



Guidance

This document describes typical adjustment and examination practices for flood claims. **Each claim must be adjusted and examined based on the facts specific to that claim.** Based on the facts observed and documented by the adjuster, adjustment and examination may depart from the guidelines described below if warranted and supported by adequate documentation.

Ownership Issues

All GP claims must have ownership verified. An example would be a copy of the deed for the property or the listed owner on the tax records which can often be checked online. If the name is not exactly what is listed on the loss notice, send up an underwriting alert. Ownership documentation must be approved by carrier.

Accounting for Wall Openings

When drawing building diagrams and writing estimates, adjusters must ensure that all openings in the walls are accounted for. While some of these openings may not be in the area of the wall directly damaged by flooding, they can still affect the scope of work that will need to be done to bring the risk back to pre-flood condition and affect the cost to do these repairs. Openings that need to be accounted for include, but are not limited to:

- Windows
- Doors
- Cased openings
- Missing walls
- Half-walls

These openings should be included in the room description/diagram section of the adjuster's building estimate to confirm they have been accounted for.

Inspection

Complete inspection is required to include neighborhood canvas if needed to confirm GCF, Exterior inspection to document GCF with all elevation and angles of elevations documented. Elevation of home documented with tape measure photos including crawlspaces. Interior must be documented to include damages and no damage documentation. If insured refuses an interior inspection adjuster must obtain written statement from insured in email or text verifying refusal of the interior inspection.

Photo's

Address verification photo is required in every file. Overview shots of every elevation and a clear water line with tape measurement. Interior water line photo with measurements is needed in every room with overview of the rooms and clear photo documenting physical change (damage). Photos of undamaged rooms and damage from other than flood required. All photos must be labeled with a location description and clear explanation of what has been being shown.

Wall Repair

When flood water enters a structure such that interior walls covered by the SFIP are impacted, adjusters should determine the height of necessary wall repairs based on the following factors:

- Flood water height
- Wall material
- Length of time flood waters inundated the risk
- Bids or invoices from contractors retained by the policyholder
- Any other relevant evidence observed during inspection
- Lack of mitigation
- Damages other than flood

Typically, when drywall is saturated by flood water, repairs can be completed by cutting the existing drywall at the next-highest four-foot-increment . Unless mitigation has occurred. If they demo has occurred and the drywall is at a 2' cut we should follow that cut when completing our estimate. In determining the appropriate height for the cut, adjusters should consider any evidence of wicking present in the drywall itself and other wall elements, including insulation in the wall cavity. Show this in your pictures. **Do not rely on a moisture meter. They don't show damage, only moisture.**

Currently our clients do not approve LF scope items for drywall. Consider any contractors unit cost for LF and compare to your SF price and make adjustments as needed by converting the LF price to SF. We can only convert to LF drywall pricing if it is incurred cost.

When a policyholder has removed damaged drywall prior to the adjuster's inspection, or when a policyholder provides bids or invoices from a contractor retained to complete demolition and/or repair of wall items, the adjuster should evaluate and describe in the narrative report whether the height of drywall replacement performed by the policyholder, or their contractor is reasonable and consistent with generally accepted construction practices. Add a note to the scope as well to support your scope choice.

Paint, Prime and Wall Texture

When wall drywall has been replaced, adjusters should typically allow for prime/sealing the replaced portion of drywall, a base coat of paint on the replaced portion of drywall, and a finish coat of paint on the entire wall surface. The allowance for sealing and the first coat of paint typically extends approximately one foot above the height at which drywall was removed and replaced to allow for sealing and painting areas where new drywall mud is applied to the seam between old and new drywall then one coat of paint for the full wall.

In general, wall texture applied to the replaced portion of drywall can be blended in with existing texture with minimal scraping of existing texture required. For heavier, less common types of wall texture, additional scraping may be necessary and should be explained by the adjuster in a note associated with the appropriate line item.

Ceilings do not typically need to be painted unless wall drywall is being replaced up to the ceiling height or if

water damage is present on the ceiling. Additionally, if cabinets are in contact with the ceiling and will cause damage during the repair process, paint the ceiling.

When a policyholder provides bids, invoices or receipts from a contractor retained to complete painting and/or other wall finishes, adjusters should consider whether the scope of work described or performed by the contractor is reasonable and consistent with generally accepted construction practices and noted in the adjuster's narrative report. Many times, contractors will allow for multiple coats for the full wall and this would be outside of the normal scope of repair.

