

[The money doesn't pour in for Manitou business owners seeking insurance payouts](#)

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Though the mud and debris from last summer's floods was long ago cleared from the streets of Manitou Springs, business owners say they've been left with a financial mess instead.

Just ask Chuck Murphy, owner of the Spa Building, best known as the home of Adam's Mountain Café. The building is a historic center point for Manitou, overlooking both Fountain Creek and the Penny Arcade. Murphy purchased it, closed and vacant — and ironically, still bearing damage from an earlier flood — in 2004. Over the next three years, he renovated, then opened it with new tenants in 2007. Through the National Flood Insurance Program (NFIP), the Spa Building was insured for more than \$7.2 million, divided up into separate \$250,000 policies for its 10 retail spaces and 19 lofts, Murphy says. But when flooding hits, a creekside structure is going to suffer.

"The flooding damage was in the neighborhood of \$850,000," Murphy says.

All 10 retail spaces were affected, meaning each of those policies and the master policy should have kicked in. "We've completely done everything [the Pikes Peak Regional Building Department] required us to do," he adds.

But, Murphy says, he's received only \$400,000 in reimbursement for his \$847,000 in repairs, and can't figure out why he hasn't been given more.

"The problem we've had with FEMA is ... they just don't respond. There's no response. If they don't agree with what we submitted, then they ought to tell us why they disagree, and what they propose to do."

Murphy is not alone. Chuck Englund, part owner of the Shops at Manitou, says he, too, has had trouble getting reimbursed for repairs. Fixing the Shops has cost an estimated \$176,000, he says, but he's only been reimbursed \$100,000. The Shops were insured for \$500,000, the FEMA-mandated maximum for business properties.

Unlike Murphy, in his situation Englund understands why. Although he originally purchased a premium policy four or five years ago, he made significant improvements to the property that made him ineligible for grandfathered rates. He continued making his payments, unaware they bought him less coverage,

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only to discover the discrepancy after appealing the \$100,000 payout.

“We would [have taken flood mitigation measures] years ago had we known they wouldn’t pay the claim in full,” he says.

Public claims adjuster Scott deLuise says he’s been frustrated in dealing with claims from local floods. He says he’s worked with eight business owners with flood damage claims, including Murphy. Each of his clients has faced similar issues, he says, as have business owners in the flood-hit communities of Boulder, Longmont and Estes Park.

Amy Bach, executive director of United Policyholders, a nonprofit that advocates for disaster victims dealing with insurance claims, says such problems have arisen across the nation. The issues date back to Hurricane Katrina, which put the NFIP \$17 billion in debt, according to FEMA insurance specialist Charlie Jackson.

Bach says Congress got nervous after the 2005 disaster, and the program was heavily scrutinized. Ultimately, this resulted in the Biggert-Waters Act, signed June 6, 2012, which increased flood insurance premiums according to relative risk. According to a Reuters report published Jan. 30, this resulted in premiums for high-risk areas being increased tenfold, if not more.

Then, Bach says, Hurricane Sandy in October 2012 hit the NFIP again with huge costs. Due to more congressional scrutiny, program officials sought to tighten their purse strings, leading to reimbursement delays. Jackson notes that delays can be especially pronounced for businesses because the claims tend to be more complex.

There’s little that local players can do to intervene with those problem claims, deLuise says, because the program is controlled by the federal government, not state regulators. “As opposed to fire policies ... FEMA policies are administered by the federal government,” he says, “and because of that they are not under the licensure and approval of the Colorado Department of Insurance.”

To top it all off, Manitou could have another year of flooding to look forward to, and Mother Nature doesn’t wait for bureaucracy.

“We’re doing [flood mitigation] now at great cost to us,” Englund says, “but we have to do it in a panic all at once to offset the next one.”

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Tips from the experts

First and foremost, buy your flood insurance — whether personal or business — now, if you haven’t already.

Flood season is coming, and it takes 30 days for a newly purchased policy to go into effect. Be sure to

read your policy carefully, so you know what it covers, and take photos and make lists of your valuables to support any claim you may need to make later. Visit floodsmart.gov for more helpful hints.

If you have already suffered flood damage, consider the following:

- Work closely with the claims adjuster.
 - Save all repair receipts.
 - Save names and take notes when talking to your insurance company.
 - Deal with your insurance company directly.
 - If you feel your claim determination was undervalued, submit a supplemental claim or appeal your claim.
 - Go to local workshops and seminars on getting your claim paid. Look for webinars and other resources on uphelp.org.)
 - Know and follow the NFIP's rules.
 - Double-check all forms.
 - Write your national legislators about problems.
- Compiled by Griffin Swartzell