

NFIP

An Introduction to Coverage and Exclusions

Presented by:

Donald Waters, Claims, Branch Chief
FEMA – Resilience – Federal Insurance
Directorate



FEMA

FIMA STRATEGY FY21-23

- **VISION** – A prepared and resilient nation
- **MISSION** – Reduce disaster suffering
- **ASPIRATION** – Build a world class organization by focusing on customer satisfaction and empowering people to drive action together



WYO Program

Write Your Own - Participating insurers:

- Collect the premium
- Issue the policies
- Provide adjustments and payments for claims
- Authorized to render claims decisions on behalf of FEMA
- Hire adjusting firms to handle NFIP claims
 - Adjusting firms hire adjusters



NFIP Direct Program



**NATIONAL FLOOD
INSURANCE PROGRAM**

- Policies issued directly by the federal government
- Manages the Group Flood Insurance Policy (GFIP) Program
- Manages the policies for buildings identified as Severe Repetitive Loss (SRL) Properties
- Hire adjusting firms to adjust NFIP claims
 - Adjusting firms hire adjusters

NFIP - Standard Flood Insurance Policy



DWELLING FORM

- Single-family dwelling
- Two to four family dwelling
- Residential renter
- Residential condo unit owner



GENERAL PROPERTY FORM

- Other residential and commercial buildings/contents



RESIDENTIAL CONDOMINIUM BUILDING ASSOCIATION POLICY (RCBAP)

- Residential condominium
- 75% residential use

Available Amounts of Insurance

Regular Program



DWELLING FORM

- Building: \$250,000
- Contents: \$100,000



GENERAL PROPERTY FORM

- Building: \$500,000
- Contents: \$100,000 / \$500,000



RESIDENTIAL CONDOMINIUM BUILDING ASSOCIATION POLICY (RCBAP)

- Building: \$250,000 X number of units
- Contents: \$100,000

Agreement

We will pay you for **direct physical loss by or from flood** to your insured property if you:

1. Have paid the correct premium
2. Comply with all terms and conditions of this policy
3. Have furnished accurate information and statements

DWELLING FORM





DWELLING FORM

Named Policyholder

“You and Your”

- Policyholder(s) shown on the **Declarations Page**
- **Your spouse**, if a resident of the same household

“Policyholder(s)”

- **Mortgagee** or **loss payee**

Definition of a Flood

A general and temporary condition of partial or complete inundation of **two or more acres** of normally dry land area or of **two or more properties (one of which is yours)** from the overflow of inland or tidal waters or from the unusual and rapid accumulation or runoff of surface waters from any source.

Key Criteria



THE CONDITION MUST BE GENERAL



THE CONDITION MUST BE TEMPORARY



INUNDATION MUST BE PRESENT



OCCURRENCE MUST BE ACCIDENTAL



ADJOINING PROPERTIES
Properties must touch

FLOODS





Direct Physical Loss by or from Flood

- Loss or damage to insured property, **directly caused by a flood.**
- There must be **evidence of physical changes** to the property.