For Example, Water levels of 12" probably would not require replacement of drywall to 8' even if the drywall was removed to 8'.

Masking and protect for painting are not required unless we are saving the flooring in the affected area or an incurred cost. Masking must be explained and justified as most estimating programs consider this cost in their pricing.

HVAC Repair vs. Replacement

When inspecting an HVAC condenser or air handler the make model and serial number must to be documented or a photo showing id plate missing or not legible.

When replacing the condenser unit or air handler you must verify the replacement matches the tonnage of the damaged unit. The carrier will use the ID number from the damaged unit to verify you are replacing like kind and quality.

Exterior HVAC compressors can commonly be repaired when inundated by flood waters. In evaluating whether an initial flood damage estimate should include an allowance for repair or replacement of exterior HVAC components, adjusters and examiners should consider the following factors:

- Flood water height (relative to the height of electrical/mechanical equipment such as fan motors)
- Length of time flood waters were present
- Whether flood was caused by salt or fresh water
- Bids or invoices from contractors retained by the policyholder
- Any other relevant evidence observed during inspection.

For example, if short-term freshwater flooding was present below the level of the fan motor on an exterior AC compressor, a service call to repair the compressor is typically sufficient to bring the equipment back to its pre-flood state. Conversely, if longer term flooding or flooding that completely submerges an exterior compressor occurs, full replacement may be necessary, especially if salt water is present. Adjusters should consider and describe in the narrative report or, in a note associated with the appropriate line item the factors listed above, in making the repair vs. replacement determination.

If a policyholder provides a bid or invoice from a contractor retained to perform HVAC repairs, adjusters should consider whether the scope of work described or performed by the contractor is reasonable and consistent with generally accepted HVAC repair practices. If the adjuster's initial estimate provides for repair only, and the policyholder later provides evidence that a qualified HVAC technician determined that further repair or

replacement was necessary, the difference in the price between the initial repair estimate and the actual cost of repairs or replacement can be paid as a Request for Additional Payment.

We do not pay for air handlers unless they are damaged by flood. There is no upgrade coverage. This is a common issue as older condensers do not work with older air handlers. We can only pay for what was damaged; The explanation is a matter of code upgrades. The SFIP does not pay for code upgrades. The new condensers are different due to a building code change which and that change will not allow the condenser to work with the old handler.

If in doubt or the HVAC is still working a service call would be warranted.

Muck Out / Flood Loss Clean Up

Adjusters accustomed to writing building repair estimates in Simsol typically apply “Flood Loss Clean Up” to floor areas inundated by flood water. This is a general cleaning / mopping before you do the final clean. This is not muck out.

Xactimate provide “Muck out / Flood Loss Clean Up” as a line-item option. Typically, cleaning and applying mildewcide to the floor surfaces inundated by flood water is appropriate to return any floor surface that is not being removed and replaced to its pre-flood state. Additional cleaning allowances should be explained in a note associated with the appropriate line item or in the adjuster’s narrative report.

Simsol. “Muck Out” should only be applied to areas in which an adjuster observed **heavy** mud, sand, or other heavy floor debris. If “Muck Out” is applied in a building estimate, the adjuster should explain the need for additional cleaning in the narrative report or in a note associated with the appropriate line item and the photos should show that charges for “Muck Out” are warranted.

We do not clean a floor and then clean a floor again. Flood loss cleanup is cleaning the areas inundated, removing all debris spores, silt, residue brought in by flood waters, this is the initial process. Cleaning of the floor additionally would be such as cleaning tile floor to regrout, or cleaning slab to make ready for new flooring application. Explanation with well-defined notes is needed. Watch for duplicate scope items.

Departures from Default Pricing & High-Grade Building Elements

Estimating software is designed to estimate appropriate pricing for building repairs in the region where a flood-damaged property is located using generally accepted construction methods. Based on the quality of building elements and construction methods observed by the adjuster during an on-site inspection, it may be necessary for the adjuster to deviate from default pricing in the estimating software or to select a higher-grade building element with a correspondingly higher cost. Any deviation from data-based pricing must have a note attached explaining the deviation and possible supporting documentation attached. Your photos should support the damages and grade selected.

Garbage Disposals

A garbage disposal, permanently installed in the drain line underneath a sink are not eligible for RCV settlement

The Garbage Disposal is considered an appliance.

