$
Net ICC claim		\$
Attachments that support my ICC Proof of Loss (check all that apply):	<input type="checkbox"/> Letter of mitigation compliance or building certificate of occupancy from community's building official <input type="checkbox"/> Proof of payment from contractor that performed and completed the compliance activity(ies) <input type="checkbox"/> Elevation certificate (with photos) showing the compliance activity has been completed (if building elevated)	
I understand that my SFIP is issued pursuant to federal law, the National Flood Insurance Act of 1968, as amended , and applicable federal regulations in Title 44 of the Code of Federal Regulations, Chapter 1, Subchapter B . I have not knowingly and willfully falsified or concealed a material fact, made a false or fraudulent representation or presented any false document in connection with this claim, and acknowledge that any such action may be punishable by fine or imprisonment under applicable United State Codes. By signing and dating this form, I declare under penalty of perjury that the foregoing is true and correct.		
POLICYHOLDER SIGNATURE: _____ DATE SIGNED: _____ OWNER NAME: _____ OWNER TITLE: _____		

First Notice of Loss, FF-206-FY-21-110

Policyholders use this to give prompt written notice of a flood loss to their NFIP insurer, with information to aid a policyholder with reporting the loss.

Date of this Notice: _____

DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
 National Flood Insurance Program

OMB Control Number: 1660-0005
 Expiration: 05-31-2026

FIRST NOTICE OF LOSS

Policyholders use this form to give prompt written notice of a flood loss to their NFIP insurer, as required by the Standard Flood Insurance Policy (SFIP) in section VII.J.1. This form includes information to aid a policyholder with reporting the loss.			
Policyholder Information			
POLICYHOLDER: _____		POLICY NO.: _____	
PROPERTY ADDRESS: _____		DATE OF LOSS: _____	
CITY: _____	STATE: _____	ZIP: _____	TIME OF LOSS: _____
MAILING ADDRESS: _____		Same as property <input type="checkbox"/>	PHONE NO. #1: _____
CITY: _____	STATE: _____	ZIP: _____	PHONE NO. #2: _____
E-MAIL #1: _____		E-MAIL #2: _____	
MORTGAGEE(S): _____			
NOTES TO INSURER (e.g., when to contact): _____			
Alternate Contact Information			
ALTERNATE CONTACT: _____		RELATIONSHIP: _____	
PHONE #1: _____		PHONE #2: _____	E-MAIL: _____
NOTES TO INSURER (e.g., when to contact): _____			
Loss Information			
How flood loss happened (select cause of loss that applies):	<input type="checkbox"/> Unusual & rapid accumulation or runoff of surface waters from any source <input type="checkbox"/> Overflow of inland or tidal waters <input type="checkbox"/> Mudflow from loss of brush cover & excessive rain <input type="checkbox"/> Water containment system break, backup or release (e.g., dam, reservoir or levee, or water distribution or sewer system) <input type="checkbox"/> Land collapse/subsidence along a shore from erosion/undermining caused by waves/currents exceeding anticipated cyclical levels <input type="checkbox"/> Loss Avoidance Measures (select measures that apply): <input type="checkbox"/> Sandbags, Supplies & Labor <input type="checkbox"/> Property Removed to Safety		
	Did flood water touch or enter the building: <input type="checkbox"/> Yes <input type="checkbox"/> No Has flood water receded from the building: <input type="checkbox"/> Yes <input type="checkbox"/> No If no, date when access expected: _____		
Building(s)/area(s) affected by flood water (select all that apply): <input type="checkbox"/> Main building/unit <input type="checkbox"/> Detached garage <input type="checkbox"/> Shed <input type="checkbox"/> Basement <input type="checkbox"/> Crawlspace <input type="checkbox"/> Enclosure <input type="checkbox"/> First floor <input type="checkbox"/> Second floor <input type="checkbox"/> Third floor & above		Height of flood water (approx.): _____ feet _____ inches Type of property damaged (select all that apply): <input type="checkbox"/> Building <input type="checkbox"/> Contents	
Post-loss Information			
Was power to building lost: <input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, has power been restored: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Is the HVAC operational: <input type="checkbox"/> Yes <input type="checkbox"/> No			
<input type="checkbox"/> Check if contractor(s) already hired and started any of the following (select all that apply): <input type="checkbox"/> Cleanup <input type="checkbox"/> Tear-out <input type="checkbox"/> Dryout <input type="checkbox"/> Repairs			
Contractor #1: _____		Phone No.: _____ x _____ <input type="checkbox"/> Work <input type="checkbox"/> Mobile	
Contractor #2: _____		Phone No.: _____ x _____ <input type="checkbox"/> Work <input type="checkbox"/> Mobile	
<input type="checkbox"/> If tear-out already started, check if portion(s) of damaged property have been saved/set aside for adjuster to inspect			
Brief description of damage (if emergency handling, please explain below; text will flow to following page(s), if needed)			

FEMA Form FF-206-FY-21-110 (formerly 086-0-11)
 (3/21)

Page 1 of 2

Manufactured (Mobile) Home/Travel Trailer Worksheet, FF-206-FY-21-111, page 1

Policyholders use this form to provide information about the flood damage to a manufactured (mobile) home or travel trailer.

Worksheet Date: _____	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program	OMB Number: 1660-0005 Expiration: 05-31-2026
MANUFACTURED (MOBILE) HOME/TRAVEL TRAILER WORKSHEET		
Policyholders use this form provide specifications of the damaged building(s) and a detailed repair estimate, which includes an inventory of the of flood-damaged building property showing the quantity, description, actual cash value and amount of loss, as required by the Standard Flood Insurance Policy (SFIP) in sections VII.J.3. and VII.J.4.f. (Dwelling Form and General Property Form) and sections VIII.J.3. and VIII.J.4.f. (Residential Condominium Building Association Policy Form).		
POLICY NO.: _____	DATE OF LOSS: _____	CLAIM/FILE NO.: _____
Policyholder Information POLICYHOLDER: _____ PROPERTY ADDRESS: _____ CITY: _____ STATE: _____ ZIP: _____ PHONE #1: _____ PHONE #2: _____ E-MAIL(S): _____		Click on box below to upload exterior photo or diagram of manufactured (mobile) home or travel trailer (image files: *.jpg, *.gif, *.png, *.tif) <div style="border: 1px solid black; height: 150px; margin-top: 10px;"></div>
Site Hazard Information Site type: _____ FIRM date: _____ Date manufactured home/travel trailer was permanently affixed to the site: _____ Building's FIRM status (from the date of construction determination): _____		
Building Specifications (manufactured home/travel trailer factory-built sections)		
Building type: _____ Occupancy/usage: _____ Manufacturer & model: _____ Unit configuration: _____ Year built: _____ Section 1 dimensions (width x length): _____ x _____ Sec. 1 sq. ft.: _____ Number of bedrooms: _____ Gross area of fully-assembled unit: _____ Quality of construction/condition of unit: <input type="checkbox"/> Fair <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent		Section Identification Source: <input type="checkbox"/> Data plate <input type="checkbox"/> Chassis <input type="checkbox"/> Title <input type="checkbox"/> HUD tag <input type="checkbox"/> Deed <input type="checkbox"/> None found Serial No./VIN (Section 1): _____ Comments: _____ Principal residence: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Building Specifications (chassis/frame) Chassis components removed (select all that apply): <input type="checkbox"/> Tongue <input type="checkbox"/> Wheels <input type="checkbox"/> Axles <input type="checkbox"/> Spring assemblies <input type="checkbox"/> Add comments		
Building Specifications (foundation) Foundation classification: _____ Foundation type: _____ Foundation material: _____ Primary footing type: _____ Installation/anchoring method at the time of the loss (select all the apply): <input type="checkbox"/> consisted of over-the-top or frame ties-to-ground anchors <input type="checkbox"/> accorded with manufacturer's specifications <input type="checkbox"/> complied with state or local building standards <input type="checkbox"/> complied with community's floodplain management requirements * <input type="checkbox"/> * unless it has been continuously insured by the NFIP at the same described location since 9/30/1982 Tie-downs (select all that apply): <input type="checkbox"/> Over-the-top straps <input type="checkbox"/> Frame ties (straps/cables) <input type="checkbox"/> Wall ties (straps/cables) <input type="checkbox"/> Direct-bolted or welded Anchor assemblies (select all that apply): <input type="checkbox"/> Earth (ground) anchors <input type="checkbox"/> Rock (ground) anchors <input type="checkbox"/> Concrete anchors <input type="checkbox"/> Stabilizer plates Comments: _____		

Manufactured (Mobile) Home/Travel Trailer Worksheet, FF-206-FY-21-111, page 2

Policyholders use this form to provide information about the flood damage to a manufactured (mobile) home or travel trailer.

Building Specifications (pre-loss valuation) <input type="checkbox"/> Select to view/hide additional information/instructions																																		
New/replacement unit details		Used/existing unit details																																
Provide details and the retail value of a new factory-built manufactured home (identical unit damaged by the flood or another manufacturer's unit of similar style, size and qualify, if the flood-damaged unit is no longer manufactured). Attach the valuation/appraisal report to this worksheet.		Provide details and the depreciated retail value (used value) of the flood-damaged manufactured home (used/depreciated replacement cost value prior to the flood). Attach the valuation/appraisal report to this worksheet.																																
<input type="checkbox"/> Select for information regarding transportation and installation costs																																		
Manufacturer & model: _____		Manufacturer & model: _____																																
Unit configuration: _____ Year built: _____		Unit configuration: _____ Year built: _____																																
Gross dimensions (w x l): _____ x _____ Gross area: _____		No. of bedrooms: _____ Gross area of fully-assembled unit: _____																																
Select source of new manufactured home values <input type="checkbox"/> Show options below		Select source of used manufactured home values <input type="checkbox"/> Show options below																																
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Building coverage limit: \$ _____ Coverage-to-value calculation: _____ %	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Post-loss Repair Estimate Table</th> <th style="text-align: center; padding: 5px;">Totals</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Replacement Cost Value (RCV) of loss</td> <td style="padding: 5px;">\$</td> </tr> <tr> <td style="padding: 5px;">Less depreciation</td> <td style="padding: 5px;">\$</td> </tr> <tr> <td style="padding: 5px;">Actual Cash Value (ACV) of loss</td> <td style="padding: 5px;">\$</td> </tr> </tbody> </table>				Post-loss Repair Estimate Table	Totals	Replacement Cost Value (RCV) of loss	\$	Less depreciation	\$	Actual Cash Value (ACV) of loss	\$																						
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Actual Cash Value (ACV) of loss	\$																																	

Advance Payment Request, FF-206-FY-21-113

Policyholders use this to request an advance payment for flood damage to eligible insured building property and personal property.

