

## [Guest Blog: Flood Claim Guide - A Look Under the Hood](#)

Your flood adjuster arrives with a few forms for you to fill out. Typically, you will be asked some questions about when the water entered the building, how long it stayed, and that sort of thing. He/She will also ask some questions to update your policy. You may be asked to confirm your current mortgagee (lender) – this is important. The claims check will be made out to you and your lender. If it is made out to the wrong lender it will cause an unnecessary delay in receiving claim proceeds.

Cooperate with your adjuster. In an event setting like Irene or Sandy, they are under significant pressure to inspect and evaluate as many properties in as short a time as possible. There are a limited number of flood adjusters out there, so be reasonably flexible with your schedule, it makes a big difference.

### Policy Expectations

If this is your first rodeo, then you may be in for a big surprise. An NFIP policy is not an extension of your homeowner's policy; it is a "stand-alone", named peril contract that is limited in scope and benefits. There are no additional living expenses, very limited coverage in most "basements" and many claims are made in actual cash value (ACV). This is a huge departure from what you may be used to if you have made a claim for a burst frozen pipe in a homeowner's claim. Understanding policy limitations is important from the get-go.

### Adjuster Limitations

The adjuster is not authorized to settle a claim on behalf of the NFIP. You may be used to an adjuster coming out, scoping your damage, and settling the claim with a check on the spot. That is not how it is going to happen with an NFIP claim. An NFIP adjuster is more of a messenger in this process. Your claim estimates will go through a series of painstaking reviews before it is approved. It is a slow process that is now even slower due to recent changes in procedures at the NFIP.

## Adjuster Compensation

For the NFIP adjuster, the bigger the claim, the bigger the compensation. There is no incentive for an adjuster to write a smaller claim and there is an emphasis in the process to get it right. An adjuster may have to defend the estimate against the scope of damages and increasingly audits are done to confirm accuracy.

## Advances

You can ask for an advance and the NFIP likes to think that they are very policyholder friendly with advance requests. But here is the real deal. There is little to gain in getting an advance on your building claim if you have a lender. Both names are going to be on the check and chances are, the advance will be barely enough to initiate repairs. If you have a previous loss, the adjuster should not authorize an advance until you have demonstrated that prior damages have been repaired and paid for. Advances are usually made against personal property claims because there is usually no lender. But if you are producing an inventory to get an advance; you might as well finish the job and be done with it. More about contents claims below...

## Building Estimates

You have to understand how the process works. The field adjuster comes out, scopes the damages, writes an estimate, the estimate gets scrubbed by an internal examiner, changes are made to conform to the national standard for flood claims, and then it is shipped off to a Federal contractor who examines the claim on behalf of the NFIP. Visualize somebody in a cubical, day-in and day-out, going over NFIP claims to make sure that every figure is correct with every "i" dotted and every "t" crossed. In the post Sandy environment, if the claim is not perfect, the process is reversed which can delay payment. We have seen claims delayed for weeks for a mere \$5.00.

That said, building claims are still an exercise in negotiation...but there is less and less to negotiate. One of the few items that may be up for grabs is depreciation; and that only applies to an ACV claim. Depreciation still has significant swings and an adjuster will often use that as the place to go in order to close a claim. As a policyholder you should make sure you are negotiating this; we may be talking hundreds, and sometimes, thousands of dollars.

## Contents (Personal Property) Claims

I have never met anybody who likes doing a contents claim, either adjuster or insured. Think about it...soaked, nasty, upholstered furniture, clothes in mud, lost family treasures, the list goes on. You have to separate, inventory, photograph, value and organize a claim. It comes at a time when you are vulnerable and exhausted. As adjusters who work directly with the insured, we understand what you are up against.

But the flood policy is very clear that it is up to the insured to put together a contents claim; not the adjuster.

Photograph each piece of inventory separately before throwing it into the dumpster. Anything that has a product number and serial number- write those numbers down; appliances and treadmills are two items that come to mind. Ask your adjuster for an inventory list to make sure you provide all the requested information. Inventory each item and cross-reference with a numbered photograph - that means that each line item references a photograph and each photograph references a specific line item. The better organized your contents claim the faster it will be processed. Again, visualize the Federal contractor in their cubical looking over a flood claim that is an organizational mess or a cogent, well-organized presentation. You will be rewarded for the latter, count on it.

## Restoration Contractors

The use of restoration contractors has become a source of significant confusion for all stakeholders. In May of 2013, the NFIP issued [Bulletin W-13025a](#) which serves to provide claims guidance for structural drying. In its clarity (to those who can understand it) it should be considered an important departure to the way structural drying was approached in the past. To many, this has come as a huge surprise in the way this service is provided.

Unless you wish to become an expert here are some things to keep in mind. If you are going to hire a restoration contractor be sure that they follow the protocols in Bulletin W-13025a and that their bill reflects all the requirements. You will want to present this bill to the adjuster as the basis for this portion of the claim and you would like it paid in full.

Keep in mind that in a flood claim the contractor sends the bill to you, not the insurance carrier like many

homeowners claims. You are going to be on the hook and you may be liable for the difference between what the NFIP will pay and the restoration contractor invoice. Make no assumption that your restoration contractor is versed in the requirements of Bulletin W-13025a. Many national brands are local franchises with little experience in NFIP flood work and while they may be good at their trade they are not familiar with this change. Forewarned is forearmed. Be careful with this one. It is important to get it right.

Note:

If you don't use a contractor the NFIP accepts a minimal allowance through Bulletin W-13025 for the purposes of structural drying.