The Dwelling Form

Property covered

National Flood Insurance Program

Dwelling Form

Standard Flood Insurance Policy



FEMA



FEMA



Coverage A – Building Property

- Dwelling
- Additions and Extensions

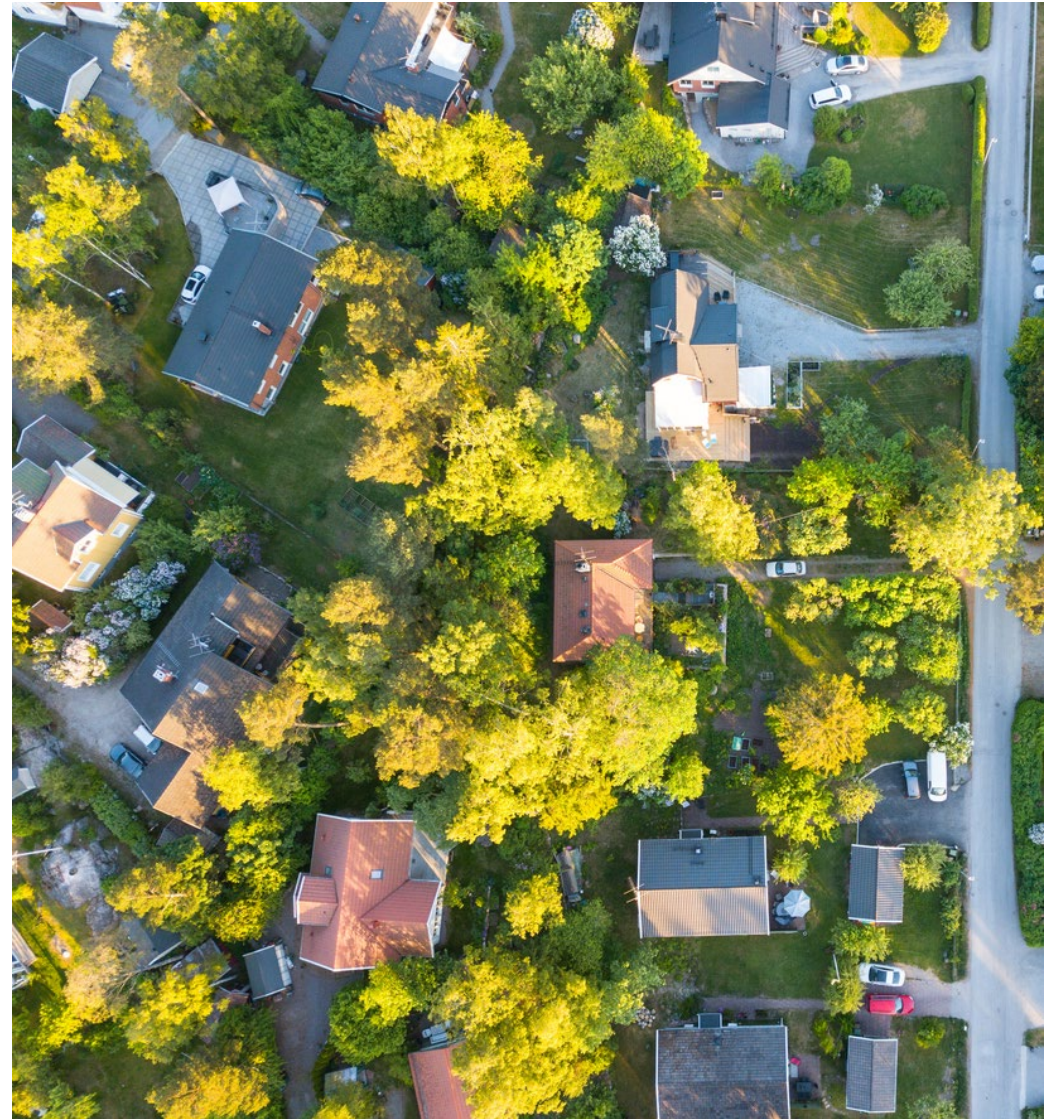
PROPERTY COVERED



Described Location

- Location of insured building(s) or personal property
- One building per policy
- One eligible detached garage

*This is not always the
policyholder's mailing
address!*



Definition of a Building

A structure with **two or more outside rigid walls** and a **fully secured roof**, that is affixed to a **permanent site**.



PROPERTY COVERED

Dwelling – Additions & Extensions

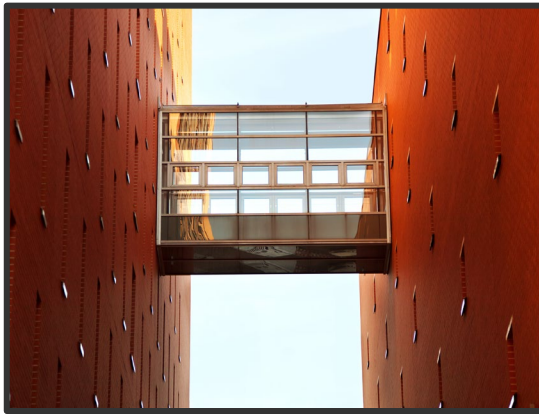
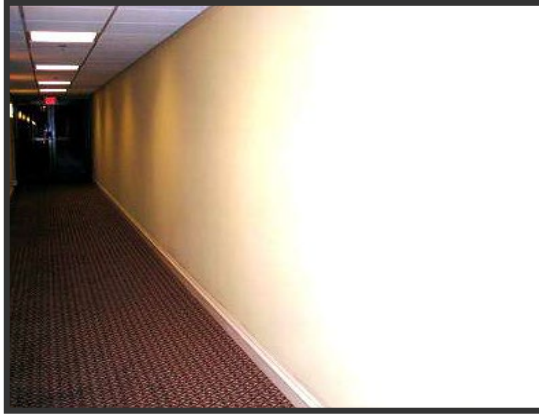
Roof