Request Date: _____	DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency National Flood Insurance Program	OMB Control Number: 1660-0005 Expiration: 01-31-2024
ADVANCE PAYMENT REQUEST BUILDING AND CONTENTS		
Policyholders use this form to request an advance payment of the total claim payment for flood damage to eligible insured building property and personal property (if this coverage was purchased).		
POLICYHOLDER: _____		POLICY NO.: _____
PROPERTY ADDRESS: _____		CLAIM/FILE NO.: _____
CITY: _____	STATE: <input type="checkbox"/> _____	ZIP: _____ DATE OF LOSS: _____
MAILING ADDRESS: _____		Same as property <input type="checkbox"/> PHONE NO. #1: _____
CITY: _____	STATE: <input type="checkbox"/> _____	ZIP: _____ PHONE NO. #2: _____
EMAIL #1: _____		EMAIL #2: _____
MORTGAGEE(S): _____		
AGENT/AGENCY: _____		PHONE NO. #1: _____
AGENT EMAIL(S): _____		PHONE NO. #2: _____
COVERAGE / BENEFIT TYPE	AMOUNT OF COVERAGE	DEDUCTIBLE
COVERAGE A – BUILDING PROPERTY	\$ _____	\$ _____
COVERAGE B – PERSONAL PROPERTY	\$ _____	\$ _____
NET AMOUNT REQUESTED:		\$ _____
I request that _____ [my insurer] provide me an advance payment in the amount(s) requested above for a claim that I will submit pursuant to my Standard Flood Insurance Policy (SFIP) insuring the property described above.		
By signing this Advance Payment Request, I agree to the following conditions:		
(1) The advance payment is not a payment for Additional Living Expenses (ALE). My SFIP specifically excludes ALE.		
(2) The issuance and acceptance of an advance payment does not prejudice or waive any claim or defense available to either me or my insurer.		
(3) The issuance and acceptance of an advance payment does not constitute an admission of coverage under my SFIP.		
(4) To the best of my knowledge, my insured property suffered a loss that is insured under my SFIP.		
(5) If my loss is determined not to be insured under my SFIP, or if the advance payment exceeds the amount of the actual insured loss, I am not eligible for the payment and agree to repay the advanced payment (or portion thereof).		
(6) Acceptance of an advance payment will not affect my right to seek additional payment under the terms and conditions of my SFIP.		
(7) After my claim is settled, my insurer will reduce the final payment by the amount of any advance payment(s) made to me.		
(8) My insurer must include as co-payee(s) any mortgagee shown on the Declarations Page of my policy as well as any other mortgagee or loss payee determined to exist at the time of loss on any advance payment for Coverage A - Building Property.		
(9) To finalize my claim, I must submit a signed and sworn Proof of Loss meeting all of the requirements of the SFIP for all amounts received, including the amount of the advance payment, except as may otherwise be authorized by FEMA's Federal Insurance Administrator under any applicable waiver.		
POLICYHOLDER SIGNATURE: _____		DATE SIGNED: _____
OWNER NAME: _____		OWNER TITLE: _____

FEMA Form FF-206-FY-21-113 (formerly 086-0-23)
 (3/21)

Page 1 of 2

Claim Appeal, FF-206-FY-21-115

A policyholder may appeal a denial by an NFIP insurer directly to FEMA. See page **Claims Journey-72** of this Manual for an explanation of the appeal process and requirements.

Today's Date: _____

DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

OMB Control Number: 1660-0005
Expiration: 05-31-2026

CLAIM APPEAL

A policyholder may appeal a denial by an NFIP insurer directly to FEMA. The policyholder must: (a) submit the appeal within 60 days of the date of the denial letter for the item(s) denied, (b) include a copy of the denial letter, and (c) include this completed form, along with documentation that supports the appeal. The policyholder may submit the appeal to FEMA either: (1) by email to: FEMA-NFIP-Appeals@fema.dhs.gov, or (2) by mail to: FEMA, 400 C Street SW, 6th Floor, Washington, DC 20472-3010. **Please note:** FEMA calculates the 60-day time period to appeal as follows: the 60-day window begins on the day after the date on the denial letter and includes every calendar day, including Saturdays, Sundays and legal holidays. If the 60th day falls on a weekend day (i.e., Saturday or Sunday) or a legal holiday, FEMA extends the period to the next day that is not a weekend day or legal holiday. The appeal submission date, determined by reference to the electronic time stamp of the email, or the postmark date or express carrier's acceptance date of the physical mail, must fall within this 60-day time period. During the appeal process, the policyholder may continue to work with the insurer and the flood adjuster to resolve any outstanding issues, including the denied item(s) subject to appeal. Filing an appeal does not waive any of the requirements within the policy, nor will it extend the proof of loss submission period or the one-year time frame to file suit against the insurer.

Insurer-Policy-Loss Information

INSURER: _____		Days since date of denial: <div>Today</div>
POLICY TYPE: <input type="checkbox"/> Dwelling Form <input type="checkbox"/> General Property Form <input type="checkbox"/> Residential Condominium Building Association Policy	POLICY NO.: _____ DATE OF LOSS: _____ DATE OF DENIAL: _____	Timely submission must occur by: <div>Enter a valid date</div>

Policyholder Contact Information ☐ Select to add additional policyholder or spouse (if any) ☐ Select to add third-party representative (if any)

POLICYHOLDER: _____ PHONE #1: _____ PHONE #2: _____
POLICYHOLDER EMAIL #1: _____ EMAIL #2: _____

Policyholder Address Information ☐ Select to add mailing address (if different than property address)

POLICYHOLDER PROPERTY ADDRESS: _____
POLICYHOLDER PROPERTY CITY: _____ STATE: ZIP: _____

Appeal Issue # 1 Issue: _____ Is this issue denied in denial letter: ☐ Yes ☐ No
Filename: supporting documentation # 1 : _____ ☐ Document ☐ Photo Click to add/remove

In space below, provide basis for your appeal and explain how your documentation supports your appeal. Text will flow to additional pages:

Click to add/remove another issue (if any)

Appendix D: Structural Drying

Bulletin w-13025a: The structural drying bulletin provides guidance for structural drying under the SFIP.

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

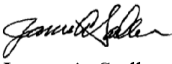


FEMA

W-13025a

May 14, 2013

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the National Flood Insurance Program (NFIP) Direct Servicing Agent

FROM: 
James A. Sadler, CPCU, AIC
Director of Claims
Federal Insurance and Mitigation Agency

SUBJECT: **Claims Guidance - Structural Drying and Other Related Items**

The purpose of this bulletin is to provide claims guidance regarding coverage for structural drying under the Standard Flood Insurance Policy (SFIP). This paper assumes some knowledge on the part of the reader, but reference to the glossary and other addenda can be helpful.

The SFIP pays the cost to repair damage that is a direct physical loss by or from flood, as flood is defined in the SFIP, to the policyholder's insured property. To the extent that structural drying of the policyholder's insured building meets this test, the claim for building drying may be paid. The SFIP will not pay for claims to dry building components that are typically removed due to the poor quality of the flood water – removal of carpet and drywall appropriate to the flooding is a typical example.

Building materials are typically porous, and when in contact with flood water the more porous materials may not be salvageable. Building materials that are salvageable are less porous so less water is absorbed; however, because of this characteristic, the absorbed moisture does not pass through the material easily, making salvageable building materials generally difficult to dry. Water on the surface of material with low porosity quickly evaporates; however, because air movement cannot reach inside the material, a different approach to the removal of the absorbed water held inside material (bound water) is more effective than previous approaches. This method (drying bound water after removing unsalvageable building materials) emphasizes a specific type of dehumidification equipment, a changing approach to the utilization of air movement, and an increased role of temperature.

Evaporating water within salvageable building material can be best accomplished by increasing the vapor pressure differential, which is the force created between the moisture in the affected material compared to the amount of water vapor removed in the affected air. When the outdoor environment or the building's HVAC system is insufficient for drying, the most effective means to increase vapor pressure differential is with low grain refrigerant (LGR) or desiccant type dehumidifiers, which are capable of removing a significant amount of moisture from

Claim Guidance – Structural Drying and Other Related Items

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the affected air. The drying process can be aided by elevating the temperature of affected material with the introduction of low controlled heat; this will promote the release of moisture bound inside the material so it can be drawn into the affected air and removed by dehumidification. While initially some high velocity air movement from centrifugal fans may be needed to help evaporate surface and free water when it is present, the emphasis for the greater volume of air movement from axial fans is most effective to complete the drying process (see: Figure 1).

Before mechanical drying is initiated, non-salvageable building and contents items should be removed, salvageable building material should be cleaned and treated against mold and mildew, and the affected components of the building's main electrical and HVAC systems should be restored and sanitized. Separation of the affected area from unaffected areas should be re-established if required prior to tear-out. Once accomplished, mechanical drying can commence. These costs may be included in flood insurance claims estimate by one of the following methods:

1. Square foot (SF) allowance – when rented equipment or professional services are not involved, a SF allowance to dry can be considered. Such allowance would represent the usage and costs of operating the HVAC system beyond the typical seasonal use and for fans, dehumidifiers or space heaters the insured may use. Reasonable adjustments should be applied if drying non-living spaces or areas of a building with no climate control.
2. When drying services are performed and the submission of an itemized invoice is not supported with a properly completed “drying log,” consideration for the duration, type, and number of equipment should follow these guidelines once a reasonable attempt to verify the quantity and type of equipment is made:

Duration – drying should be performed for 1, 2, or 3 days based on the degree of saturation at the onset of drying. Consider the following factors:

- The length of time flood water remained inside the building;
- The reasonable period unsalvageable materials remained installed; and
- The length of time after the removal of unsalvageable building items, building clean-up and sanitizing was performed, to the start of mechanical drying.

