

FLOOD CLAIMS HANDBOOK



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INTRODUCTION

Floods are considered one of the most dangerous natural disasters and often result in millions of dollars in damage to residential and commercial properties. Those living in coastal regions with the potential for hurricanes or storm surges need to ensure they have adequate coverage in case of flooding. As part of our continuing mission to be The Policyholder's Advocate®, Merlin Law Group developed this Flood Claims Handbook as a walkthrough for policyholders. Keep this on hand and use it as a resource in dealing with flooding damage claims.





1 WHAT TO DO BEFORE A FLOOD

Floods can happen quickly and without warning. With flood waters rising quickly, there is little time to react in securing your property and getting your family to safety. The best practice is to have a flood action plan in place before disaster strikes. This plan outlines your evacuation route, including alternate routes in case your primary evacuation route is inaccessible, and everything you and your family will need in terms of supplies, medical items, and other necessary goods.

1. Check Policy Declarations Page

The front page of your insurance policy, known as your “Declarations Page,” should specify information such as the named insured, the address of the property, the policy period, any policy limits, and other key information. Policyholders should verify that all information on this page is accurate and contact their insurance representative as soon as possible to make any corrections.

It is important to discuss your insurance coverage needs with your designated agent prior to an event happening. You do not want to find out that you lack the necessary flooding coverage after a flood has occurred. Just like a standard homeowners insurance policy, a separate flood insurance policy will contain both personal property and building coverage. Policyholders can adjust the level of coverage for both categories by discussing their current needs with their insurance agent.

2. Document Personal Property Items

It is extremely difficult to identify and itemize everything you owned and lost after a flood occurs. Policyholders are encouraged to create a home inventory list of all personal property items—marking their description, any model or serial numbers, and the original purchase price (with receipt if available)—so that you can easily track any lost items. This will also come in handy when filing a claim, as you can

simply hand a copy of your inventory over to your insurance company for reference.

3. Safeguard Important Documents

Policyholders should gather all useful paperwork including your policy, any important contact information for your insurance agent, your personal property inventory list, and any other important items to store in one central waterproof location. Be sure to keep copies of these documents in another accessible location in the event your primary storage container is lost or damaged after flooding. Another good idea is to back up copies of these documents electronically.

Having detailed documentation of all your insured items will simplify the claim process. Without these documents properly gathered and stored, the burden of finding everything after the loss falls on the policyholder. Trying to locate these documents and items for your insurer will only add to your stress after already dealing with a flood.

4. Learn Flood Claim Filing Process

Another useful tip is to have a conversation with your flood insurance agent to go over the claim filing process, including any specific reporting requirements. Some policies contain provisions dictating certain timelines and procedures that, if not followed properly, could cause your claim to be denied. Knowing what is required of the policyholder in filing a flood damage claim ahead of time will facilitate the process when the time to file comes.

5. Have Backup Contact Information

The conditions of your home after a flood can range in severity. In some cases, you may not be able to return to your home right away or be able to live or work out of the property. Your insurance company may have difficulties contacting you in this case, which is why it is a good idea to provide alternate contact information to your insurer. This is also helpful if there is an evacuation and you are not home to respond to your insurance company's communication attempts.



2 WHAT TO DO AFTER A FLOOD

The period immediately following a flood can be both overwhelming and traumatizing. It is also a crucial period of time in terms of coordinating with your insurance company to file a claim. By prioritizing urgent needs over less urgent ones, policyholders can make the most of this time and put themselves on the right path toward recovery.

2.1. HIGH PRIORITY ITEMS

File an official Notice of Loss with your insurance company. It is good to know the name and number of your insurance agent and your policy number when reaching out to inform your insurer about flood damage. It is also good to provide backup contact information at which the insurance company can reach you if they are unable to use the information they have on file. Filing a written notice of loss is often a mandatory step in the insurance claim process and establishes the first written record of your claim.

Separate your damaged property from undamaged property. Do not discard of anything before the insurance adjuster has the opportunity to see it, unless the damaged item poses a health risk or could lead to subsequent damage to the property. You should take photographs of any damaged property items. For larger items like appliances or electronics, be sure to take photos of the make, model number, and serial number. Your insurance

company may ask for these photos as part of their investigation. You should retain any samples of damaged building materials like carpet, wallpaper, or drapes to present the insurance adjuster.

You should move any undamaged items to a safe and dry location. Any moveable items that are in floodwater should also be moved, as they will incur more damage the longer they are in water. If you have the property cleaned out, be sure to save the receipts for repairs as you may be able to be reimbursed for these expenses.

Create an inventory of damaged items. Your insurance company will need to be notified of each personal property item that was damaged. If you already have a complete home inventory as outlined in Section 1 above, this will be a simple step. Be sure to note the quantity, brand name, description, approximate age and cost, any model or serial number, and where the item was purchased. If you have any receipts or photos of those items, you should include those as well.

Identify any areas with structural damage. Take note of any areas in your property that have structural damage from the flood. Knowing these areas ahead of time will help in pointing them out to the insurance adjuster. You should also photograph any of these areas for your own records.





2.2 CLAIM HANDLING

2.2.1. The Insurance Adjuster

Your insurance company should assign an adjuster to your claim promptly after filing your Notice of Loss. This adjuster should contact you to set up an appointment for them to come out and inspect the damage to your property. Their job is to inspect and appraise the damage on behalf of your insurance company to determine how much is owed. You may be able to ask for an advance or partial payment prior to the insurance company settling the full claim, but this depends on the policy. If this option is available, the adjuster should explain it to you in detail. When the insurance adjuster visits, be upfront with them about the damages to your property structure and personal property contents. You can also get a second opinion from a public adjuster if you do not agree with their valuation of your flood damages.