Elevated walkways

Exterior rigid walls

Load-bearing (solid) interior walls

Stairs



PROPERTY COVERED

Detached Garage

- 1 detached garage
- Must be able to physically accommodate an automobile
- Up to 10% of Coverage A
- Reduces Dwelling's coverage
- Contents may be covered
- **Exclusions apply** for residential/business use or farming purposes





PROPERTY COVERED

Coverage A – Building Property

- Materials and Supplies
- Building Under Construction
 - Items that are to become a part of the building (e.g. rebar, footings, and concrete walls)
- Manufactured (Mobile) Home/Travel Trailer



FEMA



Coverage A – Building Property

PROPERTY COVERED

7. The following items of property which are covered under Coverage A only:
 - a. Awnings and canopies;
 - b. Blinds;
 - c. Built-in dishwashers;
 - d. Built-in microwave ovens;
 - e. Carpet permanently installed over unfinished flooring;
 - f. Central air conditioners;
 - g. Elevator equipment;
 - h. Fire sprinkler systems;
 - i. Walk-in freezers;
 - j. Furnaces and radiators;
 - k. Garbage disposal units;
 - l. Hot water heaters, including solar water heaters;
 - m. Light fixtures;
 - n. Outdoor antennas and aerials fastened to buildings;
 - o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
 - p. Plumbing fixtures;
 - q. Pumps and machinery for operating pumps;
 - r. Ranges, cooking stoves, and ovens;
 - s. Refrigerators; and
 - t. Wall mirrors, permanently installed.



REFRIGERATORS



Refrigerators include wine coolers and other major appliances that refrigerate.



FEMA



8. Items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a basement, regardless of the zone. Coverage is limited to the following:

a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- (1) Central air conditioners;
- (2) Cisterns and the water in them;
- (3) **Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;**
- (4) Electrical junction and circuit breaker boxes;

- (5) Electrical outlets and switches;
- (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
- (7) Fuel tanks and the fuel in them;
- (8) Furnaces and hot water heaters;
- (9) Heat pumps;
- (10) **Nonflammable insulation in a basement;**
- (11) Pumps and tanks used in solar energy systems;
- (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;

- (13) Sump pumps;
- (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
- (15) Well water tanks and pumps;
- (16) Required utility connections for any item in this list; and
- (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.

b. **Clean-up.**



Clean-up is for covered items only

Scope of Basement or Post-FIRM Elevated Building – Building Coverage



FEMA



Definition of an Elevated Building

An elevated building is a building that:

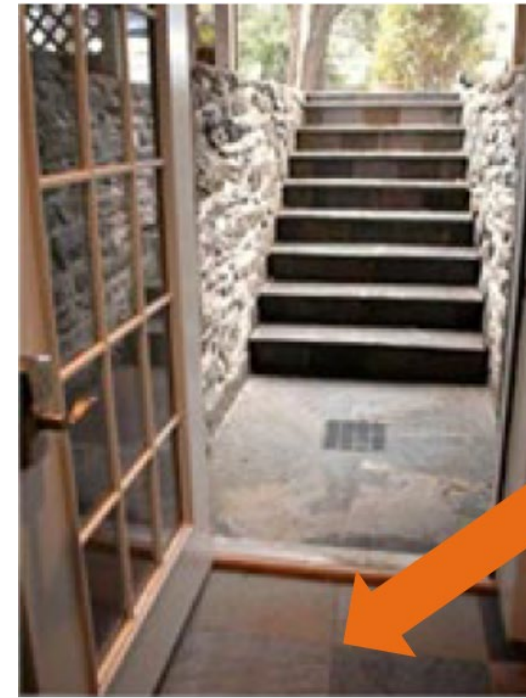
- Has no basement
- And has its **lowest elevated floor** raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns



BASEMENT



Ground Level vs. Below Ground Level



Egress

Any area of a building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.