Dehumidifiers – capacity is based on the quantity of material saturated by bound water:

- In climate-controlled areas, the following formulas should be used with the respective dehumidifier type in order to determine the amount of dehumidification capacity necessary:
 - Low Grain Refrigerant (LGR) unit: volume of the affected area in cubic feet ÷ 50 = the required AHAM pints.
 - Desiccant unit: volume of the affected area in cubic feet ÷ 60 x 2 = required CFM.
 - When both type of dehumidifiers are utilized in the same affected area, the combined capacity of all the units should not exceed the capacity determined of one formula.
 - Standard or conventional refrigerant units should not be considered.

Claim Guidance – Structural Drying and Other Related Items

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- For interior building areas with minimal saturated material or with limited climate control, e.g., an unfinished basement or cellar, dehumidification capacity should be reduced.
- For areas of a building exposed to soil or outdoor conditions, e.g., crawlspaces, attached garages, or attached utility and storage rooms, dehumidification should not be considered.
- Ducting (flex or plastic lay-flat) may be utilized with desiccant units.

Air movers (see Figure 2 and 3):

- The number of air movers on day one (one day duration) should be based on the following:
 - Elapsed time between the completion of building tear-out, cleaning and sanitizing, to the start of mechanical drying;
 - Presence of affected salvageable material:
 - Exposed perimeter wall sheathing – one air mover per 16 LF
 - Salvageable floors – at least one air mover per room or closet;
 - With interior wall removal:
 - The elimination of the one air mover per room or closet criteria
 - Requires a greater emphasis on the volume of air movement
 - Total size of the affected area;
- When drying surface, free and bound water:
 - Two-day duration – quantity equals 50% of the day 1 total number of air movers
 - Three-day duration – sum of air movers for day 2 and 3 equals number for day 1
- When drying bound water only – the number of air movers per day should remain the same
- In crawlspace areas the number of air movers should be less than in finished living spaces, but at least one air mover per enclosed area; but the total number of air movers should not be more than 50% of the total number of vented openings.
- Low amperage axial fans are more effective in moving a greater volume of air.
- Larger high amperage axial fan types are more effective in larger open areas.
- Centrifugal fans are best for velocity air movement across wet flat surfaces.

Plastic Containment barriers – if utilized over an existing interior wall or door opening, or over a porous or poorly sealed interior door, but not over an existing exterior door or window.

3. When drying services are performed and a properly completed “drying log” is submitted along with the itemized invoice, the insurer and their claim representative should take into consideration the number of drying equipment units validated by the drying log for the drying duration presented. The following charges can also be considered:
 - Supplemental heaters;
 - High-pressure axial fans with ducting when utilizing low controlled heat; and
 - Labor for initial assessment and setup, daily monitoring, and final takedown; all other labor allowances are considered included

Claim Guidance – Structural Drying and Other Related Items

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What is a drying log? It is a record of daily temperature and relative humidity readings of both indoor and outdoor air, plus moisture readings and the recorded location of affected and unaffected building materials, as well as the drying goal and dry standard for the affected materials. The properly completed drying log, an industry standard, should also include a moisture map, the daily operating status of the building's HVAC system and all the instruments and equipment used by the technician.

Water Mitigation Review: In cases where the drying charges submitted with a drying log are beyond the parameters described under Method 2 presented above, the claim review process should include an independent review of the charges by a qualified third party; however, the reviewer's recommendation should never supersede the terms, conditions and limitations of the SFIP or other FEMA claim guidance.

Other related issues:

1. Water extraction – It is important that the estimated unit price for water extraction reflect what is actually required, such as when extracting water with a pump, hose and periodic monitoring, as in “pump-out”; this is a different task with a different cost compared to performing water extraction manually using a wet vacuum or specialized extraction equipment when salvaging structural building material. When flood water is extracted to aid the removal of carpet and padding, it is included in its removal unit price; when it is used during the course of cleanup, as in the removal of spent cleaning water, it is included in the cleanup unit price.
2. Other equipment – When generators, negative air movers, air filtering equipment, personal protection equipment, and any other equipment and associated labor are needed for the removal of damaged building material, cleaning, or the application of mildewcide (when it is directly caused by or from flood), they are considered included in the unit price for material removal, cleaning, or mildewcide application.
3. Sealers and preservatives – When a claim includes drying a salvageable item, the charge to apply a sealer or preservative on the same item is not allowed unless there is documentation that the sealer or preservative was applied before the loss.
4. Temporary power – When a building's electrical system is not operable the charge for a generator to power drying equipment is not allowed. Generators used to power large desiccant dehumidifiers may be considered when the capacity of dehumidification is validated and a properly completed drying log is provided. When the building's power supply is considered insufficient and a generator and auxiliary distribution equipment is needed to power drying equipment, a charge may be allowed under specific circumstances. In such cases the insurer should be contacted immediately to discuss the circumstances involved and third-party review should be considered early in these rare commercial claims.

Claim Guidance – Structural Drying and Other Related Items

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5. Drying prior to building's HVAC restoration – Mechanical drying should not be performed prior to tear out, clean up, sanitizing treatment and the full restoration of the HVAC system. However, when mechanical drying is performed prior to the full restoration of the HVAC all charges for temporary climate control or any subsequent charges for cleaning, sanitizing, or drying are not covered and cannot be paid.
6. Extraneous equipment charges – The cost to clean, sanitize, or maintain equipment after usage is included in its unit price.
7. Overhead and profit – A contractor's allowance for overhead and profit is applicable only when a properly completed drying log is submitted, the contractor either hired or performed the services, and it is reasonable that the contractor's responsibility and oversight were necessary with the services.
8. Non-covered items – The SFIP does not cover the cost to dry building material (1) that has been claimed in a removal and replacement allowance, (2) not directly damaged by flood, (3) that is an exterior item in direct contact with the elements, (4) excluded items, such as those in a basement or below the lowest elevated floor of a Post-FIRM elevated building, or (5) when the cost of drying an item is more than the value of the item.

NOTE: This document is not an industry standard for drying technicians, nor is it a guide to structurally dry a building.

Any questions regarding this guidance should be forwarded through the designated point of contact within your organization then directed to Dan Thorne at Anthony.Thorne@fema.dhs.gov.

Once again we ask for your cooperation.

Suggested Routing: WYO Vendors, Claims, IBHS, Government Technical Representatives, Independent Adjusting Firms

www.fema.gov

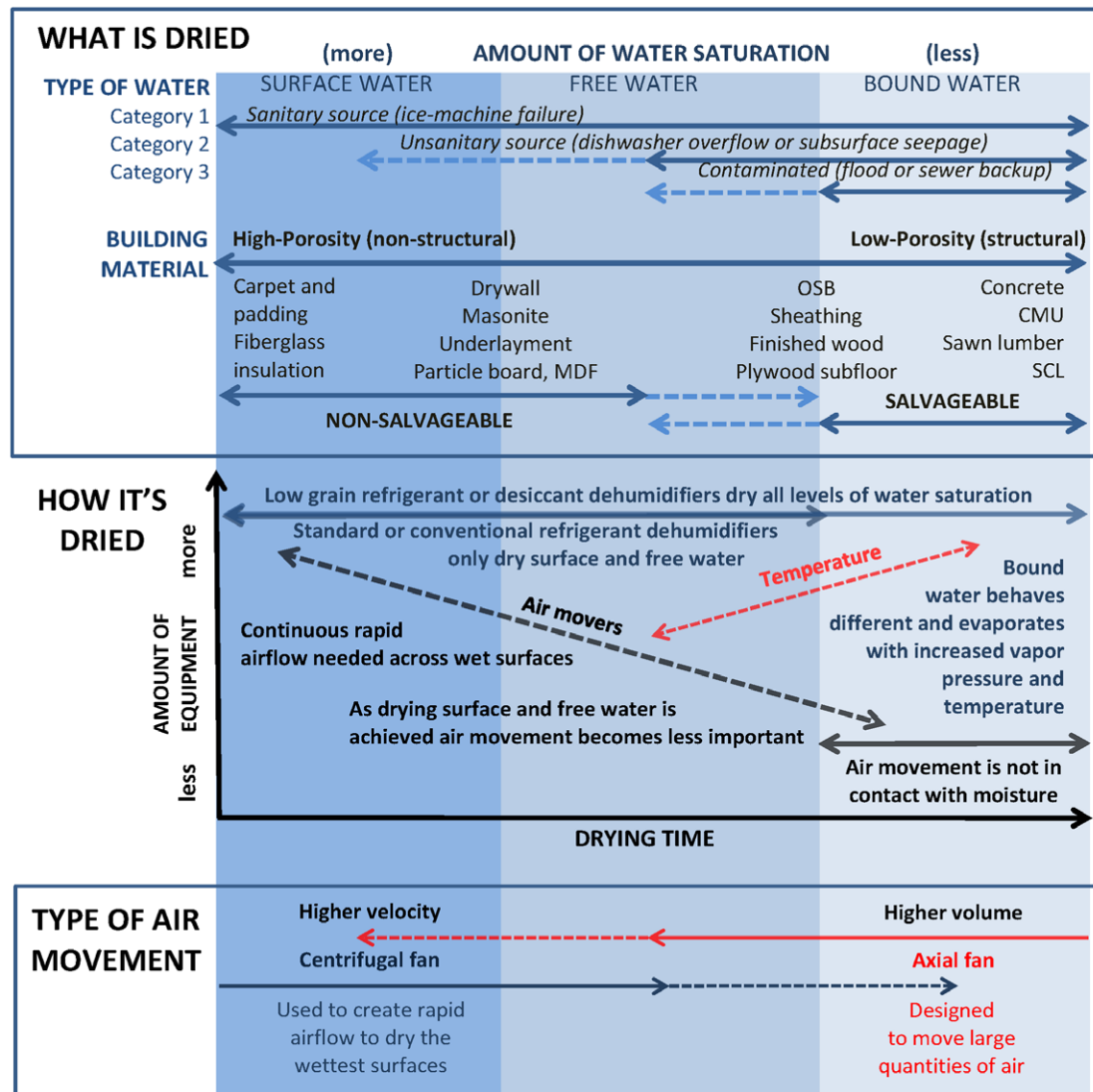
Claim Guidance – Structural Drying and Other Related Items

