

Appendix E: Claims

I. Information for Insureds after a Flood

The Standard Flood Insurance Policy (SFIP) covers direct physical loss by or from a flood to a property insured by the National Flood Insurance Program (NFIP). The NFIP pays an insured's flood claim if the insured paid the correct premium, complied with all terms and conditions of the SFIP, and furnished accurate information and statements.

For more information regarding the NFIP claims process, please review the *NFIP Flood Insurance Claims Handbook* and the NFIP Claims Fact Sheet. They are available through FEMA's website using the following links:

- *NFIP Flood Insurance Claims Handbook* – <https://www.fema.gov/media-library/assets/documents/6659>
- NFIP Fact Sheet: The Flood Claim Process – <https://www.fema.gov/media-library/assets/documents/114402>

Insureds may also reference the Claims Guidelines In Case of a Flood included with their SFIP form for additional information.

II. Claim Process

Following a flood loss, the insured must provide prompt written notice to the insurer to start the claims process. Upon notification, the insurer assigns an adjuster to assist the insured with the claim. Generally, the adjuster contacts the insured within 24 to 48 hours after receiving the notice of loss. However, assigning an adjuster may take more time depending upon the severity of flooding and local conditions.

A. Damage Estimate

The adjuster visits the property to inspect the extent of the flood loss, assess the damage, and review the insured's documentation to prepare a detailed estimate of the covered damages. Subsequently, the adjuster provides the insured with a copy of his or her estimate, which the insured may compare to a licensed contractor's damage repair cost estimate. The insured and the adjuster then submit a Proof of Loss (POL) to request payment for the covered flood loss amount.

The completed, signed, and sworn-to POL form represents the insured's statement of the amount of flood loss they are claiming. The insurer must have the POL form and documentation that supports the requested covered loss amount prior to paying the claim. The adjuster coordinates with the insured to agree on the covered loss amount and may assist in completing and/or updating the proof of loss form that the insured signs and swears to. Even if the insured does not agree with the adjuster, the insured must still prepare, sign, and swear to a POL, and ensure the insurer receives the POL along with supporting documentation within 60 days following the flood loss date.

The insured retains the right to amend the original proof of loss to request additional covered loss amounts after they have submitted the original POL. Similarly, the insured must prepare, sign, and swear to the amended POL, as well as ensure the insurer receives the amended POL along with

supporting documentation within 60 days following the flood loss date. Following review of the amended POL, the insurer may make additional payments for the additional identified flood damage. Please note that an insured may initiate only one claim for a flood loss event, but can submit multiple POLs for that claim.

In severe flood events, the Federal Emergency Management Agency (FEMA) may authorize an extension of the 60-day submission requirement to provide a POL to the insurer. Specifically, the Federal Insurance and Mitigation Administration (FIMA) Associate Administrator may authorize and publish extensions in writing through media outlets and direct correspondence to insureds.

B. Claim Payment

Once the insured receives final payment for the loss, the claim process is complete. If the insurer underwrote the policy correctly, the insurer pays the claim subject to the coverage limits and deductibles at the time of loss.

Insurers must reform any incorrectly rated policies discovered during the claim process in accordance with the SFIP and in the How to Write section under Reformation.

III. Disputed Claims

Insureds may take the following steps to resolve disputed claims:

A. Work with the Adjuster

If the insured does not agree with the reported covered loss amount in the adjuster's report, the insured should identify disputed items, work with the adjuster to reach agreement on the covered loss amount, and submit supporting documentation to justify the differing position. As part of this effort, the insured may also consult a general contractor to support the requested covered loss amount for the flood damages.

B. Contact the Adjusting Firm

If the insured is unable to agree with the adjuster, the insured should contact the adjusting firm and adjuster's supervisor. The supervisor can work with the insured to reach agreement on the covered loss amounts in the adjuster's report.

C. Work with the Insurer

If the insured and the adjuster's supervisor cannot reach agreement, they should contact the insurer's claims department to discuss the covered loss amount difference or coverage issue with a claim examiner.

D. File a Proof of Loss with the Insurer

If the insured does not agree with the adjusting firm's report, the insured should complete a proof of loss form for the total covered loss amount requested (undisputed amount plus additional amount) and send the signed and sworn-to proof of loss with supporting documentation to the insurer. If

the insurer agrees with the form and supporting documentation, it will pay the total covered loss amount requested. If the insurer disagrees, it will issue payment for the undisputed amount and provide the insured with a written denial letter. Following the denial of any part of the claim, the insured may file an appeal if not in agreement with the decision.

For more information regarding flood claim appeals, please refer to: <https://www.fema.gov/flood-claim-appeals-and-guidance>.

