

Flood Insurance Claim Basics

A few insurers sell home insurance policies that cover flood damage, but **most** home insurance policies flat out exclude flooding. Many exclude flooding AND other types water damage. If you want your property to be insured for flood damage, you need to buy a policy in addition to your home insurance.

Your options are to buy it through the National Flood Insurance Program (“NFIP”) or an insurance company that sells it as a “stand-alone” policy.

Flood insurance is available through the NFIP to anyone who lives in a community that is in compliance with federal storm water and flood plain management rules. Condo and homeowners can buy NFIP insurance for their structures and contents. Renters can buy NFIP flood insurance for their contents. You can review the NFIP’s rules [here](#).

About the NFIP

The NFIP program was created by the U.S. Congress in 1968. Before that time, flooding was covered by a standard homeowner’s policy, but private insurers panicked over flooding along the Mississippi River and pulled out, so the Federal Government stepped in and created a flood insurance company. The NFIP is governed by the U.S. Congress and administered by the Federal Emergency Management Agency (“FEMA”). Congress approves the policy language, claim rules and pricing of NFIP policies. [1]

Although the NFIP is a public entity, “regular” (private) insurance companies including Allstate and State Farm play a big role in the program. Their sales reps sell NFIP policies and they have a role in adjusting flood claims. Some insurance companies sell supplemental flood coverage through policies and riders (add-ons) labeled as “excess” or “surplus” or “difference in conditions.” If you have one of these riders – read the wording, then read it again. Like home policies that cover flood damage, they are rare.

Frequently asked questions about flood policies and claims:

1. Does my home, renters or business policy cover flood or water damage?

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

Source: <https://uphelp.org/claim-guidance-publications/flood-insurance-claim-basics/> Date: November 30, 2023

Most likely you are reading this because your property has been damaged by water that may be considered a flood. If so, we hope you have an NFIP policy because your home insurance probably excludes flood damage.

If you don't have NFIP flood coverage but your home was damaged by water, there *may* be coverage under your homeowner's policy if, and only if:

- Your property was damaged by wind-driven rain, or falling rain that got in through a hole ("intrusion" - in legalese).
- The damage was not caused by a "flood" as that term is defined in your policy
- The wording of your policy's exclusions for flood damage and/or concurrent causes is vague or unclear.
- You have an expensive or "surplus lines" policy that does not exclude flood damage.

2. How do I know if I have an NFIP policy?

If you can't find any paperwork that looks like an NFIP policy or declarations page, check with your home insurer, agent, broker or the NFIP. If your NFIP policy was issued through a "Write Your Own" private insurance company, it may have that company's name on it but actually be an NFIP policy.

If you have a Federally-backed mortgage and you were required to buy flood insurance, you should have the coverage. Most likely the premiums were deducted from your mortgage impound account. If your flood coverage was cancelled at some point but you were never notified about the cancellation, you may have some recourse from whoever dropped the ball on notifying you.

3. A flood has occurred and I do have flood insurance. What does my policy cover?

Up to \$250,000 in coverage a dwelling (including a garage) that is damaged by floodwaters. Includes clean up and repairs, outside and inside walls, debris removal and remediation of resulting mildew, mold, and fungus. With some exceptions, building code/ICC "Increased Costs of Compliance" are also covered. If you've paid for contents coverage, you have up to \$100,000 in benefits under a residential policy and \$500,000 for commercial policies. Benefits for certain items are capped or limited. Examples are artwork, jewelry, collections and antiques.

Just as with a homeowners policy, start with the declarations page of your flood policy to figure out how much and what kind of coverage you have. There are three basic NFIP forms but several options you can add to them.

NFIP flood policies also cover damage due to “mudflow” which means liquefied dirt – not landslide. Think “chocolate shake, not chocolate cake.” For more information on flood insurance and [mudflow damage](#), and www.floodsmart.gov. Commercial flood policies usually include coverage for business interruption/ lost income in addition to property damage.

4. My flood policy has an insurer’s name/brand on it. Am I insured through them or NFIP?

The NFIP. In 1983, FEMA created the Write Your Own (WYO) program, which enables private insurance companies to sell NFIP/FEMA’s standard flood policy under their own brand/name – but it’s still an NFIP policy. Through the WYO program, FEMA sells flood policies more widely and delegates management of the policies to private insurers. Private insurers get paid an expense allowance for processing claims and selling policies. FEMA has the responsibility for paying claims. The current structure of the NFIP is generally a great deal for private insurers. They earn rewards/profits without taking on the risk of actually paying claims. And although the WYO insurer may be involved in adjusting your claim, the buck stops at the NFIP –which can add to confusion and delays.