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page 6

(FIGURE 1)

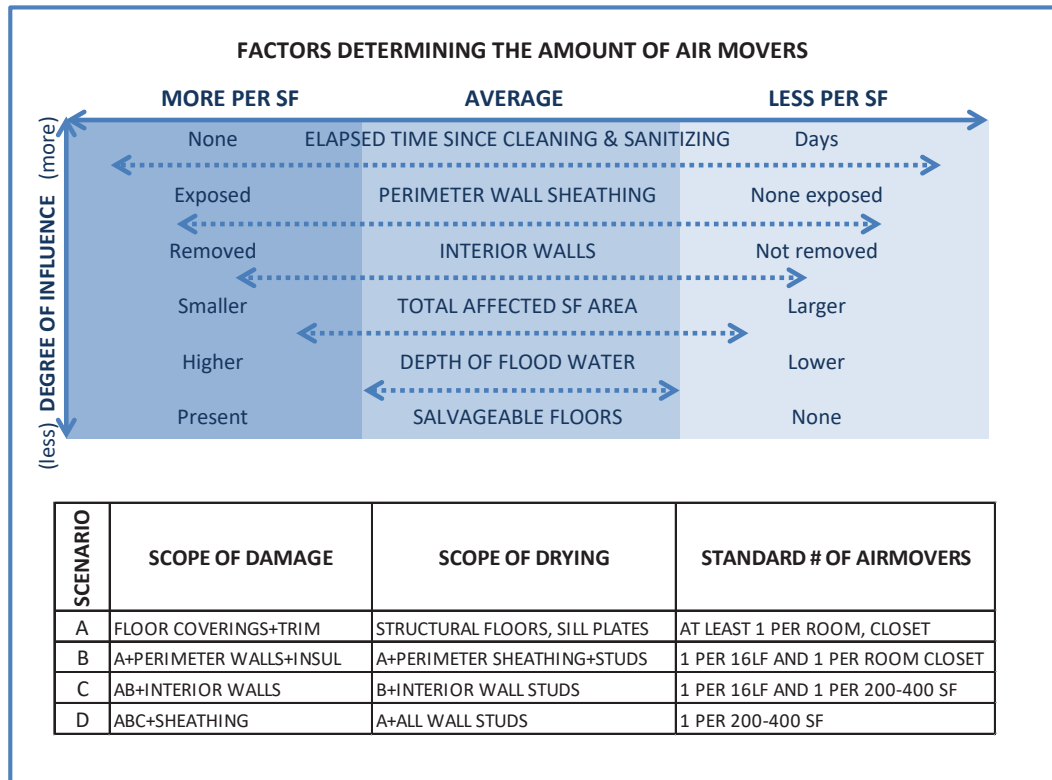
For coverage under the SFIP the scope to dry a flood damaged building is typically limited to drying “bound water”, water which is held inside salvageable structural material. Salvageable material does hold some “free water”, water that is absorbed below the surface into the open spaces of pores. But after the removal of unsalvageable building items, cleaning and treating against mold and mildew, and the removal of spent cleaning water, any residual water left on the surface or absorbed into pores will quickly evaporate.



In some losses flood-related subsurface seepage may be considered “category 2” by the restorer. In such instances drying non-structural building material may be possible.

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(FIGURE 2)



**GUIDE TO INITIAL (DAY 1) QUANTITY OF AIR MOVER
BASED ON DRYING SCENARIO AND SIZE OF TOTAL AFFECTED AREA (DWELLING)
(Assumes no elapsed time after building tear out, cleaning, and sanitizing)**

SCENARIO	PER SQUARE FOOT QUANTITY OF AIR MOVER BASED ON TOTAL AFFECTED AREA				
	600 SF / 100 LF	1200 SF / 140 LF	1800 SF / 175 LF	2400 SF / 200 LF	3000 SF / 225 LF
A	60 SF	75 SF	85 SF	92.5 SF	100 SF
B	60 SF	75 SF	85 SF	92.5 SF	100 SF
C	65 SF	90 SF	106 SF	124 SF	140 SF
D	200 SF	250 SF	300 SF	350 SF	400 SF

When mechanical drying begins a brief # of days after final cleaning and sanitizing, the “per square foot” amount should be adjusted accordingly (up to +50%). In cases when drying starts a considerable time after, the entire invoice should be referred for an independent review.

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(FIGURE 3)



EXAMPLE DRYING PROJECT
(surface, free and bound water)

Duration	Day 1	Day 2	Day 3	Total	Average
Actual	12	7	5	24	8
Estimate	8	8	8	24	8
Wrong	12	12	12	36	12

EXAMPLE DRYING PROJECT
(bound water only)

Actual	5	5	5	15	5
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GLOSSARY OF USEFUL TERMS

Affected air – the space within in a room or building which is influenced by or can influence the moisture content level of material inside that room or building.

AHAM (Association of Home Appliance Manufacturers) – an industry association which publishes test results for water removal performance of dehumidifiers manufactured in the United States. Performance is tested in an environment at 80°F and 60% RH for 24 hours.

Bound water – water absorbed and chemically held within a material; in wood it is water absorbed into the wall structure of cells.

Category of Water – the degree of which water is contaminated - category 1 water is from a sanitary source, category 2 water is from a source containing a significant degree of contamination, category 3 water is water from a grossly contaminated source; category 1 or 2 water can deteriorate if left in building material for a period of time.

CFM (cubic feet per minute) – a unit of measurement for the volume of airflow which is used to determine the amount of air exchanged during a period time.

Condensation – the process which water vapor forms into a liquid on surfaces when moist air is in contact with cooler surfaces.

Conventional refrigerant dehumidifier – a drying equipment unit which employs air movement over a cold surface that forces the condensation of water vapor; the dried air is then heated and circulated into the affected air to collect more moisture. Conventional refrigerant units can remove water vapor from air down to 55 GPP.

Dehumidification – the process which removes moisture from air.

Desiccant dehumidifier – a drying equipment unit which employs air movement through a moisture absorbing medium which to pull moisture from air. Desiccant units can remove water vapor from air down to zero GPP.

Dew point (DP) – the temperature which air becomes saturated and water vapor condenses to a liquid.

Dry Goal – the target moisture level for affected materials which require drying.

Dry Standard – the moisture content level of unaffected materials or known dry materials in an affected building, which are used to establish a drying goal for affected material which require drying.

Drying chamber – an area enclosed or created for the purpose of promoting effective drying.

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Equilibrium moisture content (EMC) – the condition of a material at which it is stabilized due to the existing moisture content of the affected air; the condition at which moisture in a material neither increases nor decreases.

Evaporation – the process which changes liquid water to a gas (water vapor).

Free water – absorbed water located within the open spaces of pores of a material.

Grains per pound (GPP) – a unit of measurement of the amount of water vapor in one pound of air (humidity ratio).

Institute of Inspection, Cleaning, and Restoration Certification (IICRC) - The IICRC is a certification and standard-setting non-profit organization for the inspection, cleaning and restoration industries, which publishes the “*S500 - Standard and Reference Guide for Professional Water Damage Restoration*” an ANSI approved procedural standard used by the water restorative industry.

Low grain refrigerant (LGR) dehumidifier – a drying equipment unit which employs air-movement over a cold surface and a pre-cooling device, which forces the condensation of water vapor to a greater degree of efficiency in drier air conditions, compared to a conventional or standard dehumidifier. LGR units can remove water vapor from air down to 34 GPP.

Moisture content (MC) – the percentage or weight of moisture in a material compared to the weight of that material when completely dry.

Moisture map – a floor plan sketched of the affected area with the locations of moisture readings of affected and unaffected building material, recorded at least daily over the course of a drying project.

Negative air pressure – condition created by removing the air from the affected area which to create infiltration, the process which draws in outside air into the affected area.

Permeability – the rate of which moisture passes through a material.

Porosity – the degree of which a material is porous or contains pores, openings or holes.

Preservative – a compound applied to the surface of salvageable material to suppress the growth of fungus, mold, and or mildew, or to prevent the infestation of wood-boring insects.

Psychrometric chart – a graph diagram showing the relationship between temperature, relative humidity, grains per pound, dew point and vapor pressure.

Relative Humidity (RH) – the percent of moisture in the air by volume at a specific temperature.

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Secondary damage – the unwanted and irreversible change to an unaffected area of a building or to unaffected material, from the effects of excessive moisture, dehumidification, air movement, or heat

Standard of care – the practice recognized by industry which is most common to reasonable and prudent members of that trade that demonstrates being qualified and competent.

Standard refrigerant dehumidifier – see conventional refrigerant dehumidifier

Surface water – moisture found on the outermost layer of a material.

Vapor pressure – the force exerted by a gas (water vapor) onto its surrounding environment.

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EXAMPLE CLAIM USING METHOD (2)

- Single floor on concrete slab; affected area is 50 x 40
- Flood water in the building for 24 hours, interior water 24 inches
- Professional drying started on the 5th day after building tear-out, cleaning and sanitizing against mold and mildew; there is no drying log
- Insurance estimate will include the removal and replacement of perimeter and interior wall coverings are removed to 4 foot level; all wall studs and exterior sheathing are exposed
- Assume drying scenario "C"

DURATION – Drying started within 5 days after tear-out, cleaning and sanitizing – allow 2 days for drying bound water

AIR MOVERS – For two day duration, day 2 – 50% of the # of airmovers for Day 1

Day 1	$2000 \div 135 \text{ SF} =$	15	
Day 2		8	
<u>Day 3</u>		<u>0</u>	
Total		23	(average 12.5 per day or 1 per 174/sf)

DEHUMIDIFIER (LGR) - 2000 SF X 8 foot ceilings \div 50 factor = 320 pint per day (ppd) needed

Standard size	$70 \times 3 =$	210 ppd for 2 days
Large size	$130 \times 1 =$	<u>130 ppd</u> for 2 days
Total		340 ppd

EXAMPLE DEHUMIDIFIER SIZES AND CAPACITY RATING

LGR

STANDARD SIZE 70 PPD

LARGE SIZE 130 PPD

EXTRA-LARGE SIZE 170 PPD

DESSICANT

STANDARD SIZE 385 CUBIC FEET PER MINUTE (CFM) or (116 PPD)

LARGE SIZE 900 CFM (344 PPD)

STANDARD TRAILER MOUNTED 1800 CFM (1000 PPD)

LARGE TRAILER MOUNTED 4800 CFM (3032 PPD)

(See estimating software for a particular unit item's specification)

NOTE: When the amount of dehumidification equipment invoiced is within an arm's reach of the amount calculated by the suggested formula used by the claims representative, it is acceptable to honor the difference on the insurance claim. This difference can be due the availability of the equipment at hand; however, when the difference is significant (greater than 10%-15%), the excessive invoiced dehumidification capacity should not be considered.