2.2.2 Examining The Loss

The insurance adjuster will document all damage to your property directly caused by the flood. Their inspection process may involve them taking measurements, photographs, and asking you questions about your property's structure or your personal property items. Depending on the severity of the damage, the insurance adjuster may make multiple trips out to your property. Your insurance company may also choose to hire another expert to further inspect the property. The insurance adjuster should leave you with their contact information and an expectation of next steps in the claim process.

2.2.3. Your Claim Estimate

Based on their original scope of the damage, your insurance adjuster should prepare a detailed estimate outlining the extent and type of damage to the property room by room. This report will also include any documentation or photographs you have provided to support your claim. The insurance company will provide you with a copy of this estimate and a Proof of Loss document for you to sign. If there are any discrepancies, it is recommended you contact your insurance company right away to solve them. You

can use this estimate when shopping for bids on contractors for any repair work to the property.

If you do agree with the insurance adjuster's estimate, you can sign the Proof of Loss and submit it to your insurer. Signing the Proof of Loss does not rule out the possibility of seeking additional payment on the claim if required, but it does mean your insurance company will likely issue a timely payment for the agreed upon amount. You may still have the opportunity to file for additional payment if any other damage is discovered.

2.2.4. Insurance Company Approves Estimate

The insurance adjuster will send their report and recommendation for payment to the insurance company after their inspection is complete. If the insurance company agrees with everything as listed, a timely payment should be issued. If the insurance company identifies anything that is not covered under the policy, they may issue a new recommendation for payment and new Proof of Loss document. Policyholders should receive a written denial letter outlining the reasons for any disputed portions of the claim.

2.2.5 Hiring Your Own Adjuster

Policyholders have several options if they do not agree with their insurance company's decision on their claim. One option is to hire a public adjuster to provide their own inspection of the property. If this adjuster's report shows any differences, policyholders may file an amended Proof of Loss with documentation backing their claim for a higher amount. You also have the option of getting second opinions from a general contractor or structural engineer.

2.2.6. Filing A Lawsuit

If you reach an impasse with your insurance company after going through the various appeal steps outlined above, you can file a lawsuit against your insurer. Be sure to note any timely requirements in the policy regarding appealing your claim. If you need any assistance, you can contact an experienced property insurance claim attorney to review your case.



3 PRIVATE FLOOD INSURANCE V. GOVERNMENT PROGRAMS

While the majority of flood insurance policies are administered through the National Flood Insurance Program [NFIP], there are also private flood insurance options available to consumers. Depending on your mortgage lender, you may not have an option with choosing where you get your flood insurance coverage from, especially if you live in a high-risk flood zone area. However, some lenders do accept private flood insurance. Check with your mortgage lender to confirm which flood insurance options are available to you.

The NFIP provides two components of protection – building and contents coverage. While the NFIP allows you to buy one coverage or both if needed, your mortgage lender may require you to obtain both. A 2019 ruling from five federal regulatory agencies, known as the Bigger Waters Act, mandates lenders can accept private flood insurance policies as long as the policy provides sufficient protection and the lender documents

their decision to accept the policy as sufficient in writing.

The NFIP options are considered more stable in that you know what you are getting with your coverage amounts, your deductible, and premiums. The NFIP also cannot drop you from the policy if they deem your home too risky to insure. Private flood insurance providers seem riskier with low-cost policies that carry much higher deductibles, but their artificial intelligence platform used to predict flood risk is becoming more advanced and could lead to underwriting and quoting policies more accurately, which translates to lower rates for homeowners. Another advantage with private flood insurance policies is that the plans come with more comprehensive contents protection. These policies also carry shorter waiting periods of 15 days compared to the NFIP's 30 days. If you are rushing to enact a policy, private flood insurance providers are the quicker option.

4 IMPORTANT ITEMS TO NOTE

- A written Proof of Loss must be submitted within 60 days after the date of loss. Most lawsuits involving flood claims stem from the failure to file a Proof of Loss in a timely manner. Keep track of any deadlines associated with the flood claims process.
- Waiving the Proof of Loss requirement is an option for some smaller claims, but this involves getting written consent from the insurance adjuster and their superiors.
- Policyholders may have the option of obtaining coverage through the NFIP or through private flood insurance providers depending on their location. There are advantages and disadvantages with both options, so take time to examine both in determining which is best for you.
- Be aware that insurers may try to claim that the damage to your property is from wind or water and not exclusively from floodwaters.
- Notify your insurance agent immediately of a flood loss.
- Keep receipts for everything. This includes the costs to mitigate further damage, purchasing replacement items, and hiring contractors or handymen. It is recommended you backup these receipts to a computer so they can be easily stored and transferred.
- Only hire licensed, bonded, referenced, and thoroughly vetted contractors to do any work on your house.
- Consider hiring a public adjuster to assist with preparing estimates for your claim. Public adjusters work on your behalf, not for the insurance company.
- If you think your flood claim is being unfairly delayed, denied, or underpaid, contact a property insurance claim attorney. These attorneys can communicate with your insurance company on your behalf and help obtain a fair outcome.



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877.449.4700



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