



Flood Insurance: What can you expect from your policy?

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Today's Presenters

- Joe Thompson
- Doug Branham
- Miguel Perez



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Joe Thompson

Partner & Client Advisor

Gulfshore Insurance/Acrisure

Joe Thompson is a Partner and Client Advisor with Gulfshore Insurance, an Acrisure Agency. Acrisure is the seventh largest insurance broker in the world with more than \$32 billion in global premium volume, 12,000 employees, and 700 partner agencies around the world. Joe specializes in coastal condominium association exposures and partners with boards as their trusted risk management advisor. Joe was been recognized by Insurance Business America as one of the country's "Top Producers" and was also named as one Acrisure's top 100 producers globally in 2020 and 2021. Joe regularly provides education classes to Professional Community Association Managers to fulfill their licensing requirements. Joe's industry niche expertise is sought after as he frequently teaches courses and participates on subject matter expert panels.



National Flood Insurance Program (NFIP)

- Program Overview
 - Pre-FIRM vs. Post-FIRM
 - Residential Condominium Building Association Policy (RCBAP)
 - Excess “Private” Flood
- Strategies to Mitigate Flood Risk
- Self-insurance Reassessment
- Claims Process & Perspective
 - **Colonial Claims**
 - **Assurant**

National Flood Insurance Program (NFIP)



FEMA



National Flood Insurance Program

- Established in 1968
- Governed by the Federal Emergency Management Agency (FEMA)
- Approximately 50 servicing carriers
 - Write Your Own (WYO) – 1983
- Federally subsidized (program owes over \$20B to the U.S. Treasury)

National Flood Insurance Program

- Local adoption of Flood Insurance Rate Map (FIRM)
- Floodplain Management
- City of Naples joined the NFIP in 1970
- First FIRM was published in 1971
- Approximately 15,000 flood policies in the City of Naples (1,700,000 in FL)

Pre-FIRM & Post-FIRM

- City of Naples – July 2, 1971
- FEMA pre-FIRM – December 31, 1974
- Collier County – September 4, 1979



National Flood Insurance Program

- Residential Condominium Building Association Policy
 - Standard Flood Insurance Policy



Residential Condominium Building Association Policy (RCBAP)

- Two applicable components to condos
 - Coverage A – Building Property
 - Items of Property Below the Lowest Elevated Floor of an Elevated post-FIRM building
- Different building components are covered under each of these – source of confusion for many condo associations

Coverage A – Building Property

- c. Carpet permanently installed over unfinished flooring;
- d. Central air conditioners;
- e. Elevator equipment;
- f. Fire extinguishing apparatus;
- g. Fire sprinkler systems;
- h. Walk-in freezers;
- i. Furnaces;
- j. Light fixtures;
- k. Outdoor antennas and aerials fastened to buildings;
- l. Permanently installed cupboards, bookcases, paneling, and wallpaper;
- m. Pumps and machinery for operating pumps;
- n. Ventilating equipment;
- o. Wall mirrors, permanently installed; and
- p. In the units within the building, installed:
 - (1) Built-in dishwashers;
 - (2) Built-in microwave ovens;
 - (3) Garbage disposal units;
 - (4) Hot water heaters, including solar water heaters;
 - (5) Kitchen cabinets;
 - (6) Plumbing fixtures;
 - (7) Radiators;
 - (8) Ranges;
 - (9) Refrigerators; and
 - (10) Stoves.

Below Lowest Elevated Flood

- (1) Central air conditioners;
 - (2) Cisterns and the water in them;
 - (3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - (4) Electrical junction and circuit breaker boxes;
 - (5) Electrical outlets and switches;
 - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a basement;
 - (11) Pumps and tanks used in solar energy systems;
 - (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;
 - (13) Sump pumps;
 - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
 - (15) Well water tanks and pumps;
 - (16) Required utility connections for any item in this list; and
 - (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.
- b. Clean-up.