Appendix E: Multiple Losses

Under the SFIP, policyholders are required to promptly report each loss to their NFIP insurer, even if multiple losses occur close in time to one another. For multiple losses, NFIP insurers are required to treat each flood loss as a separate loss, which would require an adjuster report for each loss. This process ensures that each claim is properly adjusted.

NFIP insurers should assign the original adjuster to handle any subsequent losses to provide continuity and ensure a consistent understanding of the property and prior claims. If the original adjuster is unavailable, NFIP insurers should assign the subsequent losses to the same adjusting firm to maintain continuity. When neither the original adjuster nor adjusting firm are available, the NFIP insurer and new adjuster must carefully review the prior claim file and any relevant property conditions to properly adjust the subsequent loss.

Under the SFIP, the policy limits and deductibles are applicable for each loss. Any remaining coverage amounts available after adjusting one loss cannot be applied to cover damages from another loss. This ensures fair and accurate compensation for each distinct event.

Moreover, the SFIP does not allow duplicate payments for the same damage. For example, if damage from an initial loss is already compensated and has not been repaired or replaced before a subsequent flood loss, the same damage cannot be covered in a subsequent claim.

To help illustrate how to handle multiple losses, FEMA is providing the following scenarios:

- **Scenario 1: One Claim, One Deductible:** When two flood losses occur and the adjuster validates the scope of flood damage to the building and personal property is unchanged from the first flood, the policyholder should be paid under the first claim and applied only one deductible (i.e., one deductible for the building coverage and one deductible for contents coverage will apply). The second claim would then be closed without payment.
- **Scenario 2: Two Claims, Two Deductibles:** When two flood losses occur and the adjuster is able to validate (1) the covered property suffered new or additional flood damage or (2) that the policyholder completed mitigation work, repaired or replaced the property before the second loss, the policyholder will be paid under two separate claims and two separate deductibles for the damage identified in each separate loss. Note: Floodwater leaves an obvious waterline on the interior and exterior of buildings and other areas around the home. Adjusters should use their judgment to separate and document the damage from each loss.
- **Scenario 3: Property Destroyed, No Inspection:** After multiple flood events, if the property is wholly destroyed before an inspection, the adjuster should conduct a reasonable investigation to determine the condition of the covered property following the flood events to assess what flood damage occurred during each event. When an adjuster is unable to determine causation or allocate damages caused by multiple events, an engineer should be hired to assist in determining causation, and where necessary, assist in allocating the damage between the multiple flood events. If the adjuster's investigation concludes there was no flood damage during the first event, but the property suffered flood damage from a second event, then the claim should be adjusted under the second event, subject to one claim and one deductible, and the first claim should be closed without payment.
- **Scenario 4: Initial Flood Loss Paid, Repairs Fully Completed:** If repairs from the initial flood loss have been completed, then the second flood loss will be handled as a separate claim, subject to applicable policy limits and deductibles. The adjuster must confirm and document that the repairs were completed after the initial loss.

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Appendix F: Policyholder Rights

When the policyholder disagrees with their insurer's decision to deny their claims in whole or in part, there are several options they should be familiar with regarding the flood insurance claims process. See [Appealing Your Claim](#) or the [NFIP Flood Insurance Claims Handbook](#).

Policyholder Rights



FEMA

You have options if your flood insurer denies your claim.

We understand that the claims process is not always an easy one, but we are here to support you. If you do not agree with your insurer's decision to deny your claim and you receive a full or partial claim denial letter from your insurer, you have several options:



Work with your insurer. We encourage you to first talk to your adjuster or insurer for any specific questions about your claim. Your adjuster can answer general questions and assist you in proving your loss. Your insurer can address specific questions and make final decisions about your claim. If you need to correct or add to any previously submitted proof of loss, you can submit an amended proof of loss directly to your insurer. You must sign and swear to an amended proof of loss and include documentation to support your loss and the dollar amount requested.



File an appeal. You may file a flood insurance appeal directly to us at FEMA, the federal agency that oversees the National Flood Insurance Program (NFIP). On appeal, FEMA will work with your insurer to gather the claim facts; review the applicable guidance, policy terms, and conditions; and provide an appeal decision that explains why FEMA is upholding or overturning the decision.

- To file an appeal, you must explain the issue(s) in writing, include a copy of the denial letter from your insurer and provide any supporting documentation.
- There is no fee to file an appeal and you do not need a third party to represent you. If you have a third party represent you, FEMA will not pay for any costs incurred for representation. By law, FEMA cannot discuss your claim with a third-party representative unless you provide certain information in writing. Please see <https://www.floodsmart.gov/appeal-your-flood-claim> for additional information.
- You must file your appeal within 60 days of the date of the insurer's denial letter by sending it to FEMA, 400 C Street SW, 6th Floor SW, Washington, D.C. 20472-3010, or FEMA-NFIP-Appeals@fema.dhs.gov. **FEMA will receive and begin processing emailed appeals more quickly than those sent via U.S. mail or express carrier.** Please note that due to cybersecurity requirements, FEMA cannot access file sharing sites, CDs, DVDs, or any electronic storage devices.
- To understand FEMA's previous coverage decisions, please visit <https://www.floodsmart.gov/understanding-coverage-decisions>.
- If you appeal, you can later choose to file suit against your insurer if you are still within the one-year timeframe available to file suit, but you can no longer seek appraisal.



File a lawsuit. Federal law permits you to file suit in the Federal District Court where the damage occurred within one year of when your insurer first denied all or part of your claim.

- You must file suit against your insurer. If the NFIP Direct is your insurer, you may file suit against FEMA. For all other flood insurers, you may not file suit against FEMA.
- Filing an appeal does not extend the one-year timeframe to file suit against your insurer.
- Prior to or after filing a lawsuit, you may want to invoke the appraisal provision of the Standard Flood Insurance Policy. Appraisal is a viable alternative to a lawsuit when the only dispute between you and your insurer involves the price to be paid for a covered flood-damaged item.
- After filing an appeal to FEMA, you may still file suit against your insurer, but once you initiate litigation you can no longer file an appeal.

Additional Information. For more information about the flood insurance claims process, please see the <https://agents.floodsmart.gov/appealing-claim-fact-sheet> or the [NFIP Flood Insurance Claims Handbook](#) both found on FEMA.gov.

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Appendix G: Assignment of Coverage D (ICC)

FEMA permits a **policyholder** to assign their ICC claim payments when eligible for inclusion in a FEMA-sponsored flood mitigation grant involving ICC compliance activities. The policyholder must submit the Assignment of Coverage D – Increased Cost of Compliance Coverage Form to the local authorities, state, or community administering the grant.

Assignment of Coverage D Increased Cost of Compliance Coverage National Flood Insurance Program

Date: _____

Name of Flood Insurance Policy Holder: _____

Flood Insurance Policy Number: _____

Name of Insurer: _____

Policy Term: _____

Address of Insured Structure: _____

Date of Loss: _____

Type of Mitigation Measure: _____

I, _____, do hereby assign the portion of my claim arising under Coverage D,
Name of Policyholder

Increased Cost of Compliance of the above-referenced Standard Flood Insurance Policy, codified at 44 C.F.R. Part 61, Appendix A, necessary to cover the cost of demolition, elevation, relocation, or floodproofing of the insured property to _____ is
Name of Community Name of Community

authorized to collect this amount from the above-referenced insurer to cover the cost of one of these activities as part of an approved mitigation project assisted by the Federal Emergency Management Agency. In the event that this amount is less than \$ 30,000, I retain my right to make additional claims for the remainder for other eligible measures under Coverage D.

This assignment is subject to all the conditions of the policy. The contract of insurance remains between the original parties to the same with respect to all other provisions of the policy.

In witness, I have executed this assignment at _____, on _____.

Signature

SAMPLE FORMAT FOR USE BY COMMUNITY SUBGRANTEES

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Appendix H: BVLA Method and FAQs

BVLA is a method to document a large post-inspection advance payment. It uses the adjuster-prepared building valuation and compares it to one of three pre-defined scopes to repair.

BVLA allocates a proportion of the building valuation to each standard building trade group. It identifies the appropriate percent of damage to each trade based on the scope to repair and uses the value as the cost to repair that trade.

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Building Valuation Loss Assessment (BVLA)

The first step in the BVLA method requires an accurate building valuation. Using the first tab, the adjuster creates the valuation within the BVLA tool. The adjuster must determine the total square footage (SF) for the building's finished living space and not to include areas that are considered a basement or a lower enclosure. The adjuster selects the number of stories above the ground level, dwelling quality, type of structural first-floor, floor insulation and interior wall board. Next the adjuster will select the U.S. Region and state or major city location to complete the valuation.

Once the accurate building valuation is complete, the adjuster selects one of three scope of repair types which is certain to the loss:

1. A 4-foot interior scope of repair, such as a 4-foot flood cut for drywall and no greater;
2. A 6-foot interior scope of repair, a scope above 4-foot which does not include ceilings; *or*
3. An 8-foot interior scope of repair, a scope to repair all floor surfaces, all finished wall, and all ceiling surfaces.

NOTE: When the adjuster or examiner determines that the scope of repair is between two scopes, the correct selection is the lower-level scope. Similarly, if the scope selected by the adjuster is not completely representative of the actual scope to repair, the BVLA must be corrected to apply the lower-level scope.