Preliminary Damage Assessments

If an adjuster identifies an insured building as possibly meeting the criteria for substantial damage, the adjuster must submit an Adjuster Preliminary Damage Assessment (APDA) form. The form allows entries for multiple policies; however, we request that your APDA report represent each individual risk. Adjusters should submit the form immediately upon identification of a substantially damaged structure, even if the space for a second policy remains blank. Adjusters should submit APDA forms daily to the NFIP Bureau & Statistical Agent by fax at 301-577-3421, email to claims@nfipiservice.com, or mail to P.O. Box 310, Lanham, MD 20706.

Exterior Sheathing Replacement

Many types of exterior sheathing are generally salvageable following short-term flooding. Oriented strand board (OSB) and other sheathing comprised of paper or wood fiber, however, often require replacement following submersion in flood water.

If an adjuster observes sheathing material that appears may require replacement

If an adjuster confirms that OSB, paper fiber based, or wood fiber based exterior sheathing is present and was damaged (shown in photos) by flood water such that replacement is necessary, the adjuster may include an allowance to replace the damaged sheathing from the interior of the structure prior to receiving the engineer's report. Any additional repairs or more extensive repair methodologies identified by the engineer can be subsequently paid as a Claim for Additional Payment. If necessity of replacement is in doubt, adjusters should wait for the engineer's report to confirm whether replacement is necessary.

Show the damage or do not estimate it's replacement. We will update the SF pricing being used during a large event, however as for now we are using \$26.95 per SF to R&R or \$5.14 to remove and \$21.08 to replace the affected and damaged sheathing.

Dry out and Mitigation

Follow Bulletin W-13025a. Whatever dry out method you use must be identified in your narrative. You need to list method 1, 2 or 3.

Method 1: SF dry out using the existing HVAC equipment in the building. Allowances are \$.86 for non-controlled environment and \$1.03 per SF for controlled Environment areas or airconditioned space.

Method 2: Using the contractor estimate without drying logs to follow tear out and equipment used, fans and dehumidifiers per room no longer than 3 days. No set up, take down and monitoring without drying logs.

Method 3: Used with complete mitigation estimate, invoice, drying logs and placement chart showing all temperature readings inside and outside on a daily basis. Please be familiar with claims manual and bulletin W-13025a.

Grout

Re-grouting is a repair and is not subject to depreciation. Sealing grout is part of the repair and is **NOT depreciated**. Please note and label damage/staining to grout in photos before including in your estimate.

SF Electrical

The use of SF electrical is not appropriate unless the water was to the ceiling and damaged the fixtures. Use Outlets and Switches with wire for your repairs.

If the wires were damaged by and from flood water, we can replace. We will not be rewiring the entire building unless the entire building was under water and damaged by flood water. Insured should contact an electrician and adjuster must obtain documentation and explanation from the electrician to explain direct flood damage and support their scope of needed repair. Code upgrades are not covered under the SFIP.

Non-Waiver

Do not obtain a non-Waiver without a reason outlined. This is not proper. All Non-Waiver's need a reason. Late reporting is the most common reason for obtaining a non-waiver, but they should also be obtained for any discrepancy in the loss notice and risk. If in question, please obtain a non waiver before inspection.

NFS / Xact Analysis Assignment

All NFS/ XactAnalysis claims must have the company header selected for the appropriate WYO per screen shot below

HARROP

Grand Total
\$109,857.65

Coverage Limits
Summary

Claim Info

Estimate

Photos

Documents

Tools

Complete

Save and Exit

Claim Info

Insured Info

Coverages & Loss

Parameters

Project History

Advance Payments

Depreciation Options

☒ Depreciate Material

☒ Depreciate Non-Material

☐ Depreciate Removal

☐ Depreciate Over Profit

☒ Depreciate Sales Tax

Max Depreciation
100%

Depreciation (Default)
Non-Recoverable

Depreciate by
Age/Condition

Overhead and Profit (O&P)

Overhead
10.0%

Profit
10.0%

☐ Cumulative Overhead and Profit

Report Text

Company Header
UPC

Opening Statement
Dear Valued Customer,

Proportional Loss Settlement

Care must be used in doing building valuations. If the building is under insured but close, it may qualify for proportional loss settlement and not ACV. This is a complicated issue, and the software does not handle it well. All valuations must be reviewed and if needed, corrected to avoid this issue. If it is close, it is likely that the building qualifies for RCV upon closer evaluation. Please consult your examiner or management team prior to submission of the file when questionable.

PLEASE CONTACT YOUR EXAMINER FOR FURTHER DIRECTION