Excess “Private” Flood

- Private market product available to bridge the gap between NFIP maximum limit and the flood reconstruction cost
- Generally, follow-form RCBAP coverage
- Primary private flood coverage available, but extremely cost prohibitive

Strategies to Mitigate Flood Risk

- Flood Paneling



Strategies to Mitigate Flood Risk

- Parametric Insurance

- Provides a blanket coverage limit based on a predetermined “trigger” as defined by the product



1

We install a FloodFlash sensor on an external wall of your business premises, and agree a compensation amount



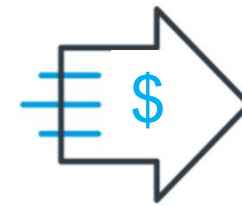
2

A flood occurs and the depth is recorded by the sensor



3

We check the data to see if the flood exceeded the trigger depth that we pre-agreed with you



4

If it has, we send you the *whole* compensation amount

Self-Insurance: Reassessment

- Deductibles
- Physical assets NOT covered





Doug Branham

Founder & CEO

Colonial Claims

Founder and CEO of Colonial Claims, Doug Branham has been in the P&C and flood-adjusting business for 45 years, overseeing the company as it went from pencils and Polaroids to satellites and smart phones. Doug has worked on and supervised more than 500,000 flood losses through more than 130 hurricanes and tropical storms. He has extensive experience in wind, fire, auto, and general liability claims and has managed numerous environmental events, including the Exxon Valdez oil spill as claims supervisor. Doug founded Colonial Claims in 1982 and has grown the company by focusing on customer service, accuracy, and efficiency through technology. His company has handled nearly \$50 billion in reimbursed covered and third-party damages from insurance contracts and liability events.



Contents Loss Claims Handling

- Document and photograph contents prior to disposal
 - Ask policyholder to help you; ask that they set aside exceptional items
- Request policyholder photos ASAP and review them prior to inspection
- Help the policyholder document their contents loss by explaining what is needed and setting expectations
- Advise the policyholder to protect undamaged property

Contents Loss Claims Handling

- It is your duty to stay on site to verify all contents and inventory
- And to return as necessary to help the insured complete this activity

Contents Manipulation

- Contents coverage
- Undamaged contents
- Contractor's itemized breakdown (reasonable & necessary)
- Does not apply to non covered property
- Cannot lump sum
- Costs for packing or storing undamaged items is not covered

Condo Unit Owner Dwelling & RCBAP

- When an RCBAP is in place, it serves as the primary policy form. Dwelling Form coverage is used as excess or if NO RCBAP is in place. All exterior and interior damages to the building fall under the RCBAP, and the insured saves a Dwelling deductible. This is FEDERAL LAW.

Condo Unit Owner Dwelling & RCBAP

What if a condominium's bylaws say the insured is responsible for interior repairs?

The NFIP does not run its flood program around 10,000 separate condo bylaws. When an RCBAP is in place, it serves as the primary policy form. Dwelling Form coverage is used as excess or if NO RCBAP is in place. All exterior and interior damages to the building fall under the RCBAP, and the insured saves a Dwelling deductible. This is FEDERAL LAW.

Dwelling Form – III. Property Covered,

B. Personal Property

- If you are the owner of a unit and have insured personal property under Coverage B in this policy, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance policy purchased by your condominium association) for not more than 10% of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.

RCBAP Form –VIII. General Conditions, C. Other Insurance

- If there is a flood insurance policy in the name of a unit owner that covers the same loss as this policy, the this policy will be primary.

unless it has been continuously insured by the NFIP at the same described location since September 30, 1982.

7. The following items of property which are covered under Coverage A only:

- a. Awnings and canopies;
- b. Blinds;
- c. Built-in dishwashers;
- d. Built-in microwave ovens;
- e. Carpet permanently installed over unfinished flooring;
- f. Central air conditioners;
- g. Elevator equipment;
- h. Fire sprinkler systems;
- i. Walk-in freezers;
- j. Furnaces and radiators;
- k. Garbage disposal units;
- l. Hot water heaters, including solar water heaters;
- m. Light fixtures;
- n. Outdoor antennas and aerials fastened to buildings;
- o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
- p. Plumbing fixtures;
- q. Pumps and machinery for operating pumps;
- r. Ranges, cooking stoves, and ovens;
- s. Refrigerators; and
- t. Wall mirrors, permanently installed.

8. Items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement, regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- (1) Central air conditioners;
- (2) Cisterns and the water in them;
- (3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unflashed and not taped, to the framing;
- (4) Electrical junction and circuit breaker boxes;
- (5) Electrical outlets and switches;
- (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
- (7) Fuel tanks and the fuel in them;
- (8) Furnaces and hot water heaters;
- (9) Heat pumps;
- (10) Nonflammable insulation in a basement;
- (11) Pumps and tanks used in solar energy systems;
- (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;
- (13) Sump pumps;

- (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
- (15) Well water tanks and pumps;
- (16) Required utility connections for any item in this list; and
- (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.

- b. Clean-up.