CAUTION: *If a loss does not fully meet the 4-foot interior scope (for example, a partial or floor-only loss) BVLA cannot be utilized.*

After selecting the scope of repair, the adjuster enters policyholder information, determines the affected SF of the first floor only. The adjuster must not add any SF from a porch, garage, basement, or any unfinished areas. Next the adjuster enters the rate of depreciation and indicates if the loss qualifies for RC coverage. The adjuster will also need to answer several loss-specific questions. For example, the 4-foot interior scope will include:

1. Is the dwelling's first floor a concrete slab or subfloor over frame? <slab or subfloor>
2. Are the wall outlets part of the scope to repair? <yes or no>
3. Is the HVAC damaged beyond repair? <exterior, interior, both, or none>
4. Is the siding or sheathing damaged beyond repair? <siding, sheathing, both, or none>

Next, BVLA requires the adjuster to determine the following decisions:

1. Enter the value of any known unrepaired damage paid on a prior claim, which duplicates with the selected scope of repair.
2. Enter the value for building items for any trade that may be missing from the building at the time of loss.
3. Enter the value of any previously advanced payment.
4. The adjuster confirms agreement of the advanced payment created from the BVLA or enters an alternative dollar amount with reason.

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BVLA applies the appropriate portion of loss from the selected scope of repair to the building trade groups such as flooring, cabinetry, plumbing, etc., which are pre-defined by the building valuation. This method produces a damage estimate by trade, which documents a reliable and credible value necessary to issue a large undisputed loss payment prior to the completion of the claim. BVLA purposely excludes the value of foundation damage and garages. BVLA only uses a pre-flood SF value from the building valuation.

These measures, along with the certain scope of repair, help to ensure the BVLA value will not over-estimate. If completed as described, this method meets SFIP requirements by documenting the loss and justifying a post-inspection advance payment for the definite amount of covered loss. In cases when the BVLA exceeds policy limits plus the deductible, the insurer may pay the policy limit with a complete adjuster report and promptly close the claim. In cases when the BVLA result is below the coverage limits purchased by the policyholder, the adjuster should obtain a copy of the signed contract to repair from the policyholder when available and complete an itemized estimate as normal. The BVLA is unrelated to the adjuster's itemized estimate or the proof of loss because the intended purpose is solely to provide an undisputed loss payment prior to completion of the claim adjustment.

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Building Valuation Loss Assessment Frequently Asked Questions

What is Building Valuation Loss Assessment (BVLA)?

BVLA is a method to document a large post-inspection advance payment. It uses the building valuation prepared by the adjuster and compares it to one of three pre-defined scopes to repair. BVLA allocates a proportion of the building valuation to each standard building trade group. It identifies the appropriate percent of damage to each trade based on the scope to repair, and uses the value as the cost to repair that trade. For example, with a 4 foot scope to repair which includes wall outlets, BVLA will attribute approximately 25 percent of the entire value of the electrical trade group to account for the cost to remove and replace all electrical wall outlets, CAT5, phone and internet outlets, and wire runs.

Why use BVLA? Isn't the policyholder already able to receive an advance payment?

With an advance payment supported by BVLA, the policyholder can hire a general contractor sooner and begin recovering after their loss. After performing building tear-out, cleanup, treatment, building dry-out and restoration of required utilities, any remaining funds from a standard advance payment are often inadequate for the policyholder to hire a general contractor and give a down payment necessary to start repairs. With additional money, the policyholder can secure a contractor. Once the policyholder secures a signed contract and estimate from the contractor, the policyholder can then forward it to the adjuster sooner. After preparing the itemized estimate, the adjuster can more easily find an agreement, adjust the estimate, and promptly settle the claim. A policyholder who received a pre-inspection advance payment can still receive additional money through use of BVLA.

Table: Example Policyholder Experience

Sample: Policyholder with \$250,000 building limits and a \$2,000 deductible.

Timing	Amount	Payments
Pre-inspection advance payment	\$ 5,000	\$ 5,000
BVLA-supported (post-inspection) advance payment	\$ 70,000	\$65,000
Adjuster closing report	\$100,000	\$28,000
Total to policyholder (less deductible)		\$98,000

Will a new method introduced during a flood catastrophe cause confusion?

FEMA designed BVLA to use existing information in order to support making a large post-inspection advance payment. As a result, FEMA does not anticipate confusion because flood adjusters of all experience levels should find BVLA intuitive. BVLA includes just familiar 8 decision points to determine the building valuation and 10 decision points to complete the scope to repair. The larger post-inspection advance payments supported by BVLA should facilitate a positive relationship between the adjuster and the policyholder and provide a solid foundation for discussion and settlement of the claim.

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Can a BVLA be used on any flood claim?

No, adjusters should only use BVLA on losses insured under the Dwelling Form, which result in at least a 4-foot scope to repair on all walls on the affected floor level, flooring, cabinets, doors, and kitchen appliances. Due to other factors, BVLA does not support the following Dwelling Form loss types: Post-FIRM elevated building or Pre-FIRM enclosure-only loss; partial floor level, partial wall, or floor-only damage; exterior-only, crawlspace-only, or basement-only loss; a mobile-home, non-residential, condominium unit, or a 3 or more family residential dwelling.

What if we don't want to use BVLA? Does FEMA require it?

No, FEMA does not require a Write Your Own (WYO) Company, adjusting firm, or adjuster to use BVLA. Any claim operation or individual uncomfortable with BVLA, in whole or in part, should not use BVLA until they are ready to do so.

When should the adjuster perform and submit the BVLA?

An adjuster should perform BVLA on an eligible Dwelling Form loss as soon as possible, ideally with the Preliminary Report. The adjuster should first complete the inspection photograph sheets with annotations. Once done, the adjuster performs and submits the BVLA with the Preliminary Report, and photographs.

Is a large BVLA advance payment considered safe?

When performed properly a large BVLA amount as an advance is safe because BVLA:

- Uses pre-disaster pricing from the building valuation;
- Applies a “size modifier” on the largest dwellings;
- Does not consider the value of damage to the building’s structure or foundation;
- Does not include the cost to repair a garage, porch, basement, or attached exterior room; *and*
- Uses the “at least” scope to repair, the certain minimum, and considers the lesser valued option within its formulas.
- Reduces the total BVLA-generated value of the scope to repair by 20 percent.

How does one avoid or check for an error in BVLA?

- **Affected square footage.** Make sure the square footage used is only the flooded finished first floor living area. Do not include a garage, attached exterior room, porch, or basement.
- **Dwelling quality type.** The adjuster must classify the dwelling to the quality class best representative of the building. If the wrong quality is selected to complete the building valuation, the BVLA will over-value or under-value the BVLA amount. When in doubt, err to the side of caution and chose the surest building quality type.
- **Select the proper scope to repair:** Adjusters must select the “at least” scope to repair: 4-foot, 6-foot, or 8-foot. The loss must fully meet the criteria of the selected scope. When the loss appears to be between two defined scopes, choose the “at least” and certain scope.
- **Scope of damage information:** The adjuster should make sure the information entered in the scope of damage information section is accurate and supported by the photographs.

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- **Prior loss:** When it comes to a prior loss, play it safe. Always ask the policyholder at the inspection what or how much was not repaired. Often, the policyholder cannot remember. Ask for a simple percentage amount of what was not repaired, add 10%, then multiply this percentage against the total paid in the prior. Input the resulting dollar amount in the BLVA as the estimated unrepaired amount paid for prior loss.

Example:

- The insurer paid \$100,000 to the policyholder after a loss in 2015
- Policyholder states they repaired 85% of damages
- 15% is the percentage of unrepaired value of damage
- Add 10% to the 15% for safety
- $\$100,000 \times 25\% = \$25,000$
- Enter \$25,000 as the unrepaired amount paid for in prior loss

What if BVLA exceeds the building policy limit?

After verifying the accuracy of the information entered into the BVLA, the adjuster should submit the closing report for processing along with all of the normal documentation (minus the itemized estimate). If the insurer agrees with the accuracy of the BLVA and the adjuster closing report includes the documentation that supports the loss and the BVLA amount, the insurer may pay and close the claim at policy limits.

What does the adjuster do after submitting BVLA which is less than policy limits?

The adjuster continues to handle the claim as normal. If the BVLA is in-line, the insurer will have issued a large advance payment to the policyholder. Request the policyholder to use the large advance to hire a local- or state-qualified contractor, and provide the contractor's signed contract and repair estimate to the adjuster. The adjuster completes the itemized estimate as normal and negotiates the loss settlement with the policyholder. The adjuster provides the itemized estimate to the policyholder.

Does the adjuster use BVLA to negotiate or to settle the claim?

No. The BVLA exists solely to document a large post-inspection advance payment. Once the adjuster submits the BVLA and an advance is paid, the BVLA holds no bearing on the outcome of the policyholder's claim, the proof of loss, or any review of the adjuster's itemized estimate.

Is it possible that BVLA can result in an overpayment to the policyholder?

BVLA has safeguards to avoid over-evaluating the scope of repair and protect against an overpayment, while remaining large enough to document the quick closing of severely under-insured loss. If egregious enough, the following error type may result in an overpayment with BVLA.

1. **Non-eligible building type:** BVLA does not apply to a condominium building, a non-residential building, a 3 or more family residential building, or a mobile-home dwelling.
2. **Non-eligible Dwelling loss type:** BLVA does not apply to a Dwelling Form loss which does not meet the minimum criteria of a complete 4 foot scope to repair (walls to 4 feet, floors, doors, trim, cabinets, and kitchen appliances).

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3. **Building quality:** If the adjuster-selected dwelling quality classification grossly exaggerates in the dwelling's quality by two or more class levels, the net payable may exceed the actual cost to repair or fall well below a proper BVLA advance payment recommendation.
4. **Square footage:** If the affected SF of the finished first floor living space is grossly inaccurate, the BVLA will be over or undervalued. For example, if too large of a garage, basement, porch, an attached exterior room, or an area which is under-construction is added to the BVLA, the BVLA advance payment amount may approach or exceed the actual cost to repair.

Appendix I: ICC Policyholder's Processing Checklist



National Flood Insurance Program

Increased Cost of Compliance (ICC) - Policyholder's Processing Checklist

This checklist will help you understand what must be provided to your flood insurance company or adjuster (Insurer) to be eligible for up to \$30,000 under the Standard Flood Insurance Policy through Increased Cost of Compliance (ICC).