There is limited coverage in all basements!

BASEMENTMENT



FEMA



Coverage B – Personal Property

- Contents coverage has to be purchased
- Separate deductible applies
- Located inside a building at the described location

PROPERTY COVERED



Coverage B – Personal Property

PROPERTY COVERED

2. Coverage for personal property includes the following property, subject to B.1. above, which is covered under Coverage B only:
 - a. Air conditioning units, portable or window type;
 - b. Carpets, not permanently installed, over unfinished flooring;
 - c. **Carpets over finished flooring;**
 - d. Clothes washers and dryers;
 - e. “Cook-out” grills;
 - f. Food freezers, other than walk-in, and food in any freezer; and
 - g. Portable microwave ovens and portable dishwashers.

(Drapes and hardware are contents, whether physically attached to the building or not.)

3. Coverage for items of property in a **building enclosure below the lowest elevated floor of an elevated post-FIRM** building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a **basement**, regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - a. Air conditioning units—portable or window type;
 - b. Clothes washers and dryers; and
 - c. Food freezers, other than walk-in, and food in any freezer.

*Scope of Basement or Post-FIRM Elevated Building –
Personal Property Coverage*



FEMA



Tenant's Coverage

- If policyholder is a tenant and has Coverage B:
 - Will cover such property, including cooking stove, range, and/or refrigerator if tenant owned

PROPERTY COVERED





PROPERTY COVERED

Condo Unit Owner's Coverage

- If property is owned by unit-owner, contents *may* be covered

Special Limits

- **\$2,500** limitation
 - Contents deductible applies
- Artwork, photographs, collectibles, jewelry, watches, furs, etc.
- Personal Property used in any business (Dwelling Form)
- (Personal clothing used for work, such as a uniform, is **not** subject to Special Limits)

PROPERTY COVERED





PROPERTY COVERED

Antiques

SFIP covers **Functional Value**

- Consider functional design, material quality, craftsmanship
- Value not based on rarity
- Depreciation based on its restored condition at time of loss



FEMA



NATIONAL FLOOD
INSURANCE PROGRAM



Coverage C – Other Coverages

Debris Removal

- Debris of insured property anywhere
- Non-owned debris on or in insured property

Removal work

- Federal minimum wage

Note: Not a separate limit of liability.

PROPERTY COVERED





NOT COVERED

Coverage C – Other Coverages

Debris Removal

The SFIP **does not pay for** removal of:

- Non-covered items of property, even if the removal of the item facilitates clean-up or covered 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.

Loss Avoidance Measures

Sandbags, supplies, labor

- Up to \$1,000 costs incurred to protect
- Reasonable expenses

PROPERTY COVERED



FEMA





PROPERTY COVERED

Loss Avoidance Measures

Property Removed to Safety

- We will pay **up to \$1,000** for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood.
- Any property removed, including a moveable home described in **II.6.b. and c.**, must be placed above ground level or outside of the SFHA.



FEMA



NATIONAL FLOOD
INSURANCE PROGRAM



Coverage C – Other Coverages

Condominium Loss Assessments

- **Condominium Unit**
 - Resulting from Flood
 - Common Elements

Loss Assessment Does Not Apply

- Government Body
- Personal Property
- Violation of Policy Conditions
- Maximum Limits of Coverage

Not an Additional Limit of Liability

PROPERTY COVERED



UP NEXT

Increased Cost of Compliance



FEMA





National Flood Insurance Program

Increased Cost of Compliance Coverage

Reduces Future Flood Damages



F-663

Increased Cost of Compliance

Coverage D

ICC coverage is included under the National Flood Insurance Program (NFIP) Standard Flood Insurance Policy (SFIP). ICC helps policyholders with the costs incurred if they are required by the community building department to meet rebuilding standards after a flood.