B. COVERAGE B - PERSONAL PROPERTY

1. If you have purchased personal property coverage, we insure against direct physical loss by or from flood to personal property inside a building at the described location, if:

- a. The property is owned by you or your household family members; and
- b. At your option, the property is owned by guests or servants.

Personal property is also covered for a period of 45 days at another location as set forth in III.C.2.b., Property Removed to Safety.

Personal property in a building that is not fully enclosed must be secured to prevent flotation out of the building. If the personal property does float out during a flood, it will be conclusively presumed that it was not reasonably secured. In that case there is no coverage for such property.

2. Coverage for personal property includes the following property, subject to B.1. above, which is covered under Coverage B only:

- a. Air conditioning units, portable or window type;
- b. Carpets, not permanently installed, over unfinished flooring;
- c. Carpets over finished flooring;
- d. Clothes washers and dryers;
- e. "Cook-out" grills;
- f. Food freezers, other than walk-in, and food in any freezer; and
- g. Portable microwave ovens and portable dishwashers.

3. Coverage for items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement, regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; and
- c. Food freezers, other than walk-in, and food in any freezer.

I filed the claim, now what?



ASSURANT®

Miguel Perez

Flood Claims Manager

Assurant

Miguel D. Perez is the Flood Claims Manager at Assurant. Assurant Flood Solutions is a trusted provider of private flood insurance in addition to being among the largest Write Your Own (WYO) companies for the National Flood Insurance Program (NFIP). They provide innovative tools backed by a team of in-house flood experts to help homeowners, businesses and agents Protect What Matters Most: Your family, your home and your way of life. Miguel has led the Flood Claims team since 2014. Through exceptional leadership his team has grown and responded to aid our customers with industry leading results and innovation. Miguel has been in the industry for over 18 years supporting various policyholders and leading multiple claims teams. His hands-on experience has made him a subject matter expert in all things related to the National Flood Insurance Program.



I filed the claim, now what?

- Claim is assigned to Independent Adjuster and examiner.
- The examiner's have the NFIP authority to act on behalf of the NFIP and communicate to the policyholder.
- Examiners may be an employee of the WYO, or they may be with a 3rd party vendor.

Examiner Role:

- The WYO company examiner will work with the Independent Adjusting Firm to ensure the FEMA guidelines are followed:
- proper report forms are used and filled out correctly in the IA's report
- the estimate is correct and includes payment for all covered damages
- the loss is well documented with photos, invoices, estimates and other required supporting documentation

Examiner Role Continued:



- Most importantly, the examiner issues the claim payments.

Underwriting Delays During a Claim

- Underwriting issues (risk is not properly rated)
 - Wrong foundation type
 - Wrong date of construction
 - Wrong or mis-spelled named insured or address
 - Incorrect mortgage company listed
 - Multi-purpose use – residential and business (its not clear how much is used for residential, or how much is used for business)

Other Reasons for Claim Delays:

- Appraisal or valuation is missing or incorrect
- Independent Adjuster did not include a co-insurance worksheet to determine if a co-insurance penalty applies, or the worksheet was done incorrectly
- Independent Adjuster's estimate needs revised
- Pending Engineer report



Other Reasons for Claim Delays:

- Confirmation that there is no other insurance to cover the loss
- Confirmation as to who signed the Proof of Loss, their role and signor authority
- Confirmation that prior loss damage was repaired/replaced



My Claim Payment Wasn't Enough?

- Items damaged were not covered
 - Post-FIRM elevated restrictions applied
 - Basement restrictions applied
 - Damages were outside the footprint of the building
 - Items like fence, pool, driveway, deck, etc. were damaged
- The risk is not insured to value, a co-insurance penalty was applied
- Evidence of repaired prior damage was not provided
- Contractor's estimate was not signed, itemized, marked paid, etc.

Supplemental Claims

Yes, we can pay you more money!

- Omitted items
 - We may need evidence of flood damages, picture of the item, evidence of prior repairs completed
- Included items- but settlement was inaccurate
 - If repaired- we need detailed invoice showing the incurred repair costs
 - If not repaired- we need signed, itemized contractors estimate and repair agreement, showing what will be incurred

Disagree with a denied item?

- Good news - you have options.
 - Reach out to the Independent Adjuster or WYO Examiner
 - Review the Policy or FEMA NFIP Claims Manual
 - Review the FEMA Bulletins
 - Follow the FEMA appeals process in the denial letter the WYO sent you.

Q & A