After filing your flood claim:

- ☐ **The Insurer will provide ICC information and assign a claims adjuster to help begin the ICC process.**
 - Your ICC claim is a separate claim from your direct property loss claim.
- ☐ **Request a written determination letter from your local building official as to whether your building is “substantially or repetitively damaged” according to local floodplain requirements.**
- ☐ **Submit the substantial damage determination letter directly to your Insurer.**
 - An ICC representative will verify whether your flood claim is eligible for ICC, and will contact you.
- ☐ **If your building is “substantially or repetitively damaged”, you may select one or more of the following mitigation activities – demolition, elevation, relocation, or flood-proofing (non-residential building only).**



Once ICC eligibility is verified, you must provide the Insurer with:

- ☐ **A building permit granted from the local building official for the mitigation activity chosen – demolition, elevation, relocation, or flood-proofing (non-residential building only).**
- ☐ **A signed contract and estimate from a contractor for the mitigation activity.**
- ☐ **Your Insurer may agree to advance you a partial payment towards the estimated amount of your mitigation activity.**
To request an advance:
 - Provide the details of your request in a signed statement to the Insurer.
 - Provide a schedule of work to be performed with expected dates, signed by your contractor.
 - Request an ICC proof of loss for the amount you are requesting.



Once your mitigation is complete, you must provide the Insurer with:

- ☐ **A letter of mitigation compliance from the local building official, or the building occupancy permit. The local building official must revisit and inspect the building.**
- ☐ **Proof of payment from your contractor for the mitigation activity.**
- ☐ **If you chose elevation or relocation:**
 - Obtain and provide a NFIP Elevation Certificate completed by a state licensed land surveyor or registered professional engineer.
 - Provide four photographs, one of each side to the exterior of the building.
 - Provide four photographs, one of each side to the interior of any enclosed area below the lowest elevated floor.

Once the Insurer receives this information, a final ICC proof of loss form will be sent which must be signed and returned. Upon receipt, your ICC claim will be submitted for processing and payment.

For additional information on the Increase Cost of Compliance
https://www.fema.gov/media-library-data/20130726-1453-20490-7827/fema301_complete.pdf



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Appendix J: NFIP Underwriting Methodology

NFIP Underwriting Methodology Building Occupancy and Description

Building Occupancy

Building occupancy is a key factor that determines what **SFIP** form to use, specific rating factors to apply, and maximum coverage limits and deductible **options may be available**.

1. **Single-Family Home** is a single family building, townhouse, or rowhouse that is residential (or mixed-use with non-residential uses limited to less than 50 percent of the building's total floor area) and not in condominium ownership or not eligible for the RCBAP form.
2. **Residential Manufactured/Mobile Home** built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation. Also includes a travel trailer without wheels, built on a chassis, affixed to a permanent foundation, and regulated under the community's floodplain management and building ordinances or laws.
3. **Residential Unit** is a single family residential unit (or mixed-use unit with non-residential uses limited to less than 50 percent of the unit's total floor area) located within a residential or non-residential building; or residential or non-residential building not in condominium ownership (for example, an apartment building or cooperative building); or townhouse or rowhouse in condominium ownership (if insured as a unit as opposed to an entire building). If insuring as an entire building, see the Residential Condominium Building paragraph below for additional information.
4. **Two-to-Four Family Building** is a residential building (or mixed-use building with non-residential uses) **containing** two-to-four residential spaces and in which commercial uses are limited to less than 25 percent of the building's total floor area. This category includes the following buildings (but excludes buildings where the normal occupancy of a guest or resident is less than 6 months): apartment buildings, assisted-living facilities, condominium buildings (if not eligible for the RCBAP), cooperative buildings, dormitories, hotels and motels, rooming houses, **and** tourist homes.
5. **Other Residential Building** is a residential building (or mixed-use building with non-residential uses limited to less than 25 percent of the building's total floor area) containing 5 or more units. This category includes the following buildings (but excludes buildings where the normal occupancy of a guest or resident is less than 6 months): apartment buildings, assisted-living facilities, condominium buildings (if not eligible for the RCBAP), cooperative buildings, dormitories, hotels and motels, rooming houses **and** tourist homes.
6. **Residential Condominium Building** applies when the policyholder is a condominium association; the policy will insure a residential condominium building (or mixed-use condominium building with non-residential uses limited to less than 25 percent of the building's total floor area) with one or more units; and the building is in a Regular Program community.
7. **Non-Residential Building** is a building where the primary use is commercial or non-habitational. This category includes, but is not limited to the following: a building in which the policyholder is a commercial enterprise primarily carried out to generate income, and the coverage

is for a building used as an office, retail space, wholesale space, factory, hospitality space, or for similar uses; a building not used for habitation or residential uses; a mixed-use building in which the total floor area devoted to non-residential uses is 50 percent or more of the total floor area within the building, if a single-family building; or 25 percent or more of the total floor area within the building for all other buildings. The following buildings where the normal occupancy of a guest or resident is less than 6 months:

- Apartment buildings;
- Assisted-living facilities;
- Condominium buildings (if not eligible for the RCBAP);
- Cooperative buildings;
- Dormitories;
- Hotels and motels;
- Rooming houses; and
- Tourist homes.

Other buildings not used for habitation including, but not limited to the following:

- Agricultural buildings;
- Detached garages;
- Non-residential condominium buildings;
- Houses of worship;
- Recreation buildings (including pool houses and clubhouses);
- Schools;
- Storage or tool sheds;
- Strip malls; and
- Non-residential townhouses or rowhouses.

8. **Non-Residential Manufactured/Mobile Home** is a single-unit non-residential building (or mixed-use building in which non-residential uses are 50 percent or more of the building's total floor area) that meets one of the following definitions:

- A manufactured/mobile building built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation; or
- A travel trailer without wheels, built on a chassis, affixed to a permanent foundation, and regulated under the community's floodplain management and building ordinances or laws.

9. **Non-Residential Unit** is a single non-residential unit (or mixed-use unit in which non-residential uses are 50 percent or more of the unit's total floor area) within a:

- Residential or non-residential building (whether or not in condominium ownership); or
- Townhouse or rowhouse in the condominium form of ownership (if insured as a unit as opposed to an entire building).

Building Description

Adjusters should include the *building description* that best corresponds to the building insured by the policy and compare this information with the information provided on the assignment for accuracy and report any discrepancies.

Residential:

1. **Apartment Building** is a residential building containing multiple residential units that is not in condominium or cooperative ownership.
2. **Apartment Unit** is a single residential unit within an apartment building.
3. **Cooperative Building** is a residential building owned by a corporation; residents buy shares of the corporation, rather than the real estate (building, land, or both building and land).
4. **Cooperative Unit** is a shareholder's residential unit within a cooperative building.

5. **Detached Guest House** is a secondary house that shares the building lot of a larger, primary house.
6. **Main Dwelling** is a residential building that is the main dwelling on the property, as opposed to any secondary dwelling such as a detached guest house.
7. **Residential Condominium Building** is a residential building in that form of ownership in which each unit owner has an undivided interest in common elements.
8. **Residential Condominium Unit (in a residential building)** is a residential condominium unit in a residential condominium building.
9. **Residential Condominium Unit (in a non-residential building)** is a residential condominium unit in a non-residential condominium building.
10. **Other Dwelling Type** will be described on the Application Form.

Non-Residential:

1. **Agricultural Building** is a building used exclusively in connection with the production, harvesting, storage, raising, or drying of agricultural commodities and livestock. Examples include barns, silos, and grain storage buildings.
2. **Commercial** is a non-habitational building, manufactured/mobile building, or unit used as an office, retail space, wholesale space, hospitality space, or for similar uses.
3. **Detached Garage** is a non-habitational, accessory building designed for storing and parking a motorized vehicle at the same property location as a main dwelling or other building, and is insured separately.
4. **Government Owned** is a building owned by any government entity.
5. **House of Worship** includes a church, temple, synagogue, mosque, or other building set apart primarily for the purpose of worship in which religious services are held and the main body of which is kept for that use and not put to any other use inconsistent with its primary purpose.
6. **Recreation Building** is a building designed for non-habitational uses that does not qualify as a commercial building. Examples include clubhouses and pool houses.
7. **Storage/Tool Shed** is a non-habitational, accessory building designed for storage at the same property location as the main building, the use of which is incidental to the use of the main building.
8. **Other Non-Residential Type** will be described on the Application Form.

Claims History

Adjusters should refer policyholders to their agent or NFIP insurer when they express concerns regarding the impact filing a claim may have on premiums.

The NFIP sets premiums, in part, based on the number of flood claims for an individual property. The claims history applies to a building's property address and does not follow the policyholder or building owner. At each policy renewal cycle or new policy purchase, FEMA reviews the prior NFIP claims history to determine whether and how to apply the Prior Claims Rating Factor.

The Prior NFIP Claims Rating Factor counts any date of loss with a paid claim regardless of payment amount with the following exceptions:

- The Prior NFIP Claims Rating Factor is a 10-year rolling window.
- The factor will begin to count claims going forward with dates of loss of 4/1/2023 and later.

Note: The Prior NFIP Claims Rating Factor does not consider an Increased Cost of Compliance (ICC) claim payment or a date of loss where the claim was closed without payment.

Foundation Type

FEMA recognizes six foundation type options that are described below. The adjuster will report the foundation type at the time of inspection and report any discrepancies.