IV. Appealing a Claim

Any insured with a denied or partially denied claim, or an authorized representative of the insured, may file an appeal to FEMA. Insureds must submit appeals within 60 days of the date of the insured's denial letter.

Insureds submitting an appeal to FEMA do not lose the right to file suit against the insurer, but the appeal process does not change the one-year statute of limitations for filing suit. Once the insured sues the insurer, FEMA cannot consider any appeals. In addition, FEMA cannot consider an appeal from an insured invoking the appraisal option under the SFIP.

A. Filing an Appeal

An insured must submit an appeal request in writing. The request must include the following:

- Insured name(s)
- Property address
- The flood insurance policy number (shown on the policy's Declarations Page)
- Contact information (i.e., mailing address, telephone number, e-mail)
- A copy of the denial letter from the insurer
- A summary of the issues with the underlying claim including supporting documentation, prior history, and names of the individuals involved in the claim to date

Without the above elements, FEMA may reject appeals as ineligible.

If the insured wishes to authorize a third party (e.g., family member, public adjuster, or attorney) to discuss the appeal with FEMA, the insured must provide a written authorization including the following information:

- Insured's full name
- Current address
- Date and place of birth
- Representative's name
- Insured's signature

The authorization must include the wording below, and the insured must have the authorization notarized and signed as follows:

- "I declare under penalty of perjury that the foregoing is true and correct."

- Executed on (date)
- Signature of insured

The insured must send the appeal request and documentation to:

- By Mail:
Federal Insurance and Mitigation Administration
Federal Insurance Administrator
400 C Street SW
Washington, DC 20472-3010
- By E-Mail:
FEMA-NFIP-Appeals@fema.dhs.gov

B. Appeal Process

Insureds may send appeals via mail or email. Due to delivery delays and federal mail screening requirements, FEMA may not immediately receive all appeals submitted. However, upon receipt, FEMA begins its appeal review as expeditiously as possible. FEMA may request the insured to provide any missing information within 14 calendar days.

FEMA assigns each appeal it receives to a multi-disciplinary team that conducts a review of the entire claim file. The typical appeal requires an initial review to ensure the submission complies with policy requirements and to conduct careful review of the file documentation. The team works directly with the insured, the insurer, and other relevant parties to ensure compliance with the SFIP's terms and conditions. Following the team's review, FEMA determines whether the insurer properly evaluated and paid the claim.

FEMA keeps insureds informed of the status of the appeal during the review process. Typically, FEMA makes a determination within 90 days of receiving all necessary documentation and sends its appeal decision to the insured and the insurer, explaining FEMA's decision to either uphold or overturn the insurer's denial or disallowance.

V. Litigation

If the insured does not agree with the appeal decision, the insured may file a lawsuit within one year of the insurer's first written denial letter. The insured must file the lawsuit in United States District Court in the district where the property is located at the time of the loss. The appeal process does not extend the one-year period to file suit that begins with the original written denial by the insurer. Subsequent written denials do not restart the one-year period.

VI. Increased Cost of Compliance (ICC) Claims

The NFIP defines a building as substantially damaged when the value of the damage or the cost to repair the damage caused directly by or from flood is 50 percent or more of the value of the building at the time of the flood. When the local community declares a building substantially damaged, the insured may initiate a request for payment under the SFIP Coverage – D, ICC, by providing a copy of the local community's notice of substantial damage determination

to the insurer. The insured has up to 6 years from the date of the flood loss to complete the approved mitigation activity (floodproofing, relocation, elevation, demolition, or any combination of these activities).

Repetitive loss properties are also eligible for ICC coverage. Repetitive loss means that a building covered by flood insurance incurred flood-related damage two times over a 10-year period, and the cost of the repairs was, on the average, at least 25 percent of the market value of the building before the damage occurred each time. This applies only if the community has adopted a repetitive loss provision in the local floodplain management ordinance, and the NFIP paid a flood insurance claim in both cases. The combined damage total must be 50 percent of the value of the building before the damage occurred, but is not required to be evenly distributed over the two flood losses, i.e., is cumulative. For example, if flood damaged 35 percent of the value of the building in the first event and 15 percent of the value of the building in the second event, the insured's flood losses would meet the 50 percent of the value of the building before the damage occurred, and the insured would be eligible for ICC coverage.

Beginning a mitigation project prior to receiving the substantial damage letter from the community official will jeopardize eligibility to receive an ICC payment.

The insured may not transfer or assign ICC benefits to another party, such as through a sales transaction, unless the prospective buyer is the local community or the state, which is purchasing the property under a FEMA-funded buy-out program.