IC

Increased Cost of Compliance

Floodproofing

Relocation

Elevation

Demolition

Increased Cost of Compliance

ICC

- Maximum Coverage Available Under ICC:
 - **\$30,000**
- No separate deductible
- Adjuster Preliminary Damage Assessment (APDA)





Eligibility

A structure is **eligible** for an ICC claim payment if the community determines that the structure is **substantially damaged as determined by the community**.

Substantial Damage Definition was amended by the Flood Insurance Reform Act (FIRA) of 2004:

- FIRA 2004 amends this definition to include a threshold **lower** than 50%
- Supporting documentation

UP NEXT

Property Not Covered & Exclusions



FEMA



Examples of Property Not Covered



- Personal property not inside a building
- Property in, on, or over water (after Sept. 30, 1982)
- Self-propelled vehicles, recreational vehicles that do not service the premises
- Land, trees, shrubs, animals, crops
- Accounts, bills, coins, currency, other valuable papers
- Underground structures, equipment (e.g., septic systems)
- Walks, decks & driveways
- Containers
- Aircraft or watercraft
- Fences, seawalls, piers, docks
- Pools and equipment; hot tubs (except as bathroom fixtures)
- Property not eligible for flood insurance (e.g., Coastal Barrier Resources Act (CBRA))

Examples of Exclusions

- Loss of revenue, profits, access, use, additional living expenses and any economic loss
- Code compliance except provided under ICC
- A loss directly or indirectly caused by a flood already in progress at the time and date the policy term begins, or coverage is added at the policyholder's request
- Earthquake, landslide, land subsidence, sinkholes, destabilization or movement of land, gradual erosion (even if caused by flood).
- Water, moisture, mildew, or mold if due to design defects, failure or breaking of sewer lines, or failure to inspect and maintain the property after a flood recedes
- Any cause of loss besides flood as defined



Requirements in Case of Loss

- Policyholder must give prompt notice of loss
- Policy must send proof of loss within 60 days after the loss with substantiating Documentation
- Policyholder must cooperate with the adjuster or representative in the investigation of the claim
- Adjusters are not authorized to approve or disapprove claims

Suit Against Us

- Policyholder cannot sue to recovery money under this policy unless they have complied with all requirements of the policy
- Policyholder must start the suit within 1 year after the date of the written denial of all or part of the claim



NATIONAL FLOOD INSURANCE PROGRAM

SUMMARY OF COVERAGE

FOR GROUP FLOOD INSURANCE POLICYHOLDERS

Summary of Coverage for Group Flood Insurance Policyholders

- Deductibles
- Coverage
- How items are valued at the time of loss

<https://www.fema.gov/media-library/assets/documents/185683>





CUSTOMER SERVICE

FEMA Expectations

Be Prepared:



Resources on hand



Understand policy:

- Dwelling
- General Property
- RCBAP
- GFIP



Software updated & calibrated



Advance payments



Request outside professional services



FEMA



NATIONAL FLOOD
INSURANCE PROGRAM





FEMA Expectations

Adjuster:

- ✔ Provide a copy of the estimate
 - Agreed scope – discuss with Policyholder

Examiner:

- ✔ Confirm payment recommendations

CUSTOMER SERVICE

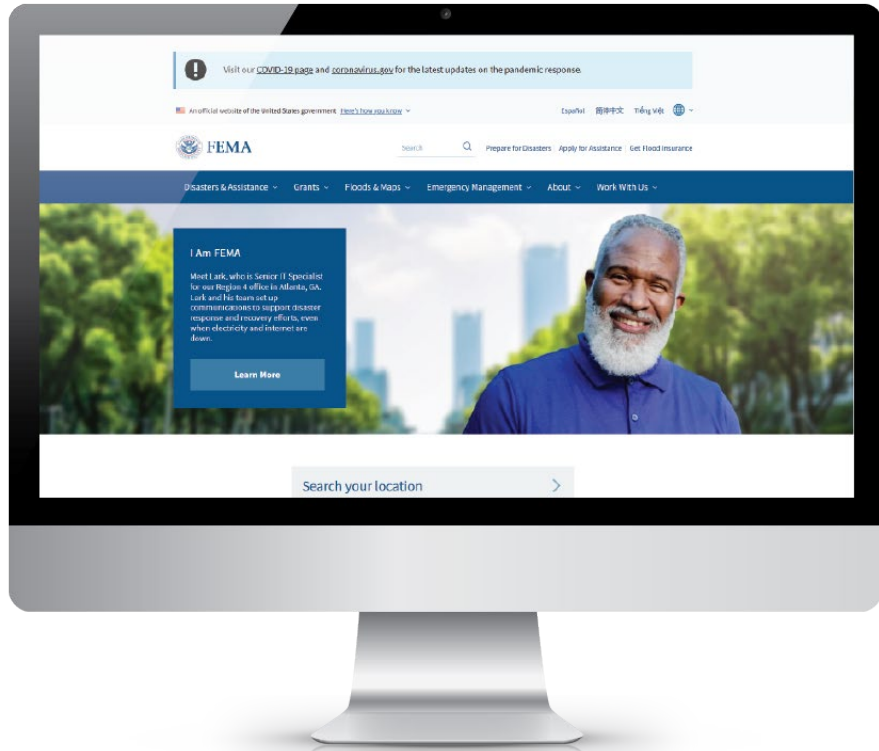


Resolving a loss with disputed scope or price

- Attempt to reach an agreement with the policyholder and explain the process for an additional payment
- Help the policyholder to understand what documentation is needed in order to support their payment request
- How to File a Flood Insurance Claim
 - https://www.fema.gov/sites/default/files/2020-07/fema_nfip_how-to-file-flood-insurance-claim.pdf



Resources



Resources:

www.fema.gov

- Subscribe to Workshop Alerts
- Adjuster Workshop Locations
- Claims Manual
- Claims Adjuster Forms and other resources

<https://nfipservices.floodsmart.gov/home/claims>

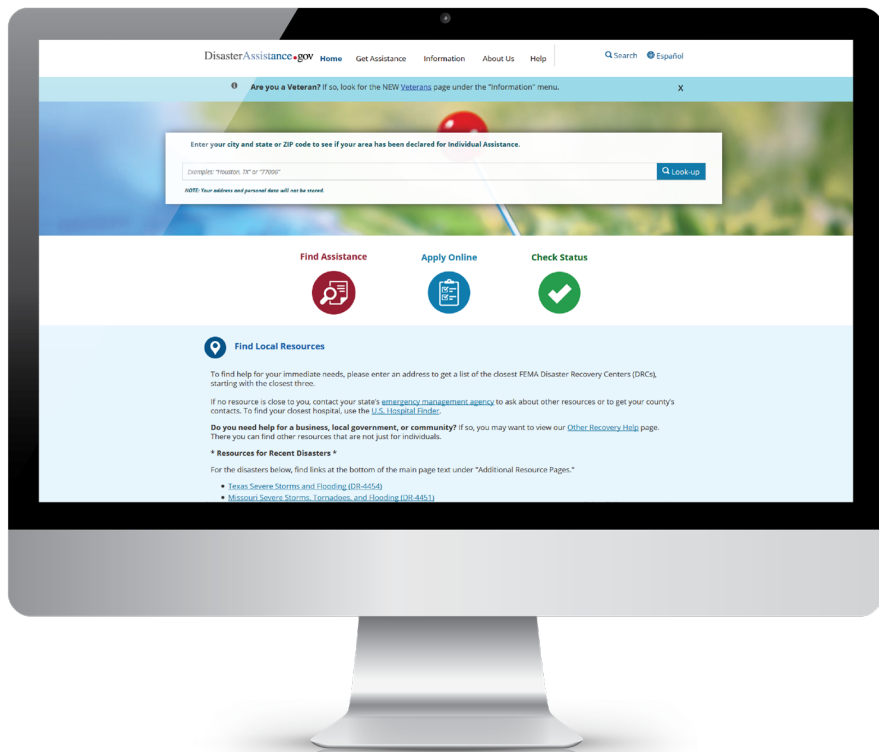
- Adjuster Registration requirements and forms
- FEMA Bulletins – subscription options

msc.fema.gov

- Flood map search
- Other mapping resources

RESOURCES

NFIP Customer Service Standards



- Fact Sheets
<https://www.fema.gov/about/news-multimedia/fact-sheets>
- FEMA Disaster Assistance
<https://www.disasterassistance.gov/>



NFIP

Thank you



FEMA 2021