5. What is NOT covered by my flood policy?

Damage that exceeds the policy limits or is clearly excluded in clear and unambiguous policy wording. Many home policies have special wording that gives you extra dwelling coverage under certain conditions. This wording will be found in an “extended replacement” or “guaranteed replacement” clause. NFIP policies do not have this wording. Your limits will be exactly as stated on the declaration page. Basements, decks, pools, walkways, trees, shrubs are not covered. A basement is defined as any area of a building, including any sunken room or portion of a room having its floor below ground level on all sides.

6. Does a flood policy cover Additional Living Expenses while my home is uninhabitable?

No. Expenses like temporary rent and other costs you incur due to losing the use of your home are not covered under NFIP policies.

7. How is the flood insurance claim process different from a home insurance claim?

Just as with a home claim, you'll need to educate yourself and advocate for a prompt and fair settlement and get help if you hit a wall. But there are big differences between home and flood claims.

If you bought your flood policy directly from the NFIP, only a **"Certified" flood claim adjuster** can handle the inspection and settlement with you. Most certified flood adjusters spend most of their time on the road working for hire via big "independent" adjusting companies like *Pilot* and *Crawford*. After large scale flooding disasters in the past there's been a shortage of these adjusters and claimants experience frustrating delays. If you bought your flood policy from a WYO company, you'll either be working with one of their staff adjusters or an "independent" adjuster for hire. As with all adjusters, you may get lucky with one that's experienced and personable, or you may end up with one that's new on the job or adversarial from the get-go.

There are short and firm deadlines for submitting NFIP claim paperwork and fewer benefit categories than you'll find in a home policy. The policy language is standardized and written into federal laws so there's very little "wiggle room" or room for different interpretations. Most home policies cover temporary living expenses, "other structures," trees, shrubs and landscaping and pools. An NFIP policy does not.

8. What is the first step for an insured when submitting a claim under a flood insurance policy?

You must submit a written "[Notice of Loss](#)" to the NFIP as soon as possible after a loss. If you have an insurance agent, they can file it for you.

After that, you must complete, sign and submit a [Proof of Loss](#) form within 60 days. (Form 086-0-9) Sixty days is a very short time frame for tallying up and valuing everything that needs to be repaired or replaced after a flood, but that deadline is mandatory. If you blow it, your claim will be denied. And unlike most home claims, the NFIP will not accept a form that says "undetermined" as the amount of loss, with the understanding the true amount will be provided later.

FEMA often extends the deadline for filing a proof of loss after a disaster. The extensions are generally issued in the form of a memo from the Federal Insurance Administrator. Check the NFIP's website to find

out if the deadline for your claim has been extended. www.floodsmart.gov. If you can't confirm the deadline has been extended, make sure you comply with the 60 day rule.

Here's [a short "to do" list](#) if your home has been damaged by flood waters.

9. What should I do after my claim has been filed?

Take lots of photos of the damage and before removing any damaged or destroyed items from the home or starting any dry out or repairs. If the NFIP tells you there will be a delay in getting an adjuster out to inspect –dry out your home as best you can, and hire a qualified and reputable local company that specializes in water damage repairs.

- Keep a diary of conversations and events related to the damage and your claim
- Be cooperative and as polite as possible with the NFIP adjuster, let them to inspect damage and the remains of the property
- Provide documentation of your loss / all damage
- Get independent estimates to repair the damage and restore your home to a safe and habitable condition
- If the adjuster tells you damage isn't covered and what they're saying doesn't make sense to you, consult a professional expert with experience in flood claims and complain in writing to your Congressional and Senate representatives.

"I have a split level home. The flood adjuster told me the main level is considered a basement so it's not covered. I read the policy carefully, inspected my home and foundation, fought back – called my local TV station to complain, and gave the adjuster technical arguments that won the day." S.I., Long Island, NY

10. When does my "Proof of Loss" need to be filed?

A written "[Proof of Loss](#)" (document you sign that confirms/certifies your loss/claim) must be filed within sixty (60) days after a loss. The majority of lawsuits involving flood claims are related to the issue of POL and the failure to file in a timely manner.