1. **Slab-on-Grade (non-elevated)** – A building whose foundation is slab-on-grade or slab-on-stem-wall with fill:
 - The building is constructed with wood or metal frame walls and encompasses the full footprint of the building with a slab-on-grade foundation.
 - The building is one floor with any wall type and no airspace between the ground and lowest floor of the building. For example, a one-floor building on grade with masonry/cinder block walls.
 - If slab-on-grade, there is no airspace between the ground and the lowest floor of the building.
 - This foundation type includes a building with a dual foundation. For example, an elevated building with a crawlspace or enclosure with an attached converted garage or attached finished room where the floor of the converted garage or attached finished room is equal to or lower than the enclosure floor.
2. **Basement (non-elevated)** – A non-elevated building that has a floor or any area of the building, including any sunken room or portion of a room, below the ground level (subgrade) on all sides:
 - The building, including split-level, has a floor that is below grade on all sides even if the floor is used for living purposes, or as an office, garage, workshop, etc.
 - If the building has a subgrade crawlspace and the distance from the crawlspace floor to the top of the next higher floor is more than 5 feet, or the crawlspace floor is more than 2 feet below the grade on all sides, describe the foundation type as a basement.
- **Note:** If the building has a “walkout basement,” refer to foundation type Elevated with Enclosure Not Posts, Piles, Piers.
3. **Crawlspace (elevated or non-elevated subgrade crawlspace)** – A building that has its lowest floor raised above the ground by a crawlspace:
 - A building with a crawlspace foundation may have an attached garage.
 - **Note:** An elevated building that has a crawlspace foundation with an attached slab-on-grade finished room or attached slab-on-grade garage converted to a living area is considered the Slab on Grade foundation type.
4. **Elevated Without Enclosure on Posts, Piles, or Piers** – A building that has its lowest floor raised above the ground by posts, piles, piers, columns, or parallel shear walls with no enclosure below the lowest elevated floor:
 - Hanging floors are walled-in floor areas beneath an elevated building that do not extend to the ground. The top of the hanging floor is considered the first floor.
 - A mobile home with skirting around frame perimeter.
 - FEMA does not consider a small enclosed area (a utility chase) below the lowest floor to be an enclosure if all the following criteria are met:
 - It is the minimum size necessary to protect the building utilities (for example, plumbing, pipes, wiring, HVAC supply/return lines);
 - It is constructed with flood damage resistant materials;
 - There are no mechanical or electrical equipment inside the enclosed area; and

- There is not enough space for a person to enter into the enclosed area.

5. Elevated With Enclosure on Posts, Piles, or Piers – A building that has its lowest floor raised above the ground by posts, piles, piers, columns, or parallel shear walls with an enclosure below the elevated floor:

- The building is elevated on piers, posts, piles, columns, or parallel shear walls and there is an enclosed storage area or garage below the elevated floor.
- The building is elevated on piers, posts, piles, columns, or parallel shear walls and there is a finished area (for example, a bedroom or bathroom) below the elevated floor.

6. Elevated With Enclosure not on Posts, Piles, or Piers (solid foundation walls) - A building that has its lowest floor raised above the ground by foundation walls (solid perimeter walls) with a full floor enclosure:

- The building may have a walk-out level, where at least one side is at or above grade.
- The principal use of the building is located on the elevated floors of the building.
- The building has no basement (no portion of the building is below the ground on all sides). If the building has a floor below the ground on all sides, refer to the Basement or Crawlspace foundation types.

Mitigation Discount

FEMA offers certain mitigation discounts to premiums to incentivize a policyholder to take steps that meaningfully reduce their property's flood risk. Adjusters are not expected to determine if a discount applies; however, adjusters must report any discrepancies in

equipment location discovered at the time of loss.

Machinery and Equipment Above First Floor

Policyholders may receive a mitigation discount if certain covered Machinery and Equipment (M&E) servicing the building, whether located inside or outside the building, is elevated to at least the elevation of the floor above the building's first floor. Depending on the foundation type option selected, the building's first floor may be either the main living floor (if slab on grade), basement floor, crawlspace floor, or enclosure floor.

If the policyholder purchased building-only coverage, the following M&E must be elevated to receive the discount:

- Central air conditioner (including exterior compressor);
- Furnace;
- Heat pump (including exterior compressor);
- Hot water heater; and
- Elevator machinery and equipment.

If the policyholder purchased contents-only coverage, the following appliances must be elevated to receive the discount:

- Clothes washers and dryers; and
- Food freezers.

If the policyholder purchased both building and contents coverage, all the M&E and appliances listed above must be elevated to receive the discount.

Proper Flood Openings Discount Requirements

Proper flood openings (flood vents) in enclosures or crawlspaces allow the hydrostatic flood forces on the walls to equalize and minimize foundation damage to the building. FEMA provides a discount for buildings in any flood zone with proper flood openings in enclosures.

Below are the foundation types that may be eligible to receive the proper flood openings discount:

- Elevated With Enclosure on Posts, Piles or Piers;
- Elevated With Enclosure Not Posts, Piles or Piers (Solid Foundation Walls); and
- Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace).

To obtain the proper flood opening discount, all enclosures below the elevated floor must meet the following requirements:

- There must be a minimum of two openings positioned on at least two exterior walls. For partially subgrade floors, there must be a minimum of two openings positioned on a single exterior wall adjacent to the lowest grade next to the building.
- The bottom of all openings must be no higher than one foot above the higher of the exterior or interior adjacent grade or floor immediately below the openings.
- The openings must have a total net area of not less than one square inch for every one square foot of enclosed area.
- If the foundation type is elevated with a crawlspace or enclosure, the adjuster should ask if the enclosure/crawlspace was constructed with proper flood openings or engineered openings.

Floodproofing may be an alternative to elevating a building to or above the base flood elevation; however, the NFIP requires a Floodproofing Certificate to consider floodproofing mitigation measures in rating a building. Certified floodproofing may result in a lower premium because floodproofing ensures:

- A watertight building;
- Waterproof non-collapsing walls; and
- The floor at the base of the floodproofed walls will resist flotation during a flood.

Number of Floors in a Building

Indicate the building's number of floors based on the number of floors above the ground, excluding enclosures, crawlspaces (on grade or subgrade), basements, and certain attics (if used only for storage). For example, a building with a basement and one floor above the ground is rated as having one floor. Likewise, an elevated building with an enclosure (either compliant or non-compliant) and one additional floor above that is rated as having one floor. Indicate the total number of floors in the building even if the policy covers only an individual unit.

Floor of Unit

If coverage is for a unit inside a multi-floor building with units located on different floors, indicate the floor where the unit to be insured is located. For example, indicate nine if the unit is on the ninth floor of a twenty-story building. Indicate one if the building only has one floor.

Total Number of Units in the Building

Indicate the number of units in the building. If the building contains multiple units, indicate the total number of units in the building, even if the policy covers only a single unit. For example, if coverage is for a unit within a four-unit building, indicate four. Count both residential and non-residential units.

Construction Type

If the building occupancy is One-to-Four Family, determine the building's Construction Type based on the construction used for the wall on the building's first floor. The Construction Type rating factor only applies to the Single-Family Home occupancy and does not apply to other occupancies, such as residential unit or manufactured/mobile home.

1. **Frame** – Use Frame as the construction type when:

- The first floor above ground level is constructed with wood or metal frame walls; or
 - Other materials such as exterior brick or masonry veneer are connected to frame construction.
2. **Masonry** – Use Masonry as the construction type when the:
- First floor above ground level is constructed with masonry including brick, or concrete block walls for the full story;
 - Building has a floor below the ground (for example a basement or walkout basement); or
 - Bottom floor is masonry and the next higher floor has frame construction.
3. **Other** – Use Other as the construction type when:
- The first floor above ground level is constructed with materials other than wood or metal frame walls or masonry walls for the full story; or
 - Any portion of the wall between ground level and next higher floor is frame construction (for example, “knee walls” whose lower wall is concrete block with frame wall on the higher portion).

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Appendix K: Acronyms

Acronym	Explanation
ACO	Adjuster Claims Office
ACV	Actual Cash Value
ALE	Additional Living Expenses
ANSI	American National Standards Institute
APDA	Adjuster Preliminary Damage Assessment
BFE	Base Flood Elevation
BVLA	Building Valuation Loss Assessment
CBRS	Coastal Barrier Resources System
CPA	Certified Public Accountant
CWOP	Closed Without Payment
DOL	Date of Loss
E&O	Errors and Omissions
EC	Elevation Certificate
EDN	Event Designation Number
FCN	Flood Control Number
FIRM	Flood Insurance Rate Map
FNOL	First Notice of Loss
FRO	Flood Response Office
GA	General Adjuster
GFIP	Group Flood Insurance Policy
GP	General Property Form
HAG	Highest Adjacent Grade
HVAC	Heating, Ventilation, and Air Conditioning
ICC	Increased Cost of Compliance
IFICO	Integrated Flood Insurance Claims Office
IICRC	Institute of Inspection Cleaning and Restoration Certification
Insurer	NFIP Direct and WYO Companies
LAG	Lowest Adjacent Grade
LOMA	Letter of Map Amendment
LOMR	Letter of Map Revision
NFIP	National Flood Insurance Program
NFIP Direct	National Flood Insurance Program Direct Servicing Agent
OHP	Overhead and Profit
OPA	Otherwise Protected Areas
POL	Proof of Loss
RAP	Request for Additional Payment
RCBAP	Residential Condominium Building Association Policy
RCQC	Random Claims Quality Check
RCV	Replacement Cost Value
RL	Repetitive Loss
SALAE	Special Allocated Loss Adjustment Expense
SEER	Seasonal Energy Efficiency Rating

Acronym	Explanation
SFHA	Special Flood Hazard Area
SFIP	Standard Flood Insurance Policy
SRL	Severe Repetitive Loss
UCORT	Underwriting and Claims Operations Review Tool
UW	Underwriting
WSS	Web Soil Survey
WYO	Write Your Own Company

Federal Authorities

Acronym	Explanation
ADA	Americans with Disabilities Act of 1990
BW-12	Biggert-Waters Flood Insurance Reform Act of 2012
CBIA	Coastal Barrier Improvement Act
CBRA	Coastal Barrier Resources Act
CFR	Code of Federal Regulations
FDPA	Flood Disaster Protection Act of 1973
HFIAA	Homeowner Flood Insurance Affordability Act of 2014
IPERIA	Improper Payment Elimination and Recovery Information Act
NFIA	National Flood Insurance Act of 1968
USC	United States Code

Federal Entities

Acronym	Explanation
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FID	Federal Insurance Directorate
GAO	Government Accountability Office
OFIA	Office of the Flood Insurance Advocate

Federal Programs

Acronym	Explanation
DRC	Disaster Recovery Center
FMA	Flood Mitigation Assistance
HMA	Hazard Mitigation Assistance
HMGP	Hazard Mitigation Grant Program
IA	Individual Assistance (FEMA)
IHP	Individuals and Households Program
JFO	Joint Field Office
NFIP	National Flood Insurance Program
NWS	National Weather Service
OIG	DHS Office of the Inspector General

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