The POL can be waived for claims under \$7,500, but you must get express written consent from your adjuster or his/her superiors at FEMA for any waiver of the Proof of Loss requirement. As with the Notice

of Loss, you need to use a standard form issued by FEMA. The Proof of Loss form is available online at: www.fema.gov/library/viewRecord.do?id=2545 The form must be filled out completely or it will be rejected. For example, a Proof of Loss is deemed insufficient if it does not provide the amount of money that the insured is claiming. Also keep in mind that supplemental proofs of loss may legally be disallowed under the flood policy.

According to a [September 17, 2014 letter from FEMA to UP](#): “FEMA recognizes in limited circumstances a policyholder may need more time to prepare a submit their claim to their NFIP insurer. In such cases, the policyholder may request the insurer to seek an individual waiver of the proof of loss time requirement from FEMA. This request is made through the insurer once the claim has been presented to the insurer and is ready for payment. FEMA typically responds to such requests within 10 days, unless more information is required. Each request is handled on a case by case basis and if the delay has not prejudiced the [NFIP] and the efforts of the policyholder have been in good faith, the requests are typically approved.”

11. What else should I do to ensure my total recovery from a flood?

A flooded home is susceptible to mold, mildew, and fungus that may grow in hidden areas. Mold can be extremely dangerous to breathe and it will damage your home, so all mold should be removed quickly and efficiently. Mold damage is evaluated on a case-by-case basis, and pre-existing mold problems will not be covered by your NFIP policy. However your policy does cover “reasonable actions” taken to mitigate mold and/or mildew.

12. What are the payable losses under a Standard Flood Insurance Policy?

The replacement cost value of flood damage to a primary dwelling will be paid *Replacement Cost Value* as defined by the policy. Losses due to flood in dwellings other than a primary residence are paid the *Actual Cash Value*. Actual Cash Value is always paid for contents. Be sure to review your policy carefully because the timing and amount of payments can be affected by certain variables.

13. What is the time requirement for filing a lawsuit to challenge denial or lowballing/underpayments?

A suit must be filed in federal court within one year of the mailing date on the Notice of Disallowance or

Partial Disallowance you receive from the NFIP or WYO company. Make sure you hire a lawyer who has experience litigating flood insurance disputes. There are many specific rules and procedures related to NFIP claim disputes and your lawyer needs to know them. Federal courts have exclusive jurisdiction over claims that arise under a flood insurance policy, and any suit brought in state court does not toll the one-year statute of limitations.

14. Can I appeal an NFIP claim decision I don't think is fair?

Yes. You can and you should. You'll find information on appealing an NFIP claim decision in the "Appealing Your Flood Insurance Claim" Fact Sheet at www.floodsmart.gov. If your claim has not been "denied" but the flood adjuster is underestimating the cost of repairs, you can request an Appraisal. Read about the appraisal process in the UP Claim Help library.

15. What are my options for recovery help if I do not have any flood insurance at all?

You may be eligible for a FEMA grant or an SBA loan if the flood is declared a Federal Disaster. Most often, however, floods are too localized to be declared a disaster at the Federal level.

Considering the impossibility of recovering your total losses through Federal Disaster Assistance, it definitely does pay to insure yourself ahead of time. You can purchase a relatively inexpensive Preferred Risk policy from NFIP if your home is located outside a high-risk flood area. For as little as \$180/year, you can get a minimum of \$50,000 residential building coverage and \$15,000 contents coverage, and you have the option to buy the same upper limits as a standard NFIP policy: \$250,000 of building coverage and \$60,000 of contents coverage.

—
*Special thanks to Florida attorneys **Kelly Kubiak** of Merlin Law Group, **Samuel Bearman** with Bearman Law and **Dennis Abbott** with Disaster Consulting Services and **Amy Bach** for contributing to this publication.*

For Further reading

- [Revised NFIP Flood Insurance Claims Handbook](#)
- [Your Guide to Handling Flood Insurance Claims, By Samuel Bearman and Dennis Abbott.](#)

SPECIAL NOTE: If your vehicle is damaged by flood, you should have coverage through your auto insurance if you carry a comprehensive policy.

[1] Premiums for NFIP policies have traditionally been subsidized by taxpayers to keep them affordable. Taxpayers also pony up to cover claims when shortfalls occur after large scale disasters. This dynamic has made the NFIP a political hot potato.